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financial planning

With a Defined Benefit (DB) Scheme	With a Defined Contribution (DC) Scheme
You (the member) receive a regular income from your company's DB scheme based typically on how many years you worked for the company and the salary you earned.	You and your employer can both pay into the scheme - the size of your benefits at retirement will be influenced by the contributions made.
This income generally goes up with inflation and is guaranteed for your lifetime, regardless of how long you live or how the investments in the scheme perform.	It is uncertain how much money you will have to retire on since the value of your pension will depend on how your pension investments have performed over time.
The lifetime guarantee is funded by the amount of assets the scheme has under investment and your employer's promise to make up any shortfall.	You take on the investment risk associated with the scheme, meaning your investment could go up or down over time and there are no guarantees.
Since the DB scheme and your employer take on all the investment risk associated with the pension scheme, you can plan for your retirement with a high degree of certainty.	There is a lot of flexibility around how you can take money out of your pension following the introduction of the Pension Freedoms Act. You can take all or part of your pension fund as cash from the age of 55 onwards. However, this may be subject to a tax charge.
There is typically little flexibility in terms of how you can take your retirement benefits. For example, you may be able to take retirement benefits from age 55 and there would normally be a reduction for early payment. If you think this might be relevant to you, then you should obtain further details from the scheme.	When you begin to take your benefits, you can choose to move your pension into flexi-access drawdown (to keep it invested) or to buy an annuity (which provides a guaranteed income for your lifetime).