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Planning Your Retirement



**All references to BT refer to the BT group company that employs you: either BT plc or
Openreach Limited.**

About us

We are a leading financial wellbeing and retirement specialist - helping those in the workplace to improve their financial future.

Established in 2005, we work with hundreds of organisations across both the private and public sector.

Our financial education services are delivered on a bespoke basis.

What We'll Cover Today

- Income needs in retirement
- The State Pension
- Your workplace pension
- Maximising your workplace pension contributions
- Investing your DC pension
- Generating retirement income
- Bring it all together
- Inflation
- Other savings and investments
- Next steps

Actions To Takeaway

Access the workbook by visiting:

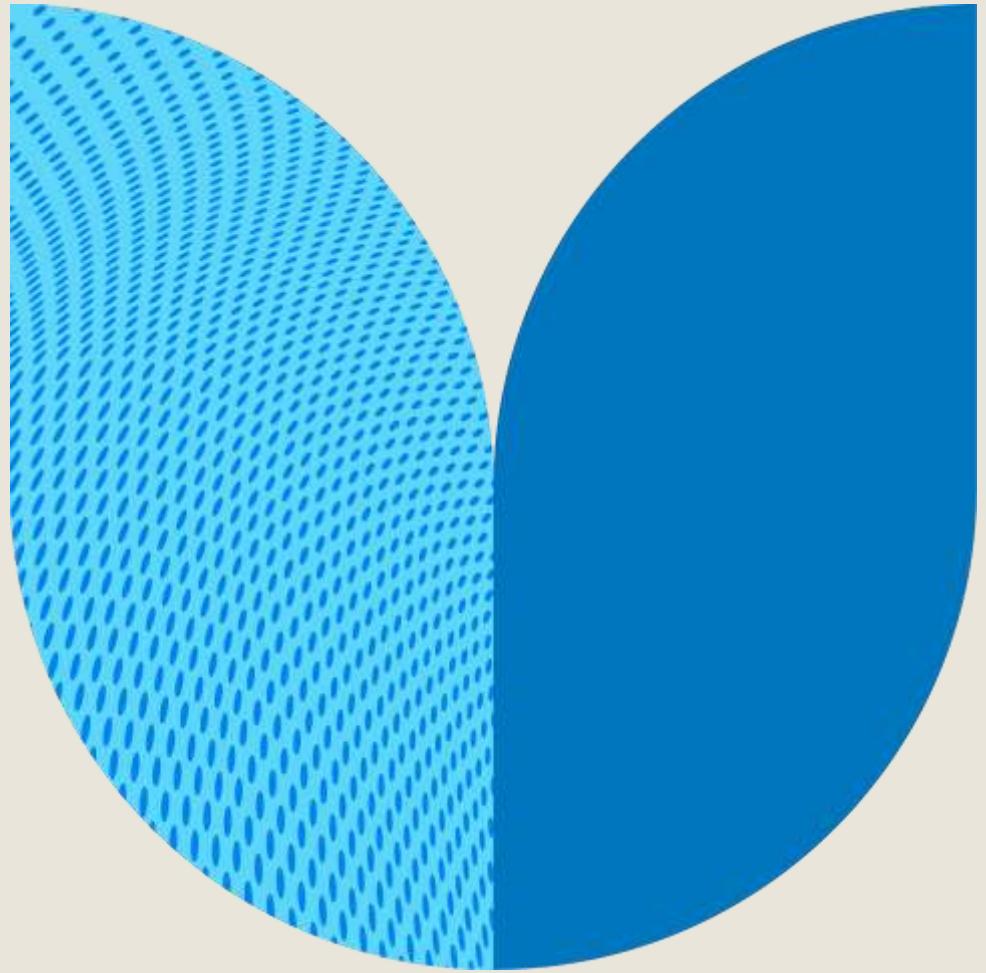
www2.wealthatwork.co.uk/bt/your-education/your-seminars/

planning for your future.

(The link will be emailed to you after this online seminar)

You will also be able to view a list of useful contacts for your workplace pension schemes from this site

Income needs in retirement



Retirement could last a long time

Average life expectancy at age 65



1 in 4 chance of reaching age:



94



1 in 4 chance of reaching age:



92

Expenditure in retirement

Pensions UK have created a guide to the costs you may expect in retirement based on 3 different levels:

Examples

Minimum

Single £13,400pa
Couple £21,600pa



No car



A week in the UK every year

Moderate

Single £31,700pa
Couple £43,900pa



3 year old car replaced every 7 years



2 weeks in the Med and a long weekend in the UK every year

Comfortable

Single £43,900pa
Couple £60,600pa



3 year old car replaced every 5 years



2 weeks in the Med and 3 long weekend breaks in the UK every year



Changing income needs



Rates of income tax

**Personal
Allowance**
on the first
£12,570*



>£12,570*

**Basic
Rate Tax**
on the next
£37,700



>£50,270

**Higher
Rate Tax**
on the next
£74,870



>£125,140

**Additional
Rate Tax**
on earnings above
£125,140



*The Personal Allowance reduces by £1 for every £2 of income above £100,000.

Scottish rates of income tax

Personal Allowance

up to £12,570*

Basic Rate Tax

£15,398 - £27,491

Higher Rate Tax

£43,663 - £75,000

Top Rate Tax

above £125,140

**Starter Rate Tax**

£12,571 - £15,397

Intermediate Rate Tax

£27,492 - £43,662

Advanced Rate Tax

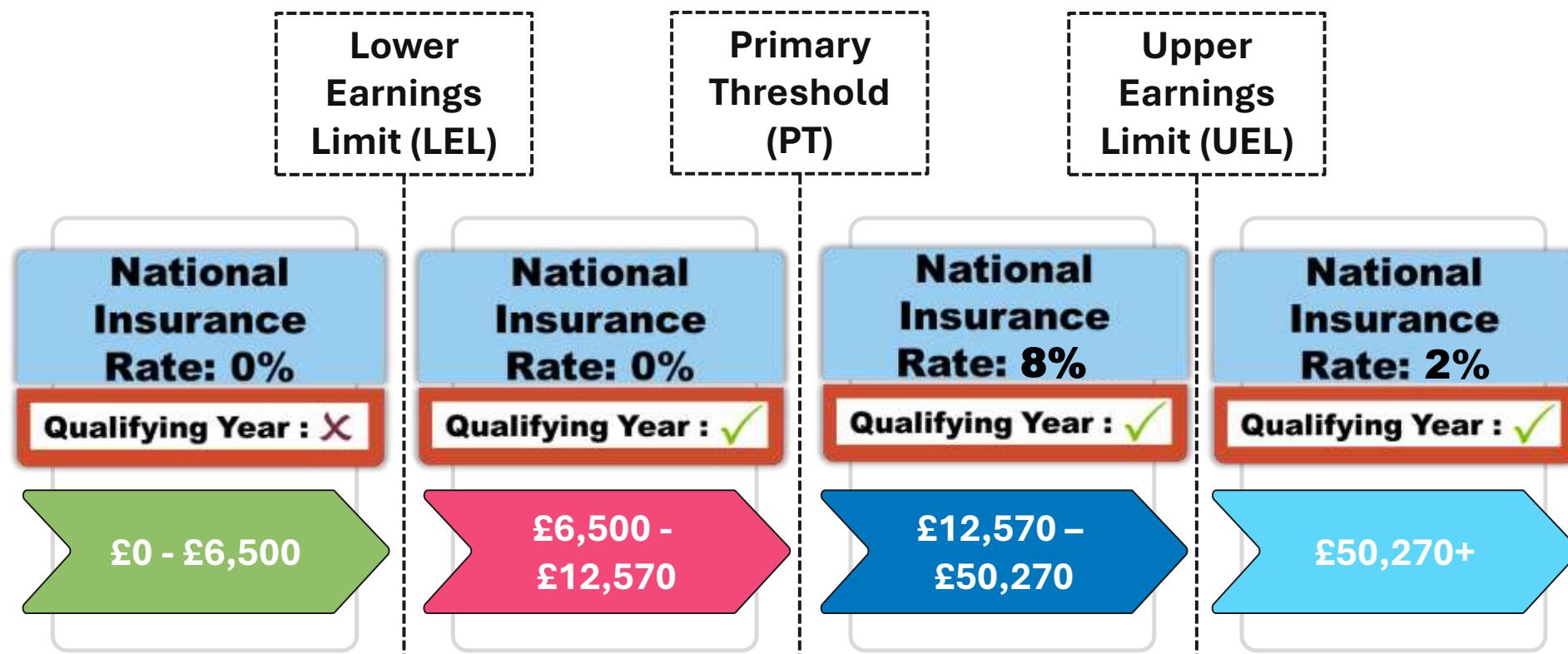
£75,001 - £125,140



Scottish rates apply to: ✓ Earnings ✓ Pension income ✓ Rental income

They do not apply to: ✗ Savings ✗ Dividends ✗ Capital gains tax

National Insurance



Can You Afford To Retire?

£30,000 annual salary

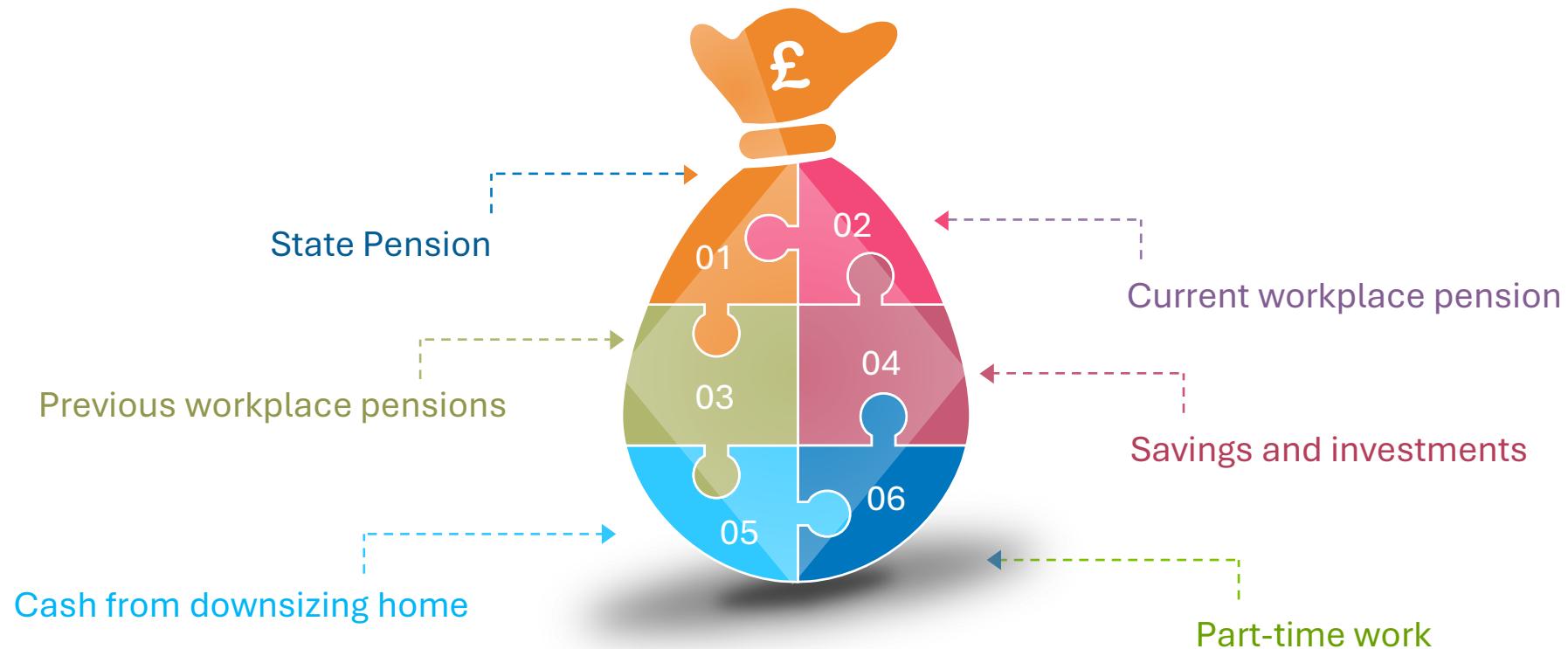
		Costs pa:
	Income Tax	»»» £3,186
	National Insurance	»»» £1,274
	Pension contributions*	»»» £1,500
	Mortgage	»»» £6,000
	Loans	»»» £2,400
	
	Remaining:	£15,640

£15,000 retirement income

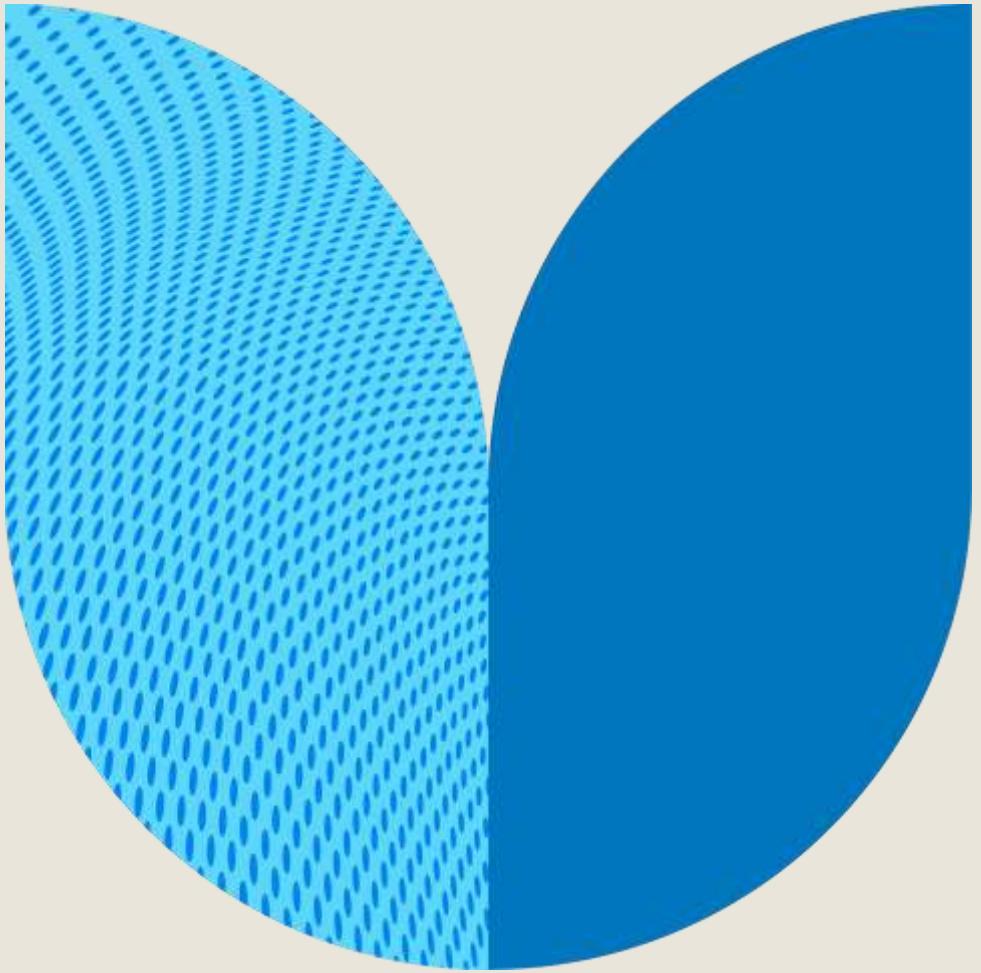
		Costs pa:
	Income Tax	»»» £486
	Remaining:	£14,514

*assumes pension contributions of 5% pa through salary sacrifice

Where is the money coming from?

