

A savings blog for mid-career members



How Much Should I Have Saved for a Comfortable Retirement?

I recently turned 45 and it felt like a big milestone. It made me think about the future, my plans for life after work, and whether I was financially on track for retirement.

Not long after my birthday, my annual pension statement arrived. It showed that my Defined Contribution (DC) pension pot in the Scheme was worth around £90,000. That got me wondering: is this enough? When combined with savings from previous employers' pensions, will it provide me with enough money for the retirement I want? If not, what can I do to get on track?

Like many people, my first step was to Google, "How much should I have in my pension pot?" Here are some of the general guidelines I found (Spoiler Alert, some of these guidelines were not tailored enough to be helpful!):

- A common rule of thumb is that your pension savings should be around 10 times your annual salary.
- A single person aiming for a moderate lifestyle in retirement (one holiday a year, a few meals out each month) should target an income of around £31,300 a year (I found this information on the PLSA Retirement Living Standards website at <https://www.retirementlivingstandards.org.uk/>)
- If using income drawdown, limiting your annual withdrawals to around 4% of your DC pension pot could help your money last throughout retirement.

At first, these numbers had me stumped, and I started to worry. But then I remembered that the Scheme website, [futurefocus](https://futurefocus.staff.hsbc.co.uk/), had better tools to help me figure things out.

Using the Pension Freedoms Planner (the Planner for short)

The Planner is a simple online tool available if you login to your My Pension account. You can do this by going to the Scheme website <https://futurefocus.staff.hsbc.co.uk/> and clicking the “Login to My Pension” button in the top right corner.

This tool helps you set a retirement savings goal based on your personal situation. Because it’s linked to the Scheme, it automatically includes details of your Scheme DC pension pot. I also have pensions from previous employers, and it lets me add these to get a fuller picture.

If you have a Defined Benefit (DB) pension from a previous employment, this is a different kind of benefit to your DC pension pot. Working out its equivalent value can be tricky and calculations can vary based on individual circumstances and market conditions. Luckily, the Planner does this work for you!

Setting a target

After logging-in to the Planner, I started by using the retirement budget planner (under the “Target Income” option) to estimate the income I’d need to support my lifestyle in retirement. This helped me think about my essential costs and the extras I’d like, such as holidays and meals out.

Next, I looked at the Retirement Savings forecast to understand how much I’d need to save each month to hit my target. The sliders in the “Pensions & investment” tab allowed me to adjust my monthly savings rate and see how it would change my projected DC pension pot.

The Planner estimated how my DC pension pot could grow through continued monthly savings and investment growth. I could see the difference between retiring at 65 versus taking my DC pension pot earlier or later. It even showed how long my projected DC pension pot might last depending on how much income I take each year. It also let me take account of the impact of inflation on the future buying power of my DC pension pot.

Using this tool gave me personalised answers rather than generic rules of thumb, making me feel much more in control of my retirement savings. Now, I check it at least once a year. This is so I can see how the estimated values and projections have changed and to make sure my DC pension pot stays on track.

Other pension calculators

The Planner is only available if you are a current employee of the Bank but there are other publicly available modelling tools that can help you work out whether your retirement savings are on track. A good place to start is MoneyHelper at: <https://www.moneyhelper.org.uk/en>, click the 'Pensions and Retirement' tab and look for the Pensions Calculator.

Don't forget your State Pension

To work out what you need to have saved for the retirement you want, you also need to factor in your State Pension. The Planner assumes you will get a full State Pension in its calculations.

The full State Pension is currently £203.85 per week or £11,502.40 per year (2024/25 tax year). To receive the full amount, you currently need 35 years of National Insurance contributions (or credits). You currently need at least 10 years of contributions to get anything at all.

You can check your State Pension forecast here: www.gov.uk/check-state-pension.

Closing a savings gap

If your retirement savings aren't where they need to be, there are ways to boost them:

01 Delay retirement or work part-time

If you can't afford to save more right now, you could think about taking your DC pension pot later or even continuing to work on a part-time basis, so your part-time earnings are supplemented by your retirement income. This is called taking flexible retirement. This means you could take a much smaller income from your DC pension pot at the beginning. You could do this, for example, to "bridge the gap" between age 65 and your State Pension Age.

02 Increase contributions in the future

If you're a current employee of the Bank and you're not already saving 7% of your Pensionable Salary, consider increasing your monthly savings when you get a pay rise. For every extra 1% you save, the Bank will match it (up to the maximum 7%). Even small increases can make a big difference over time.

Boosting your State Pension

If you're not on track to get the full State Pension, you might be able to make voluntary National Insurance contributions to top it up. However, deadlines apply, so check regularly: www.gov.uk/voluntary-national-insurance-contributions.

Attending a retirement seminar

Whilst I'm not quite ready to retire yet, I recently received an invitation to attend one of the Scheme's online retirement seminars. They're around 90 minutes, and since I'd already started looking into my retirement savings, I decided to give it a go. It was really useful, covering the basics of how pensions work and offering plenty of practical tips—like ways to boost my DC pension pot and understand my investment options. I also had the chance to ask questions about my own retirement savings.

If you haven't attended a seminar yet, I'd definitely recommend it. And if you don't have time during work hours, you can always watch the retirement webcasts on futurefocus whenever it suits you.

In summary - it's better to have more than just a rough idea.

The rules of thumb I found online gave me a rough idea of what to aim for, but they didn't take my personal circumstances into account. Using the Planner and attending the retirement seminar helped me set a realistic savings target and create a plan to reach it.

Now, I feel much more confident about my retirement savings and my ability to retire comfortably when the time comes.

If you haven't already, try using the Planner for yourself and take control of your future!



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