“Auto-enrolment” is with us and if it has not happened to you already you may soon find yourself contributing to a pension scheme perhaps for the first time.

The wonderful days of stopping work on a pension 2/3rds of your income are now long gone for most of us. There are lots of reasons for this which I will not go into, we cannot change the past.

Saving for a pension is hard, especially with mortgages, and families to pay for, so very few contribute to a pension unless there are compelling (normally tax) reasons to do so.

With an aging population and increasing longevity State pensions are becoming unaffordable. The “triple lock” on increases is already under threat, and that means the State pension will be smaller in relation to your income in future, start later and it’s not enough to live on, you will need another source of income to be able to retire.

So, we have auto-enrolment; Compulsory pension contributions from you and your employer. You can opt out but unless you are already certain of a financially secure retirement please don’t.

It’s a very good deal, for someone earning £20,000 and with qualifying earnings of £14,176 a year their contribution would be £9.45 a month. This would be increased to £23.63 by their employer’s contribution and government tax relief. Personal contributions on the above income will increase to £47.25 by October 2018, with total contributions rising to £94.50.

Joining then is a “no-brainer”, where else could you more than double your savings immediately, but one area we suggest you look at closely is where your contributions are invested. If you do not get involved you will be put in the “default” fund and that may be totally wrong for you.

If you are in your twenties, your contributions could be invested for nearly 50 years. What point is there in adopting a low risk low growth approach when in your early years you can afford to take a higher risk and go for higher growth not safety? The opposite is true as you get older and nearer retirement so a lower risk investment fund may suit you better.

So please take an interest in where your money is invested, don’t leave it to “default” or “lifestyle” funds, these could be totally wrong for you. Remember higher risk funds have higher potential return but also higher potential losses but strangely enough when saving monthly in a pension fund, having the fund price fall is actually very good news! I’ll explain next month.