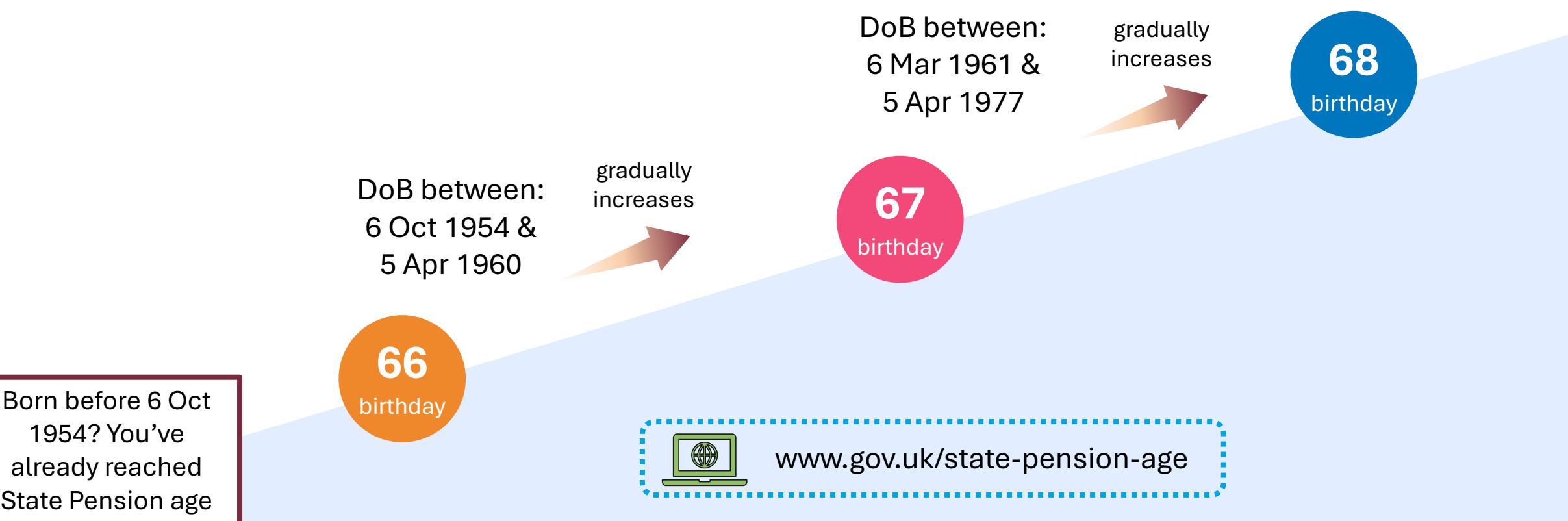


The State Pension



Your State Pension age

DoB from:
6 Apr 1978



The Government intends to bring forward the State Pension age transition from 67 to 68 affecting those born between 6th April 1970 and 5th April 1978 - if adopted those affected will reach State Pension age between their 67th & 68th birthdays

The new State Pension

If you reach State Pension age after 5 April 2016 the new State Pension can provide income of:

per week

up to
£230.25

per year

up to
£12,014.12

You may receive less if:



You have less than 35 years of National Insurance (NI) contributions, &/or

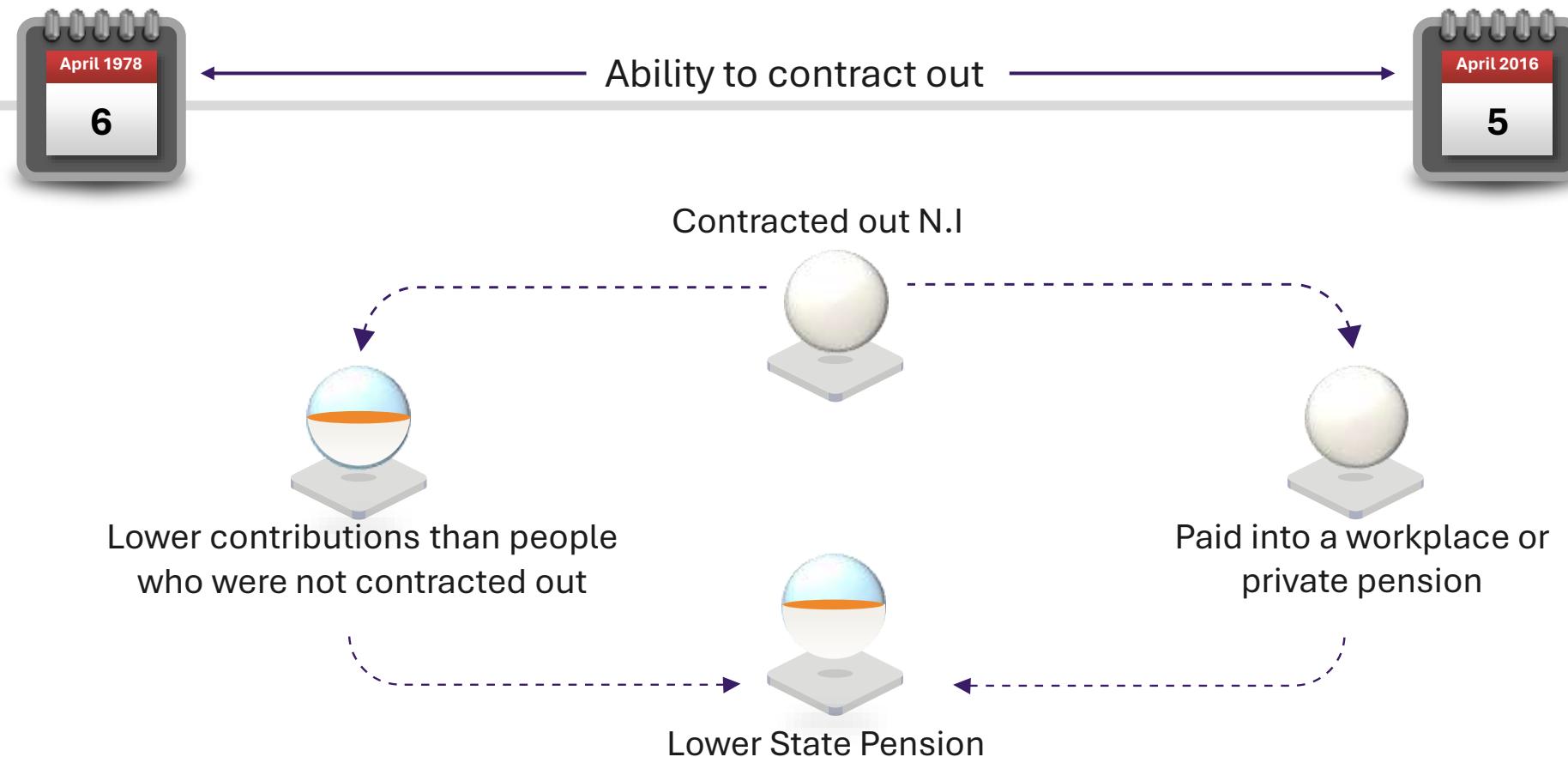


You have been contracted out of the Additional State Pension

Every year of NI contributions gained since 2016/17 to the year before you reach State Pension age will make the deduction less

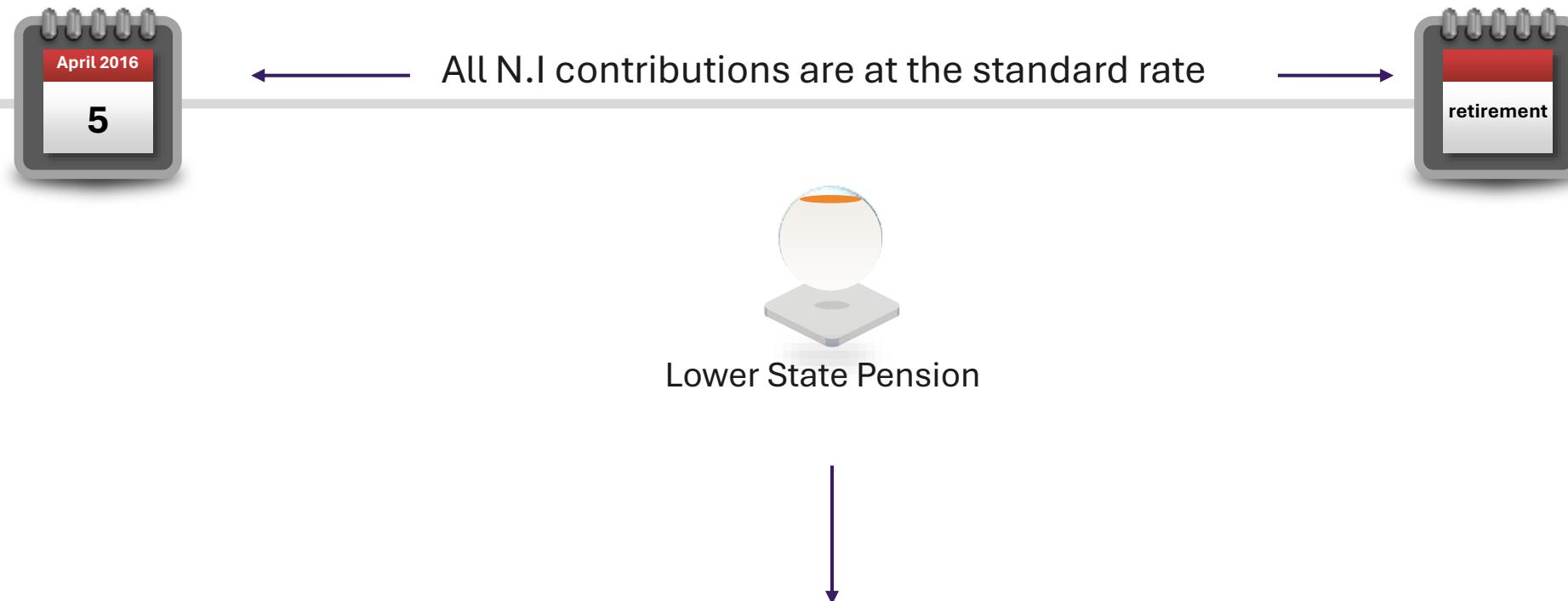
Contracting Out

Under the State Pension rules before 2016, you or your workplace or private pension scheme could choose to 'contract out' of the Additional State Pension.



Contracting Out

Under the State Pension rules before 2016, you or your workplace or private pension scheme could choose to 'contract out' of the Additional State Pension.



Each full qualifying year from 5 April 2016 until you reach State Pension age will make the deduction less.

State Pension forecast

Your State Pension summary

You can get your State Pension on 25 June 2036

Your forecast is £230.25 a week, £1,001.18 a month, £12,014.12 a year

Your forecast

- is not a guarantee and is based on the current law
- does not include any increase due to inflation

You need to continue to contribute National Insurance to reach your forecast

Estimate based on your National Insurance record up to 5 April 2025

£184.20 a week

Forecast if you contribute another 7 years before 5 April 2036

£230.25 a week



www.gov.uk/check-state-pension

State Pension Forecast

National Insurance record

You have 32 years of full contributions

2018 – 2019	Full year	View details
2019 – 2020	Year is not full	View details
2020 – 2021	Full year	View details
2021 – 2022	Year is not full	View details
2022 – 2023	Full year	View details

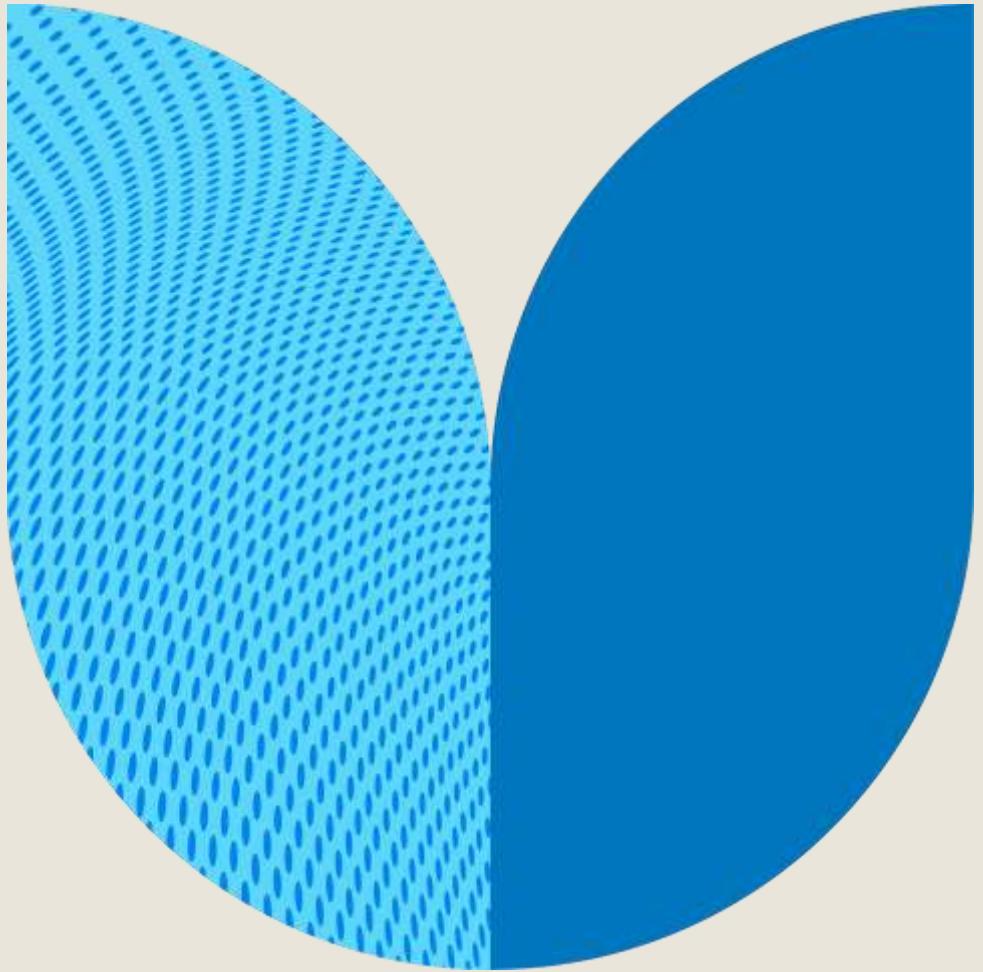
Summary

32
Years of full contributions

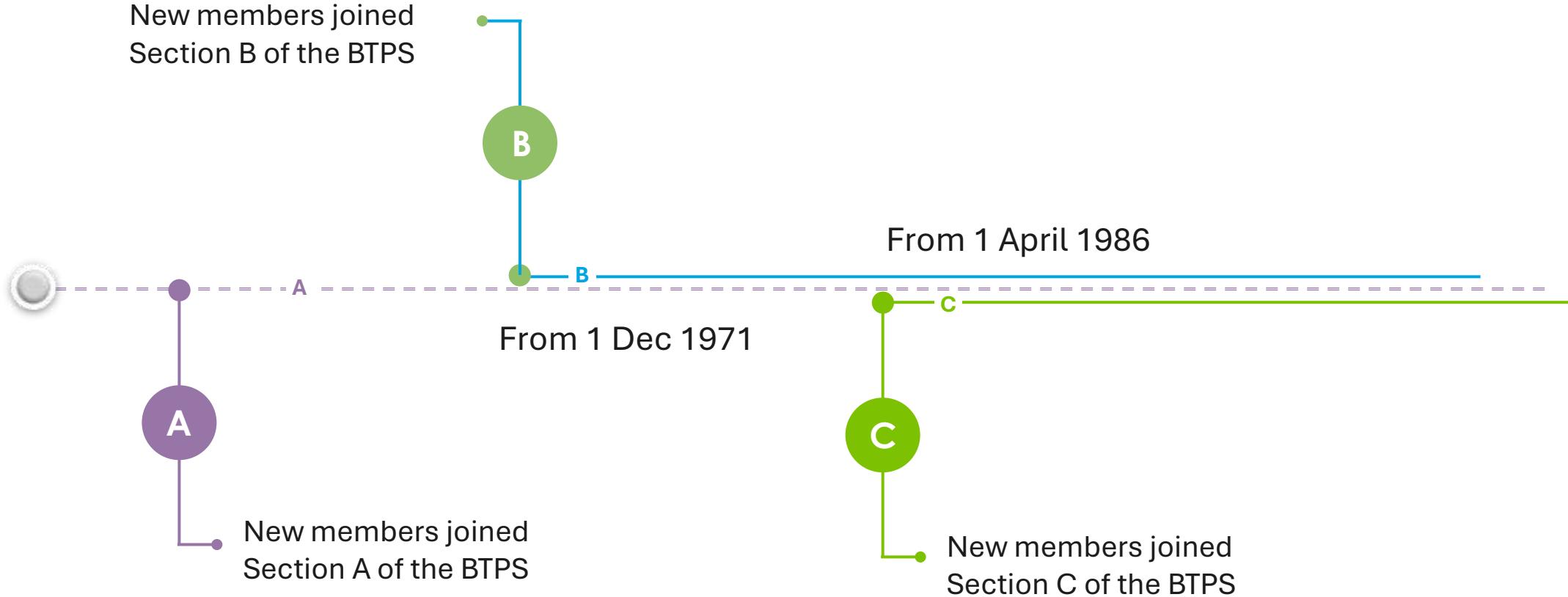
5
Years to contribute before 5 April 2029

7
Years where you did not contribute enough

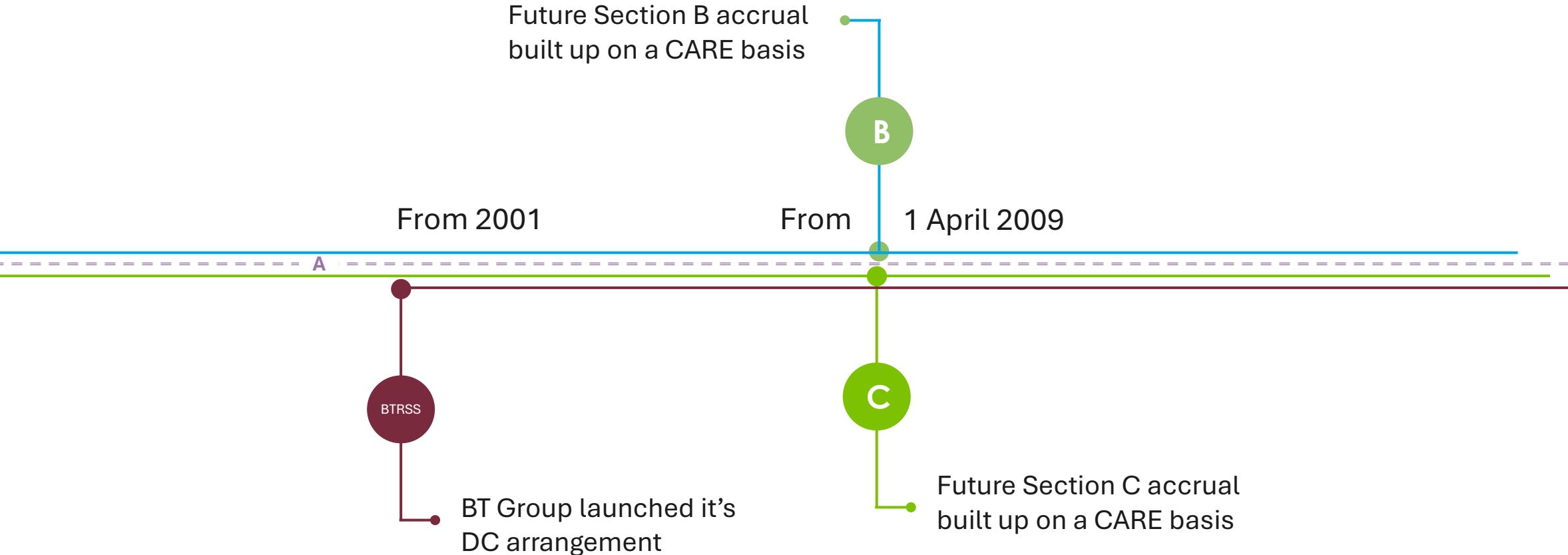
Understanding Your Workplace Pension



Your Pension Savings – A Timeline

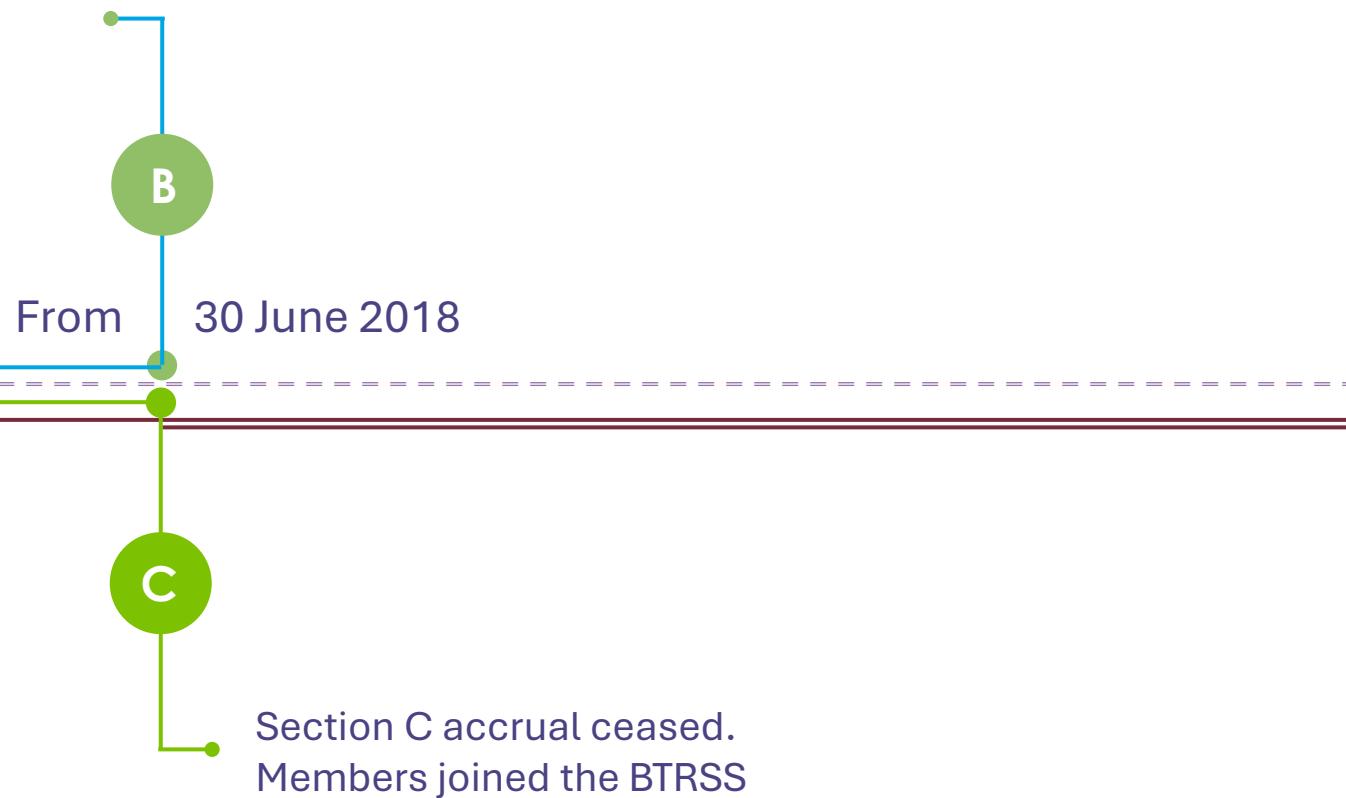


Your Pension Savings – A Timeline



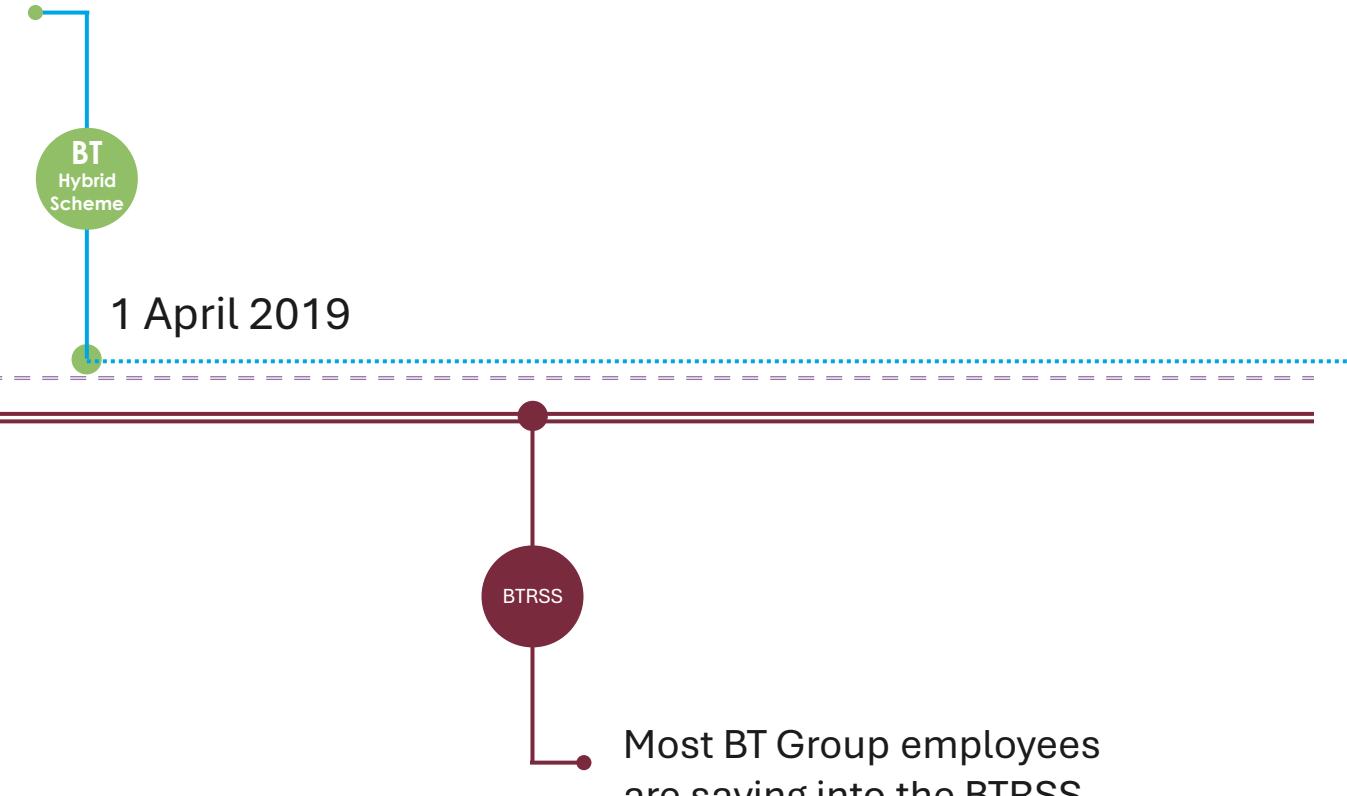
Your Pension Savings – A Timeline

Section B accrual ceased.
Members joined the BTRSS



Your Pension Savings – A Timeline

Section B & C team members could elect to join the BT Hybrid Scheme (eligible members had until 30 Sept 2019 to join)



Defined benefit (DB) schemes

Employer and employees contribute (tax free up to HMRC limits)



A secure pension income is built up



Scheme rules determine when the pension normally starts



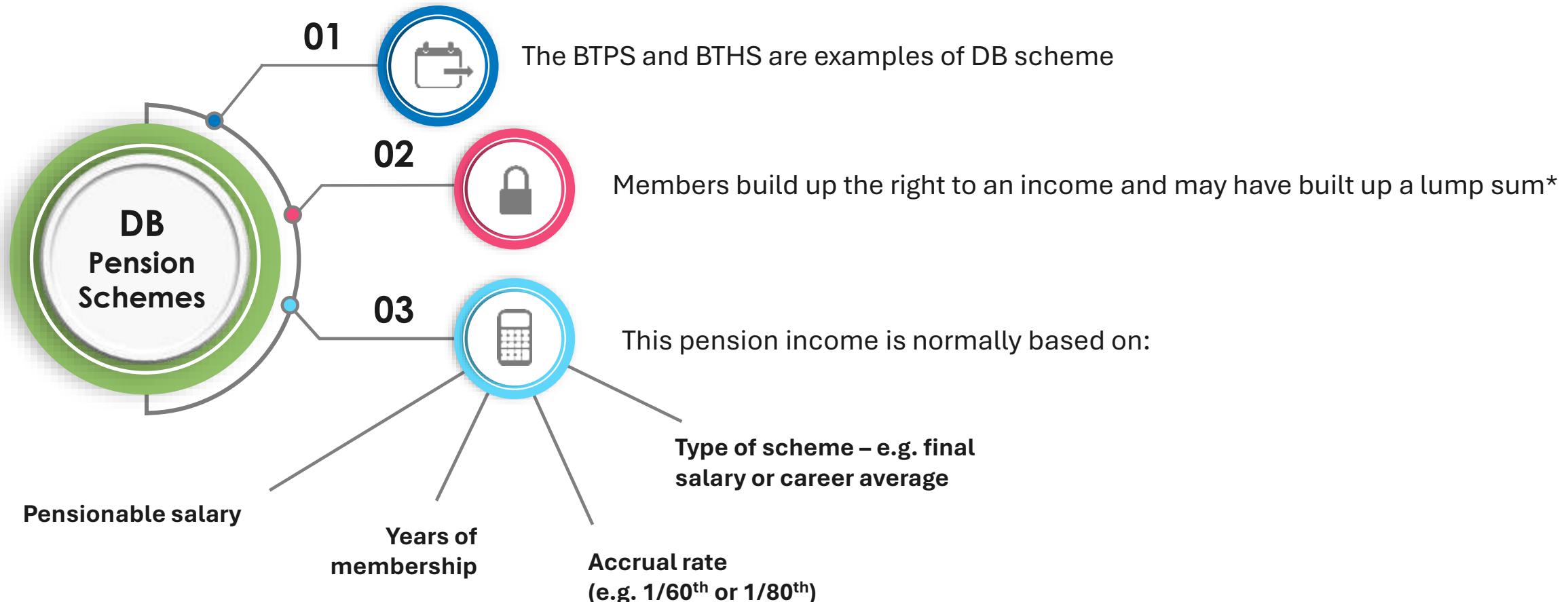
It may be possible to start the pension income before or after this time



A tax free cash lump sum is usually also available



Defined Benefit Schemes



*Deferred BTPS members may be able to use AVCs and SACs to fund their BTPS tax free lump sum

When You Can Receive Your BTPS

NPA is 65

The Normal
Pension Age (NPA)
under the BTPS is:

Age 65

Pre 2009 benefits

Benefits built up
before 1 April 2009
will be treated as if
NPA was:

Age 60

**Pre and Post 2009
taken together**

Pre and post 2009
benefits must be
taken at the same
time

When You Can Receive Your BTPS

Receiving your BTPS early



- The earliest you can receive your BTPS is age 50 onwards*
- A reduction will apply to your starting pension if received before your NPA



Receiving your BTPS late

- You can choose to start receiving your BTPS after your NPA
- An increase will be applied to your starting pension if received after your NPA

*Age 55 if you re-joined the Scheme after 5 April 2006

Defined benefit schemes

Your pension will normally be reduced if you choose to receive it before your Normal Pension Age (NPA).

Example:

£15,000pa pension at NPA



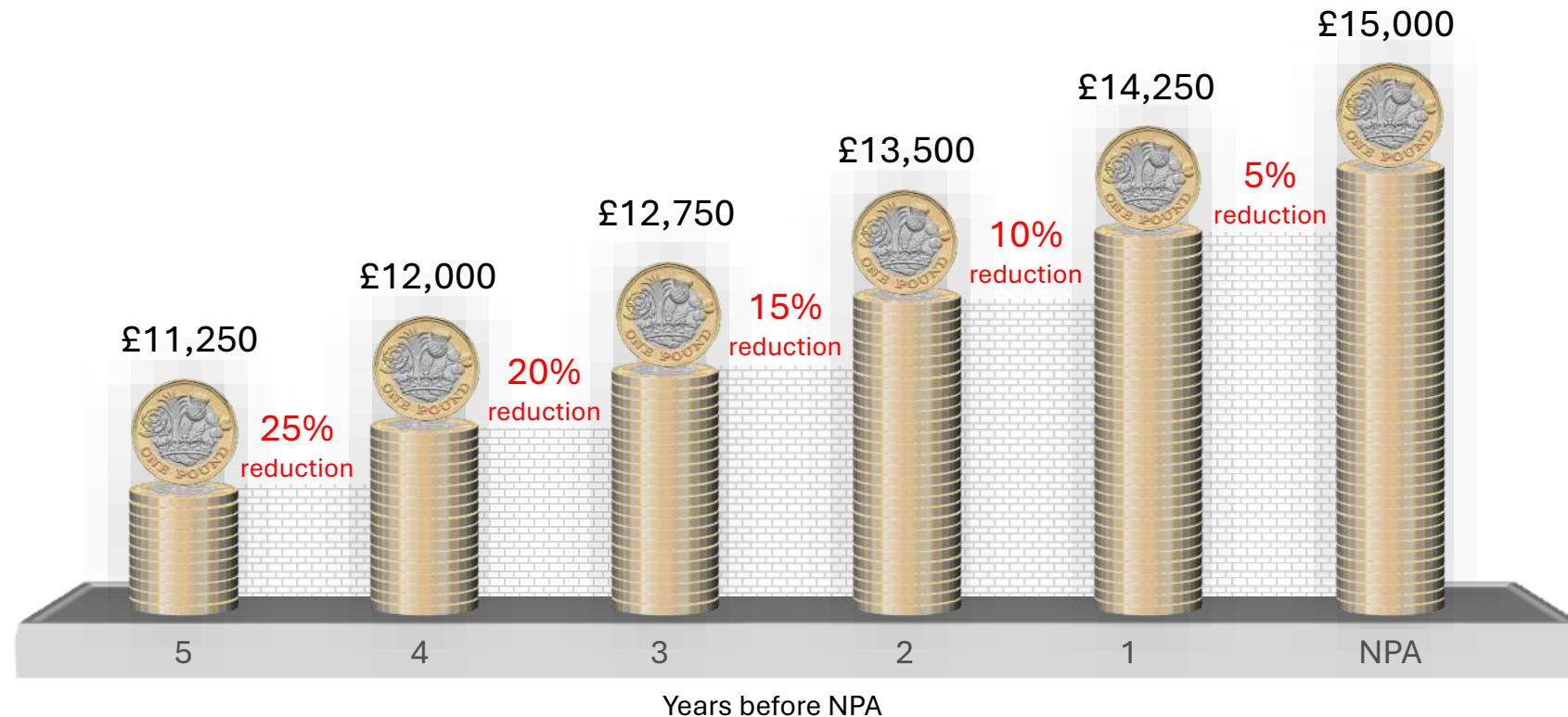
£15,000



NPA

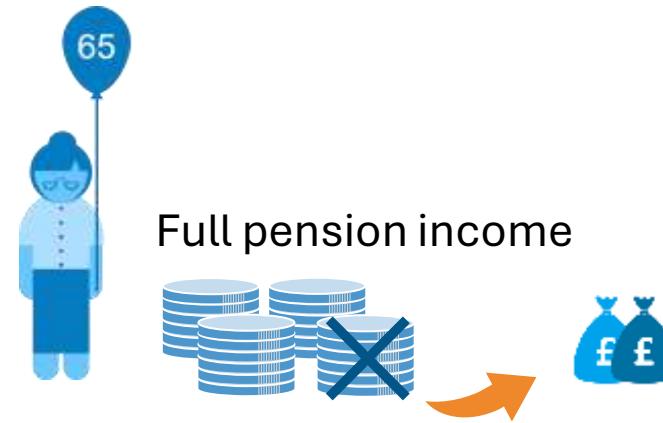
Defined benefit schemes

Your pension will normally be reduced if you choose to receive it before your Normal Pension Age (NPA).



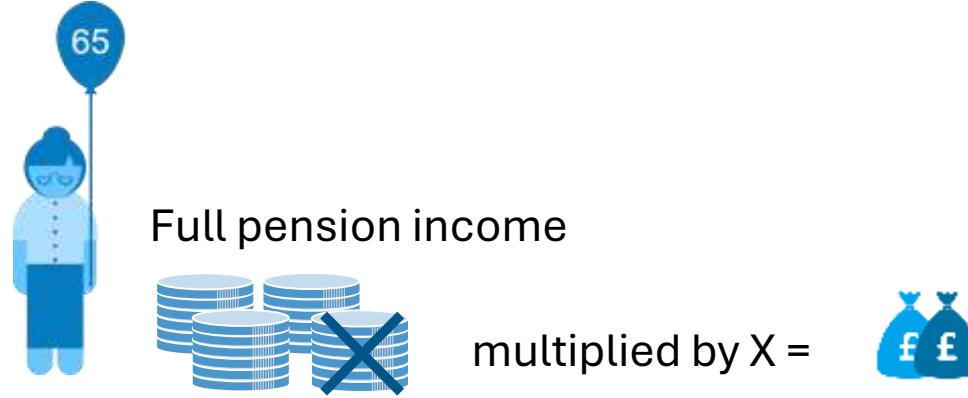
The figure of 5% has been used for illustration purposes only, the rate applicable to you will be set by the scheme Trustees

Defined benefit schemes



- You may be given the option to exchange some of your annual DB pension for a tax-free lump sum

Defined benefit schemes



- You may be given the option to exchange some of your annual DB pension for a tax-free lump sum
- The 'exchange rate' is known as the commutation factor
- By increasing your tax-free cash lump sum you will decrease your starting pension

Receiving Tax Free Cash

As a deferred BTPS member, you can choose how much of your pension to receive as a tax-free cash lump sum.

Using the Modeller

The BTPS Modeller shows you the impact of adjusting your tax-free cash

AVCs

If you previously made AVCs, these can be used to fund tax-free cash from the BTPS



Check your Plan

Your BTPS includes a tax-free cash lump sum in addition to a monthly income*

Adjusting how you receive your pension

You can elect to increase your tax-free cash amount in return for a reduction to your pension income

*The way tax-free cash is calculated varies between sections A, B and C.

How much tax-free cash?

Have a clear plan for how much you need:

Have you got funds for an emergency?



Do you have any debt to clear?



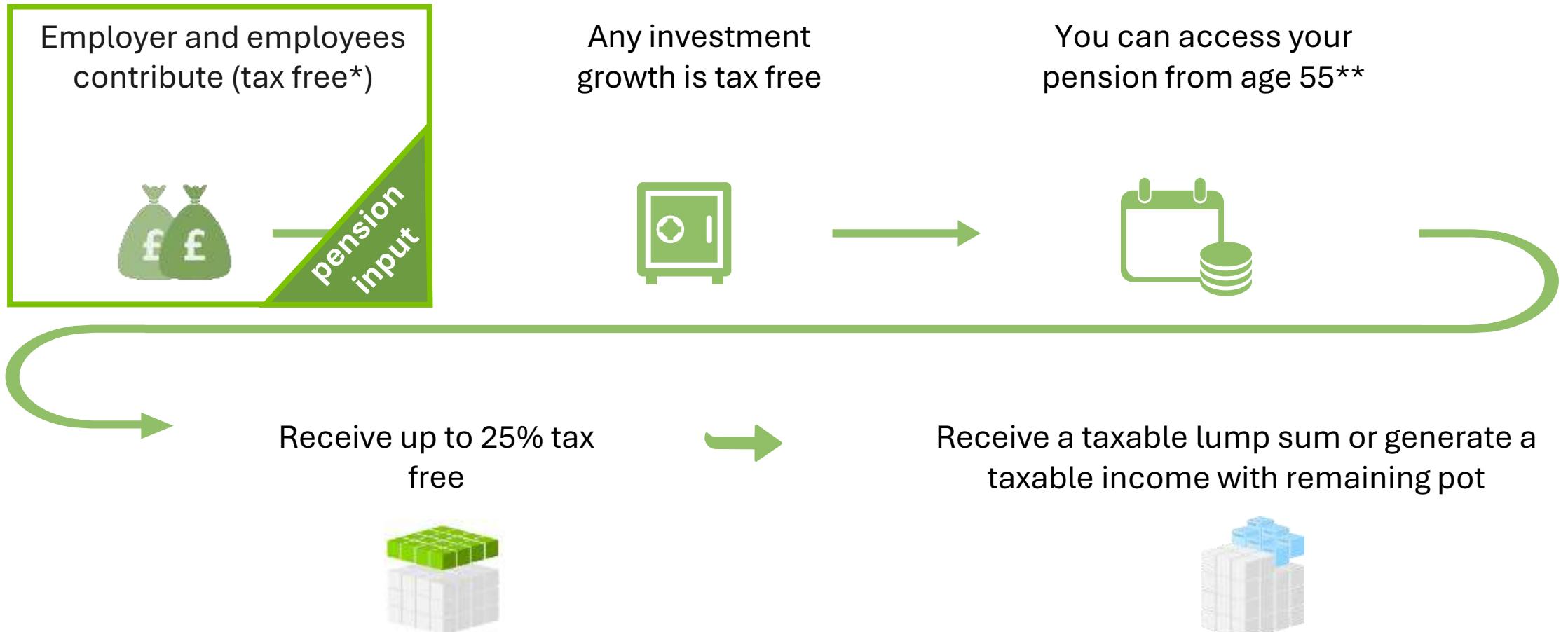
Is there a gap in your initial retirement income?



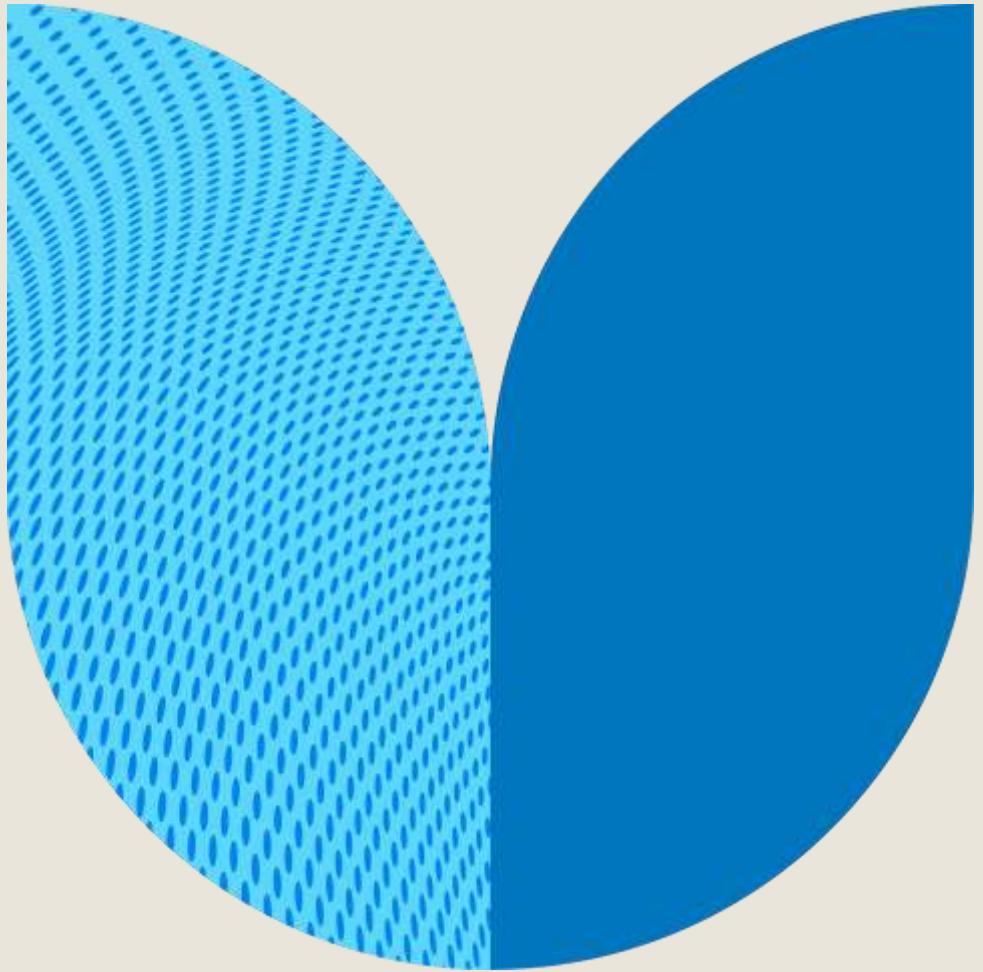
Have you planned for inflation?



Defined contribution (DC) schemes



Maximising Your Workplace Pension Contributions



Contributions To The BTRSS

The minimum member contribution is 5% and BT Group will contribute 10%.

The below applies to deferred members of the BTPS only.

Additional BTRSS Contributions	
Age at 1 April 2018	Additional transition payment
under 40	2% for 10 years
40 - 44	2% for 8 years
45 - 49	2% for 7 years
50 - 54	2% for 5 years
55 - 59	2% for 3 years
over 60	2% for 2 years

How Contributions May Add Up

- Annual Salary £35,000 (salary sacrifice member)
- Employee Contribution = £1,750pa (5%)
- Tax Saving = 20%
- NI Saving = 8%
- Personal Cost = £1,260
- BT Group Contribution = £3,500pa (10%)

  BT Group contribution (10%)

  Tax & NI savings

  Employee contribution (5%)



How Contributions May Add Up

Estimating the impact of increasing contributions on future retirement savings.

Pensionable salary: £35,000

| Time to retirement: 10 years

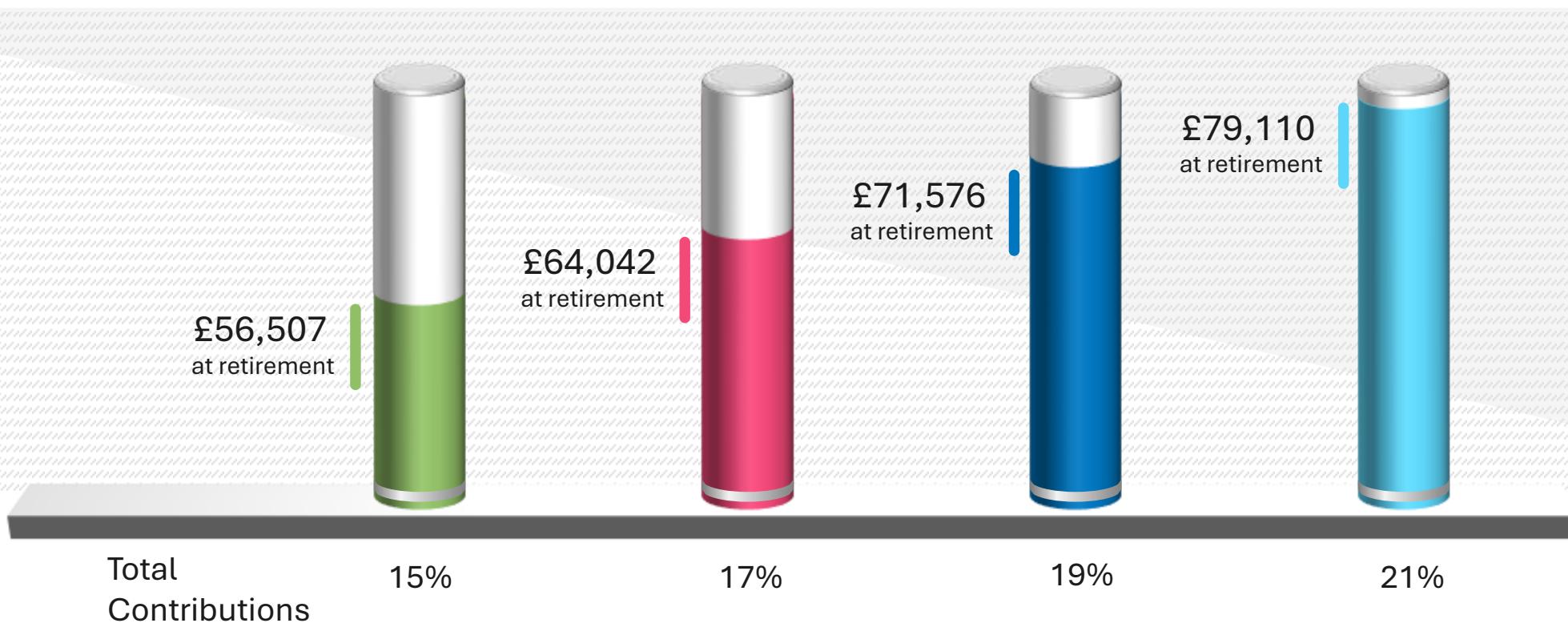


Figure excludes any existing pension savings

You should check your contribution structure which will tell you the employer contributions you are entitled to.

How Contributions May Add Up

Estimating the impact of increasing contributions on future retirement savings.

Pensionable salary: £35,000

|

Time to retirement: 10 years

Assumptions made in our example are from Money Helper:

- Annual salary increases by 2.5% each year
- Pension charges of 0.75% each year
- Investment growth of 5% each year
- All values are shown in todays money and assume 2.5% inflation each year

Boosting Your Pension

Consider whether you can afford to boost your retirement savings in the years running up to retirement

Existing pension pot: **£80,000**

Keeps contributions unchanged



Jacob

Years to retirement: **10**

BT Group Contribution pa
£3,500 (10%)

Member contribution pa
£1,750 (5%)

Net monthly pay
£2,288

Pension value in 10 years*
£150,312

Salary: **£35,000**

Increases contributions for 10 years



Marcia

BT Group Contribution pa
£3,500 (10%)

Member contribution pa
£3,500 (10%)

Net monthly pay
£2,183

Pension value in 10 years*
£168,979

Boosting Your Pension

Keeps contributions unchanged



Jacob

Net monthly pay
£2,288

Net monthly pay
£2,183

£105
per month
cost

Pension pot in 10 years
£150,312

Pension pot in 10 years
£168,979

£18,667
difference

Increases contributions
for 10 years



Marcia

Boosting Your Pension

Keeps contributions unchanged



Pension pot in 10 years
£150,312

remaining
£112,734
taxable



Jacob

Pension pot in 10 years
£168,979

remaining
£126,734
taxable



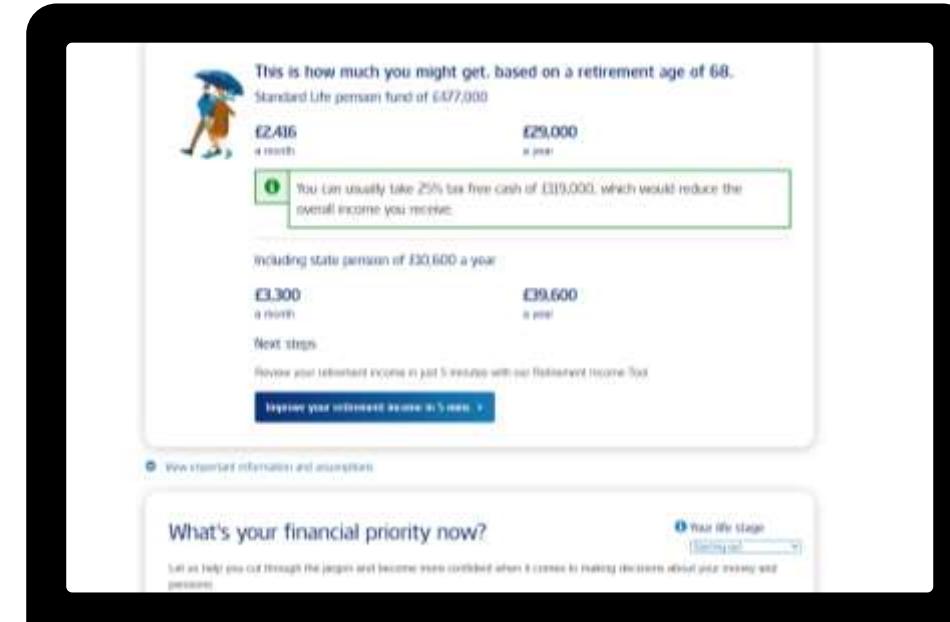
Increases contributions for 10 years



Marcia

Pension Calculator

Make use of the Standard Life pension calculator to see the potential future value of your pension savings.



Access through Your Rewards or log in through www.standardlife.co.uk
(Select 'Plan your future' from the side menu)

Limits on tax efficiency

Annual Allowance (AA)

- The annual allowance is £60,000*
- This may be reduced if your total taxable income exceeds £200,000 or you flexibly withdraw taxable income from a DC scheme
- Carry forward may be available from up to the 3 previous tax years

Limits on tax-free cash

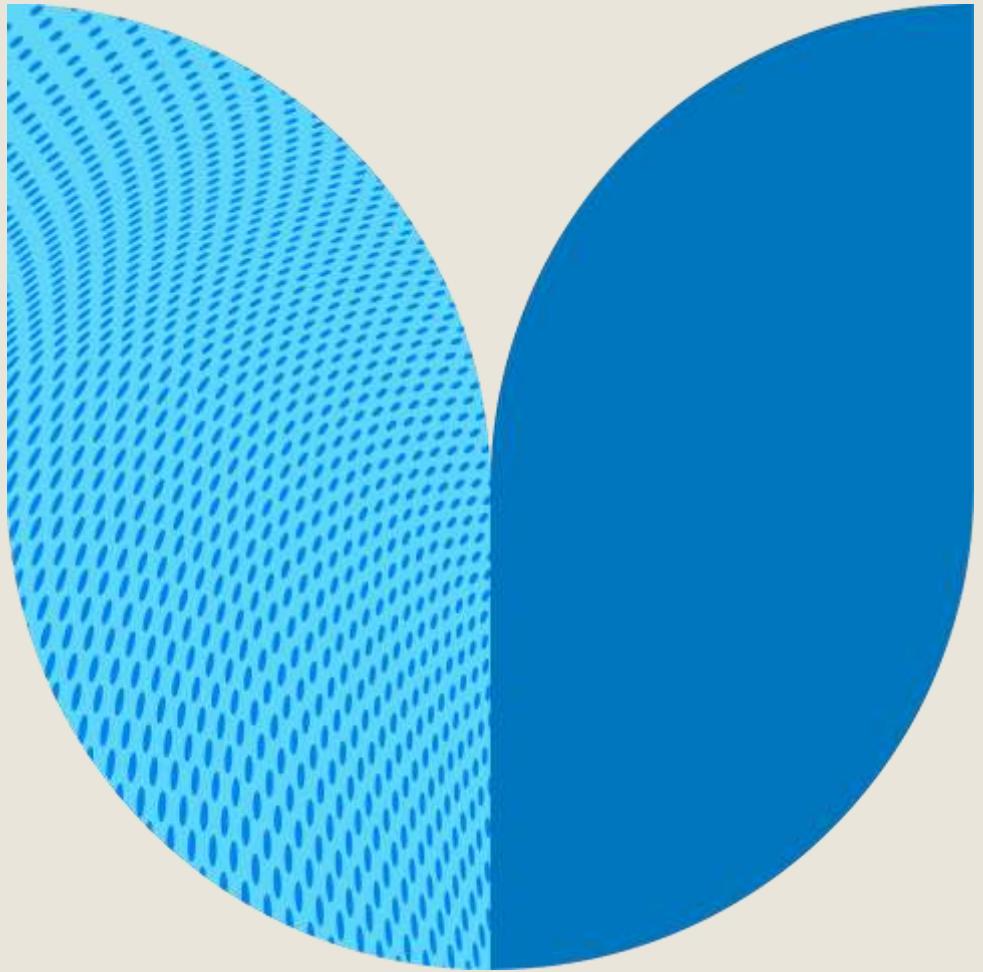
- Lump Sum Allowance (LSA): The maximum tax-free cash is limited to 25% of the pension value, subject to a total cap of £268,275 (which is set to be frozen)
- Lump Sum and Death Benefits Allowance (LSDBA): The maximum amount of non-taxable lump sums that can be taken from a pension, set at £1,073,100.
- Those individuals who hold Life Time Allowance (LTA) protection will have allowances based on their protected LTA



If you think you may be affected, ask about this on your follow up call

*Tax relief is only available on contributions up to the greater of 100% of relevant earnings or £3,600

Investing Your DC Pension



Your Investment Options

How your pension savings are invested is up to you. There are choices depending on how involved you want to be with your investments.

OPTION**1****Do It For Me
(default)**

The low
involvement
lifestyle option

OPTION**2****Help Me Do It**

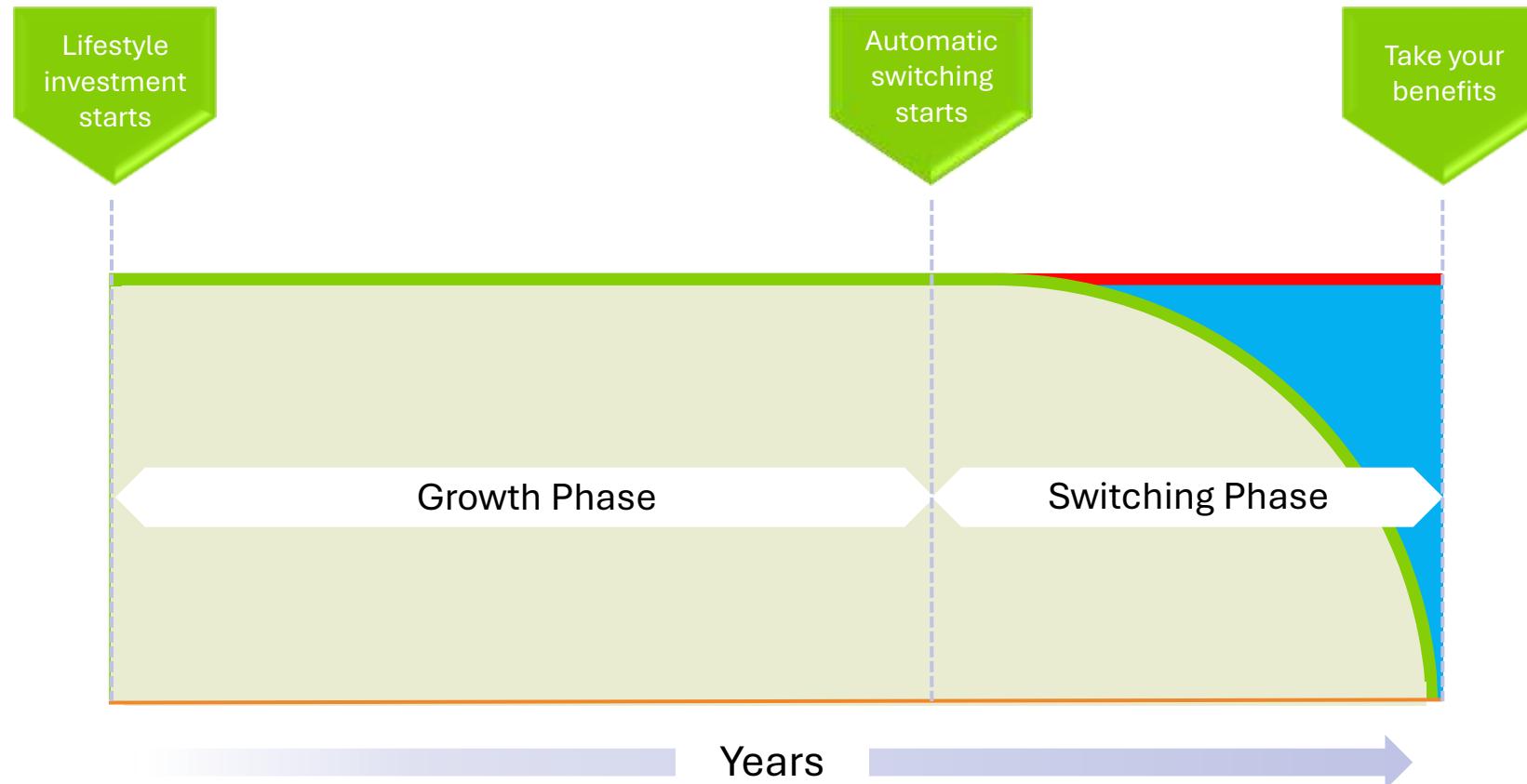
Other
Standard Life
Lifestyle
profiles

OPTION**3****Let Me Do It**

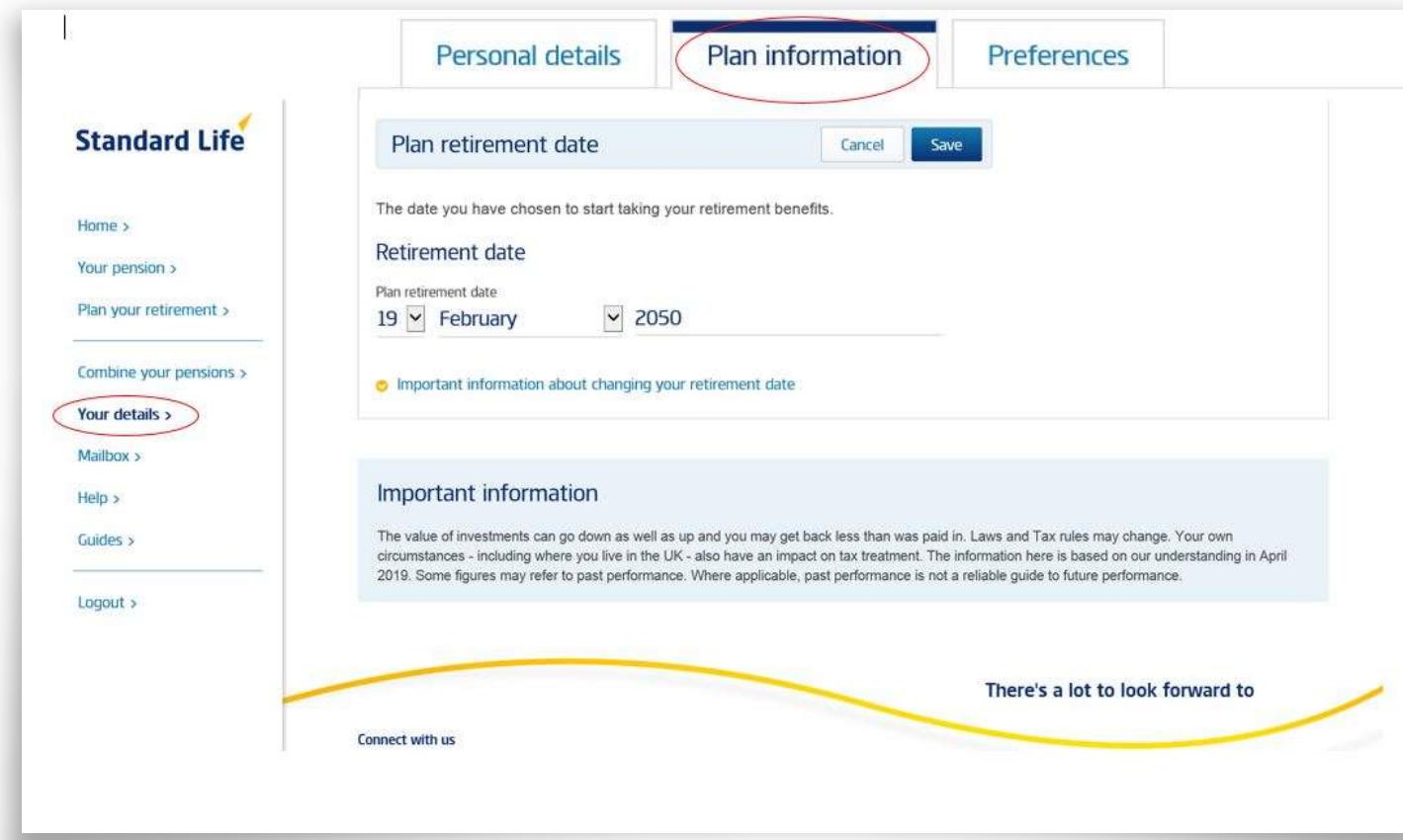
Choose from
the full fund
range



Lifestyle funds



Your Selected Retirement Date



Standard Life

Home >
Your pension >
Plan your retirement >

Combine your pensions >
Your details >
Mailbox >
Help >
Guides >

Logout >

Personal details **Plan information** **Preferences**

Plan retirement date Cancel Save

The date you have chosen to start taking your retirement benefits.

Retirement date

Plan retirement date
19 February 2050

● [Important information about changing your retirement date](#)

Important information

The value of investments can go down as well as up and you may get back less than was paid in. Laws and Tax rules may change. Your own circumstances - including where you live in the UK - also have an impact on tax treatment. The information here is based on our understanding in April 2019. Some figures may refer to past performance. Where applicable, past performance is not a reliable guide to future performance.

There's a lot to look forward to

Connect with us

Self-select funds



Choose from a range of different investment types



Invest into equities, bonds, property or cash



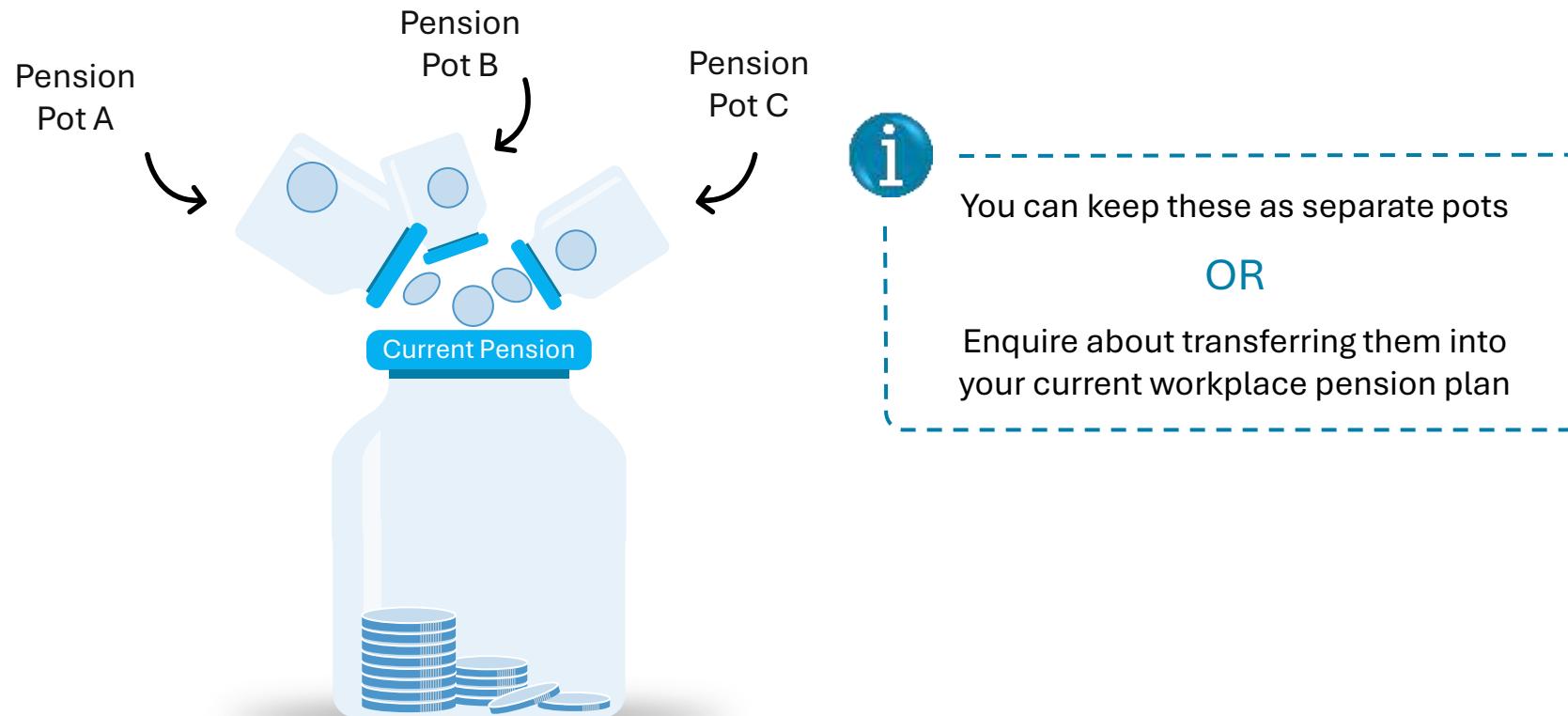
You can manage your exposure to risk as you approach retirement



Visit the Scheme website for further information

Pension consolidation

It is common to build up a number of 'pension pots' from previous employment.



Pension Consolidation

Make sure you have reviewed any benefits and drawbacks before taking action.

Potential benefits:

Lower costs?



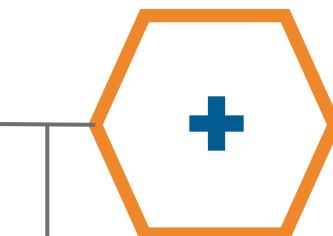
Investment choice?



Convenience?



Improved administration?



What to look out for:



Penalty charges



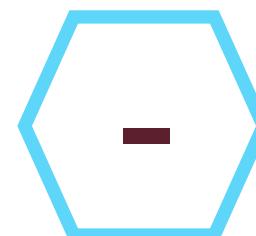
Protected retirement age



Any link to a defined benefit pensions



Any guaranteed benefits or added benefits



If you are unsure, you should always seek regulated advice before transferring a pension

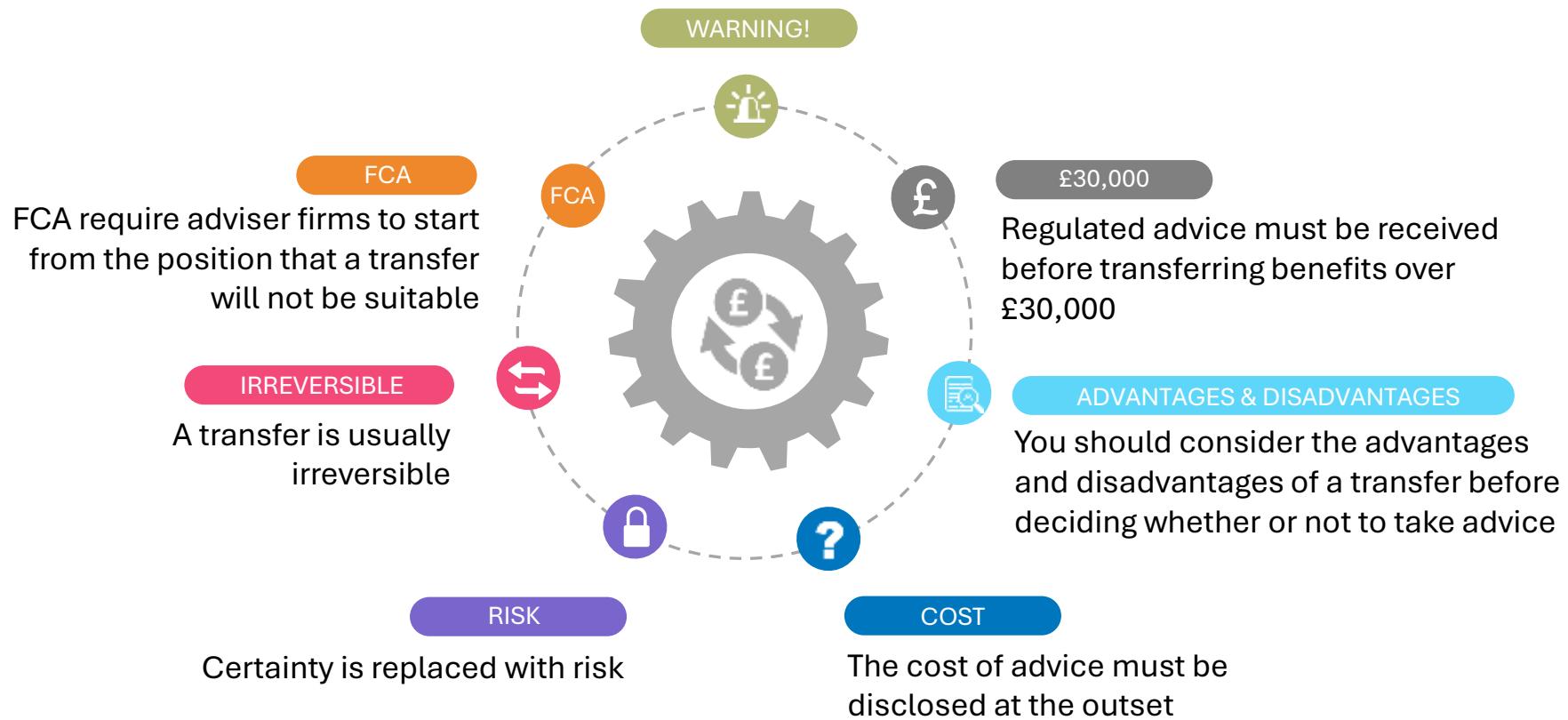


finding lost pensions:

gov.uk/find-pension-contact-details

Transferring from DB to DC

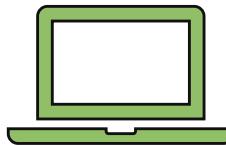
WARNING - transferring out of a defined benefit (DB) scheme could damage your wealth!



Financial scams – protect yourself



➤ Reject unexpected offers and communications



➤ Check who you're dealing with

Financial services register: <https://register.fca.org.uk/>
or 0800 111 6768



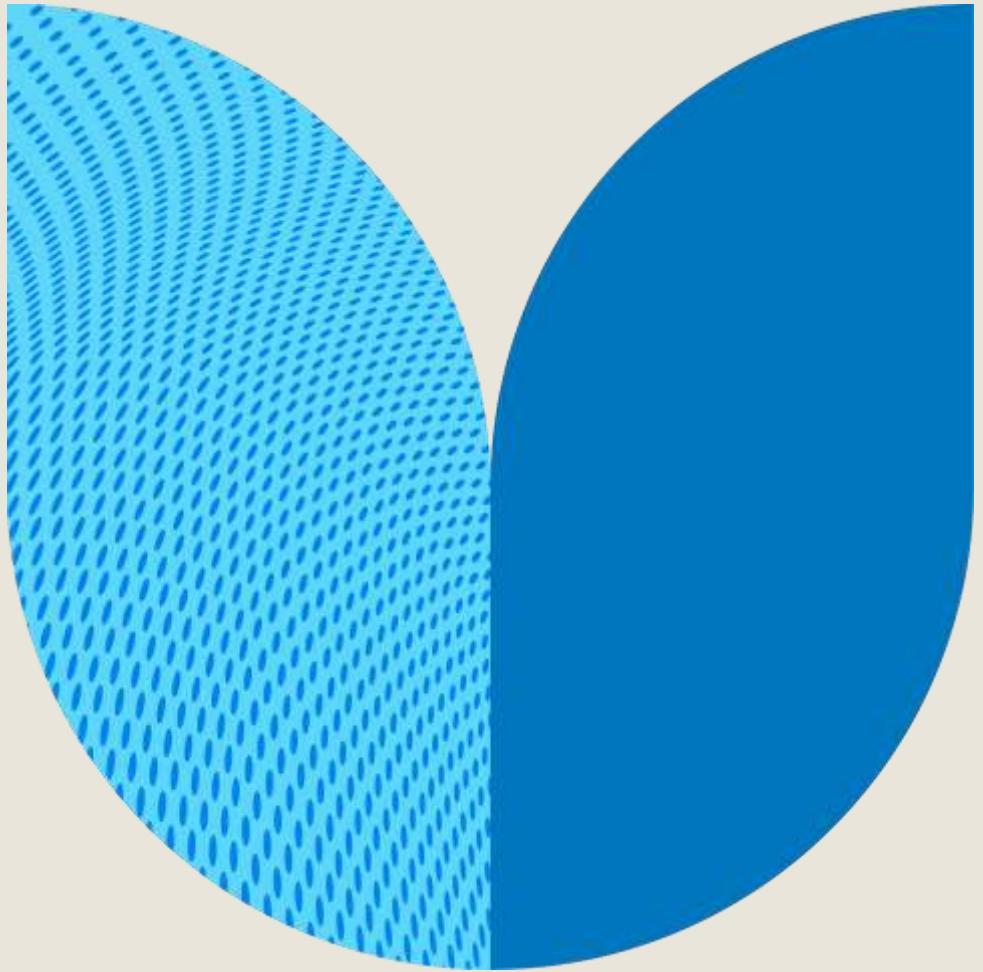
➤ Don't be rushed or feel pressured



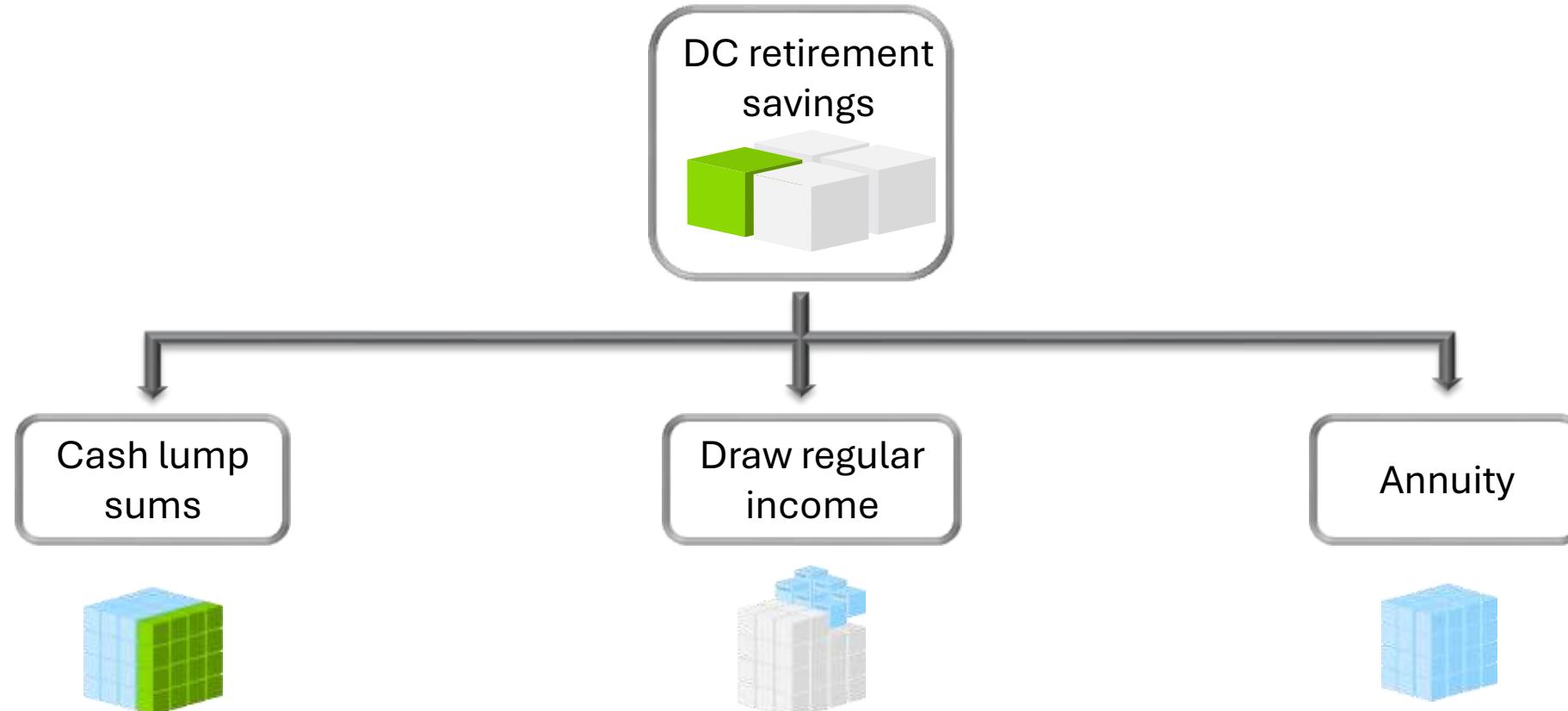
➤ Get impartial information or advice before changing your pension arrangements



Generating A Retirement Income

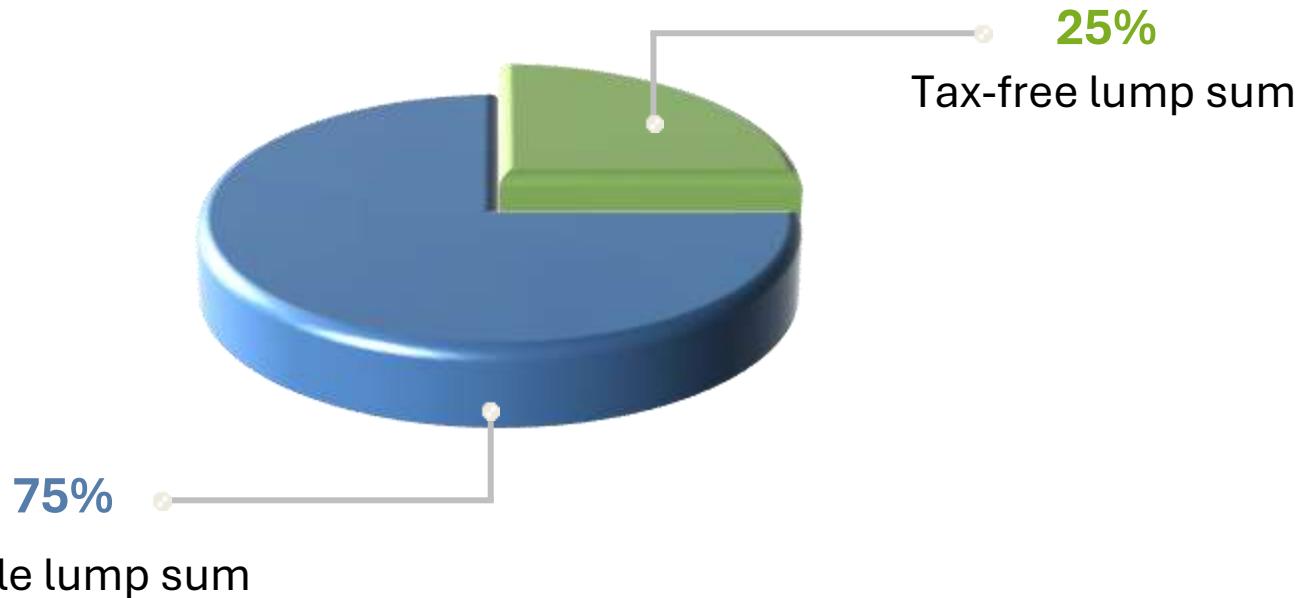


Defined contribution income options



You may need to transfer your benefits to an alternative arrangement to access your chosen income route

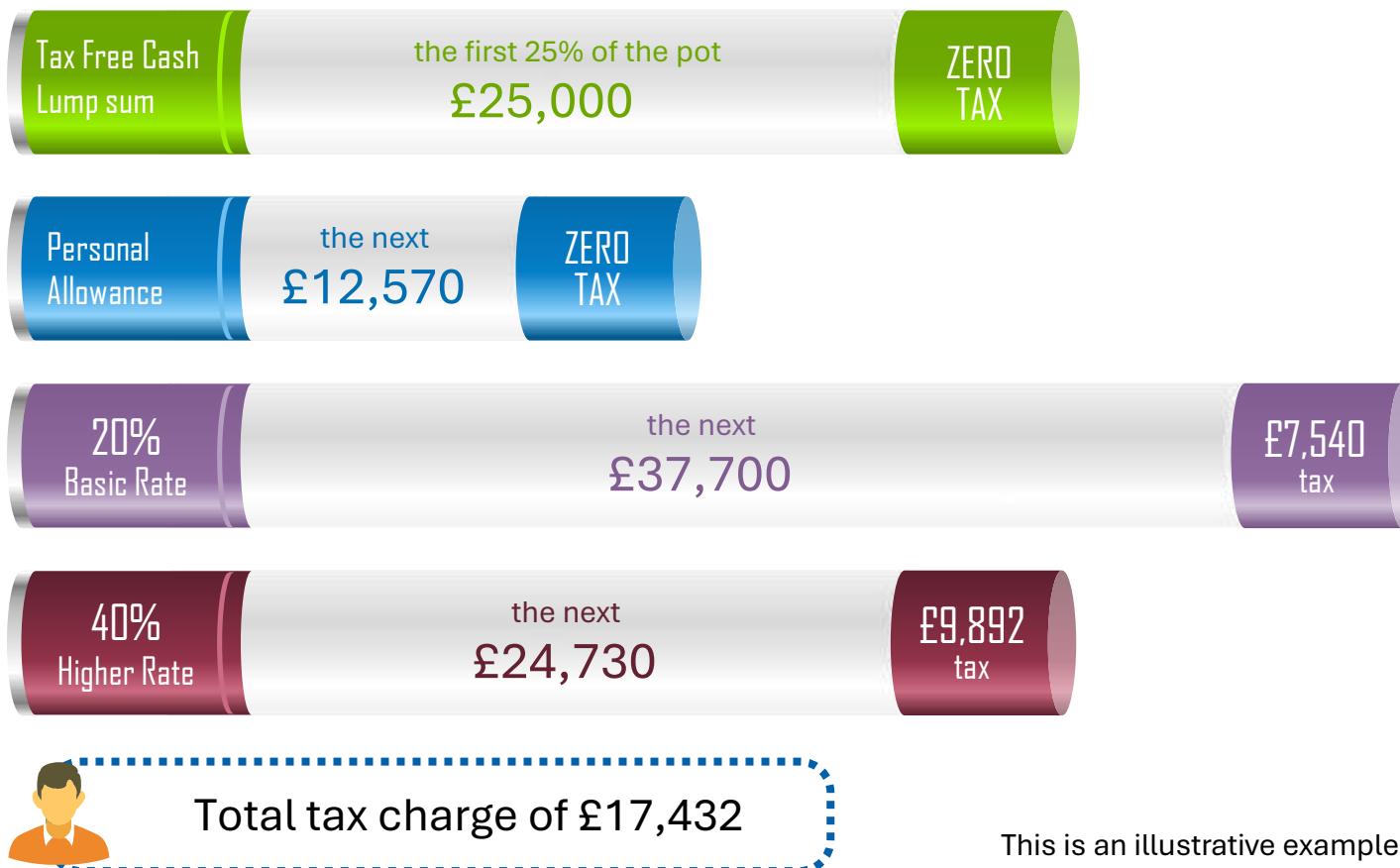
Cash lump sum



- The taxable lump sum is taxed in the year of receipt
- This could lead to a significant tax charge
- There is the option to receive a series of lump sums

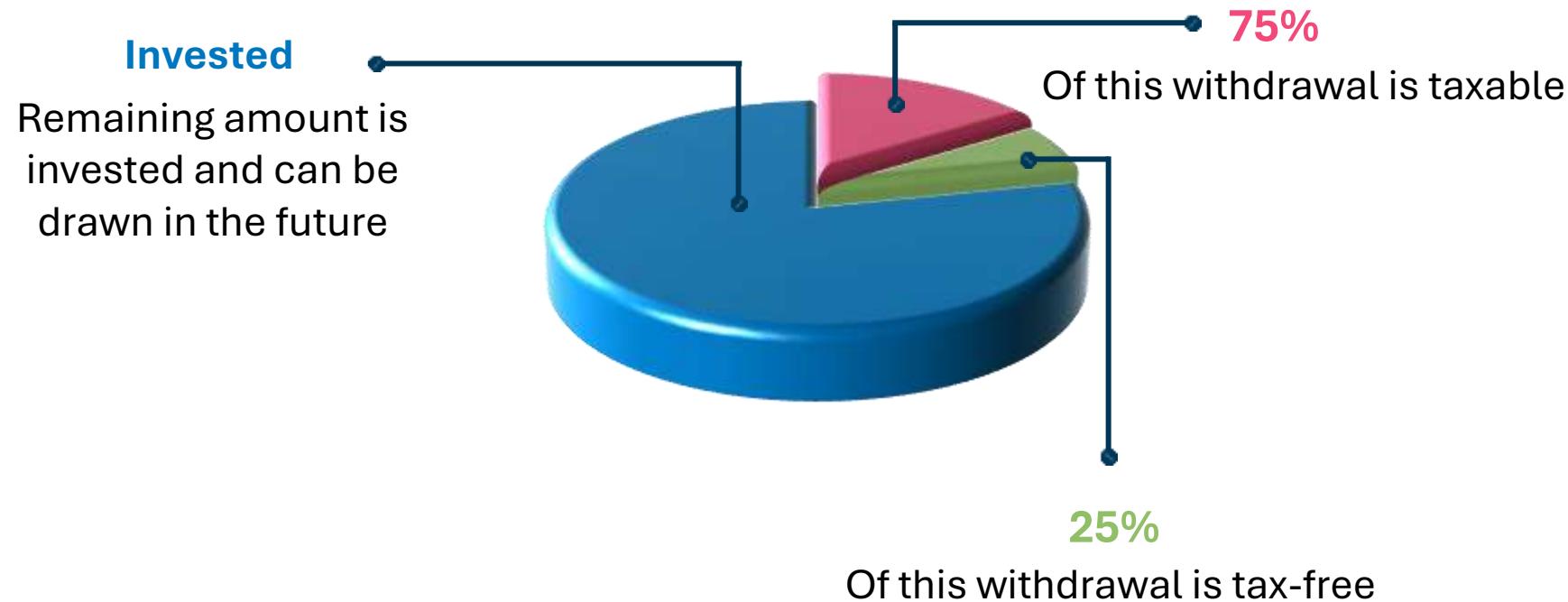
Receiving A Cash Lump Sum

Example: an individual chooses to draw a £100,000 lump sum from their pension:

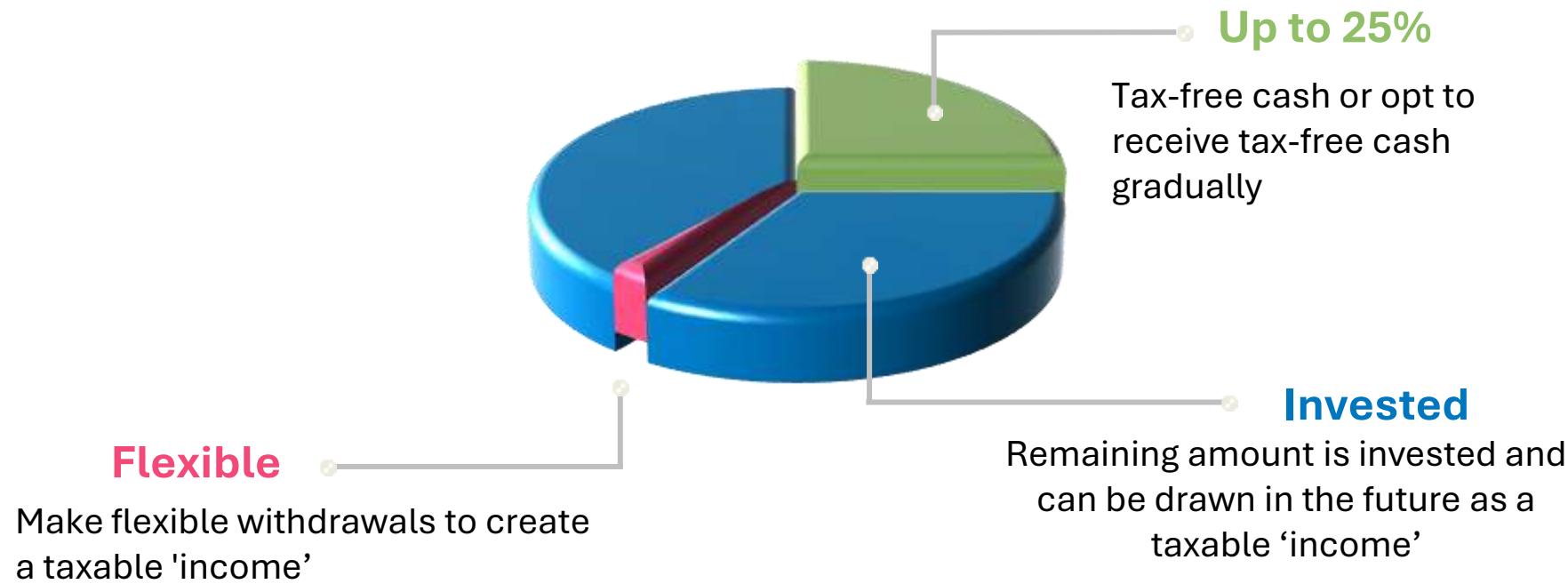


This is an illustrative example only that assumes the individual has no other income in the tax year.

Phased cash lump sums



Flexi access drawdown



Remember – the MPAA will apply if you receive taxable money flexibly from any DC pension pot.

Buying an annuity

Receive up to 25% as a tax-free lump sum

Options include

- A guarantee period
- Inflation linking
- Spouse/partner income

The income level is determined by your circumstances



Buy an annuity with the remainder

Provides a secure income throughout your retirement

Example Annuity Rate

pot after receiving tax-free cash	age	annually	monthly
£100,000	65	£7,610	£634



Single income



No annual increases



No protection



Good health

Death Benefits

Pension:

If you buy an annuity or have a DB pension

Any death benefits are detailed in the terms of the annuity or DB pension



BTRSS

Your beneficiaries receive the value of your BTRSS pension pot on your death

Free of tax if death occurs before age 75

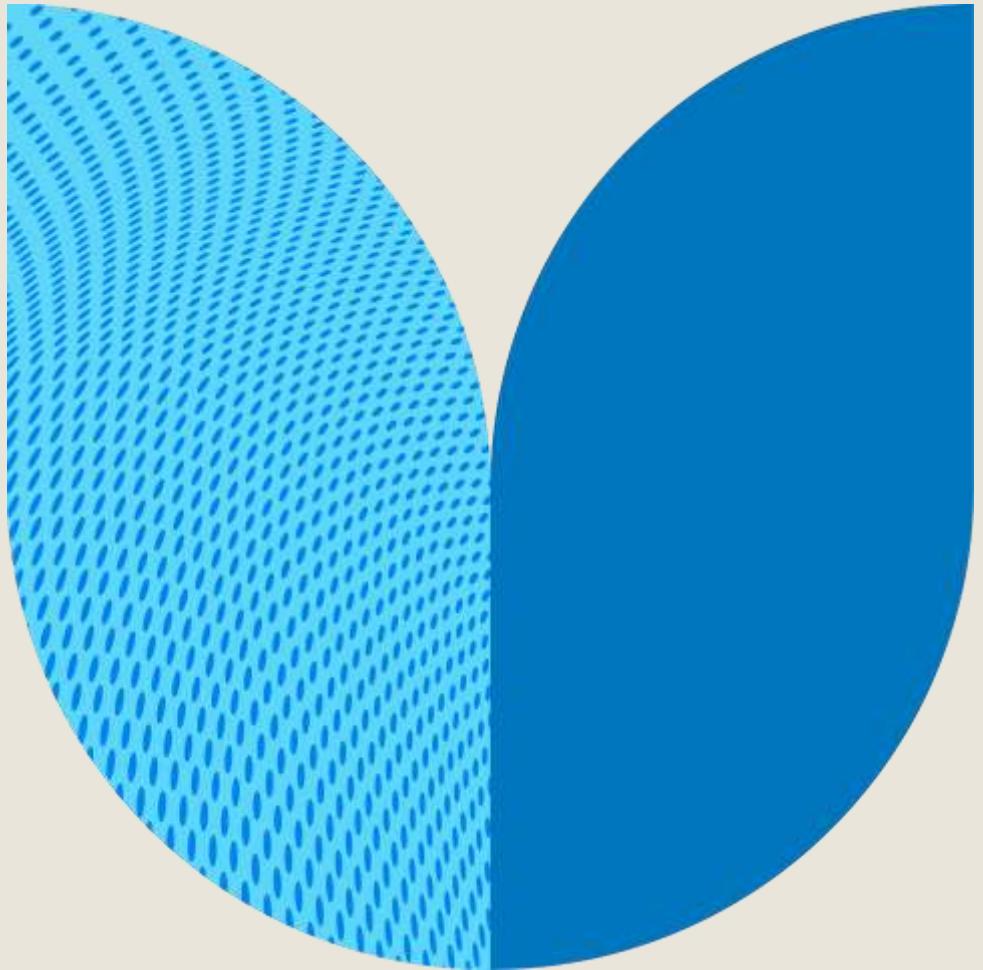
Tax applies at the beneficiary's income tax rate if death occurs from age 75

Note: Unspent DC pension pots will be assessed for IHT from April 2027

Core Life Assurance:

BT Group provides a Core Life Assurance on death in service for most colleagues. You can view the level of your core life cover on the Your Rewards site.

Bringing it all
together



Generating a retirement income



DB pension



**DC pot
£28,000**



**Savings
£41,000**

£4,000 pa

£10,107.50 pa
taxable income

£3,000 pa
taxable income

£1,000 pa
tax-free cash

£2,000 pa
withdrawals



Objective: A 60 year old would like to retire in the current tax year with an income of £16,000 pa after tax

Generating a retirement income

£10,107.50 pa
taxable income

£3,000 pa
taxable income

Totals £13,107.50

£12,570 within Personal Allowance

£537.50 taxed at 20% = £107.50

Net income = £13,000

Totals £3,000

No tax payable

£1,000 pa
tax-free cash

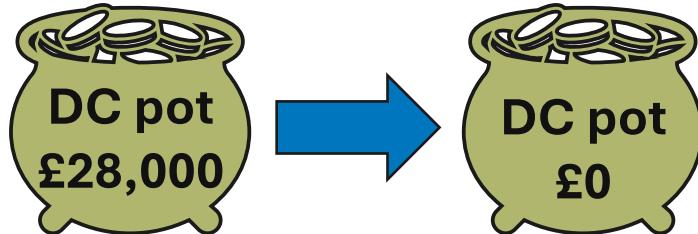
£2,000 pa
withdrawals

Total net income = £13,000 + £3,000 = £16,000

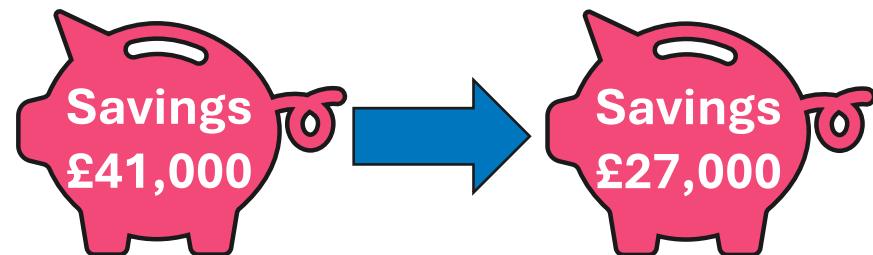


Objective: A 60 year old would like to retire in the current tax year with an income of £16,000 pa after tax

After seven years...



The DC pension pot has been spent



£14,000 of savings have been spent

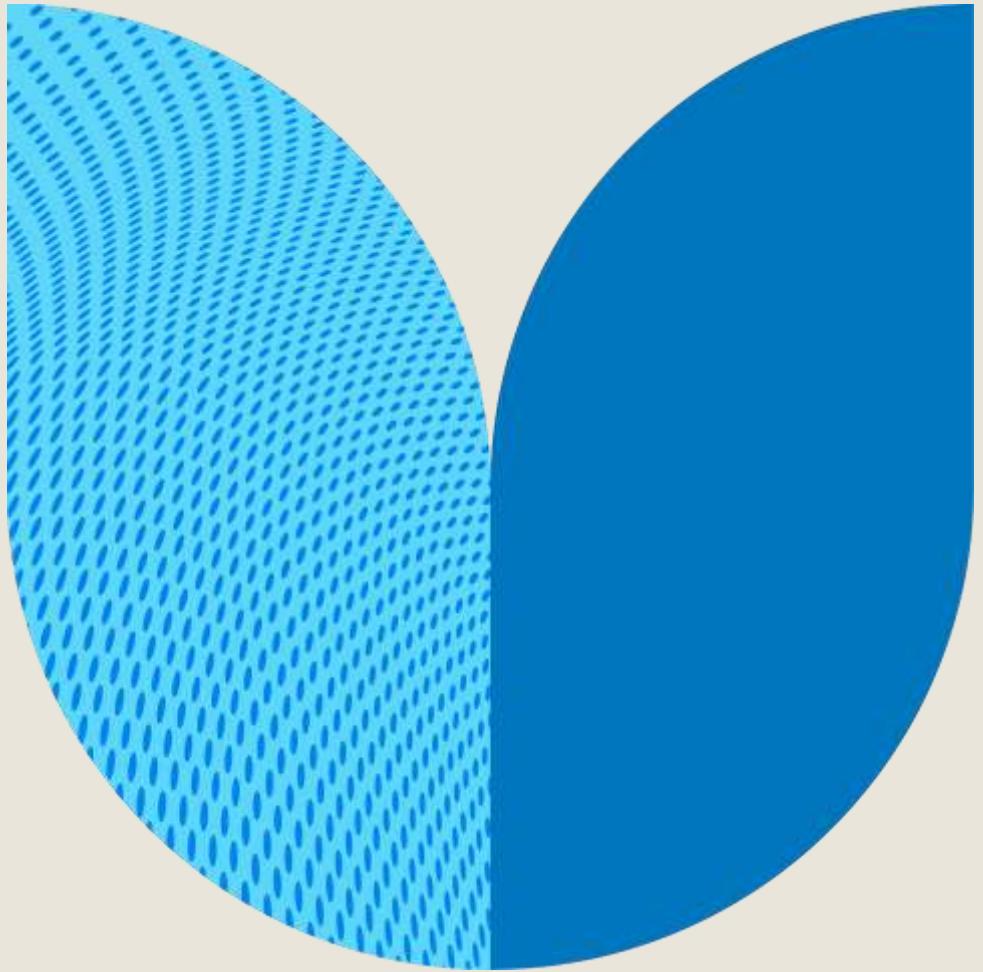


The State Pension will need to be at least £6,750 to retain a £16,000 pa net income

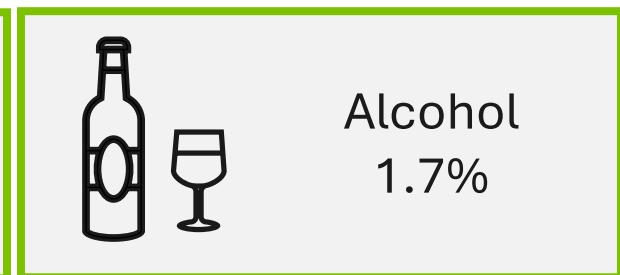
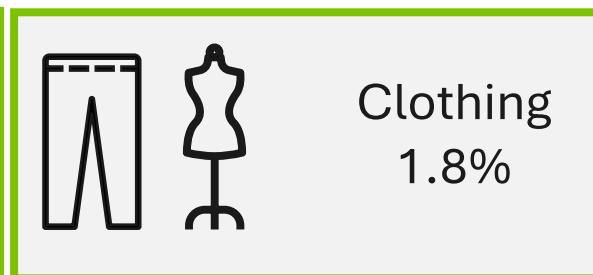
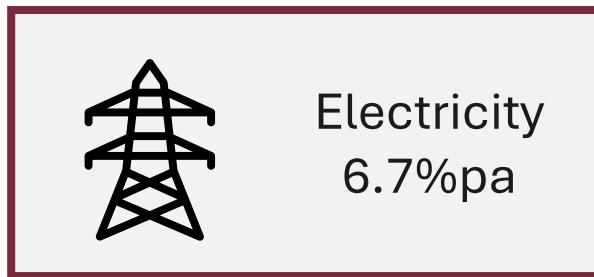


Objective: A 60 year old would like to retire in the current tax year with an income of £16,000 pa after tax

Inflation in retirement



Inflation: average over 10 years



Inflation: over 10 years

The price of electricity
has risen

91%



Electricity
6.7%pa

The price of insurance
has risen

71%



Insurance
5.5%pa

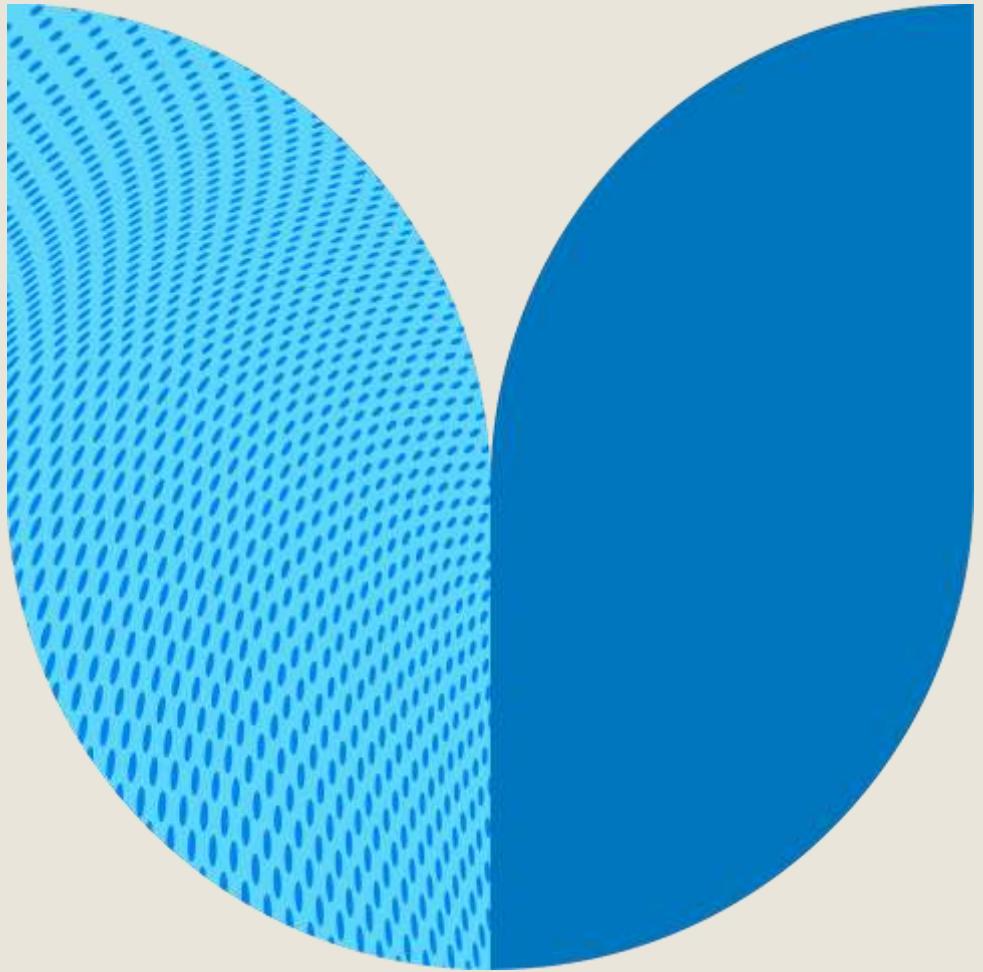
The price of household
gas has risen

42%

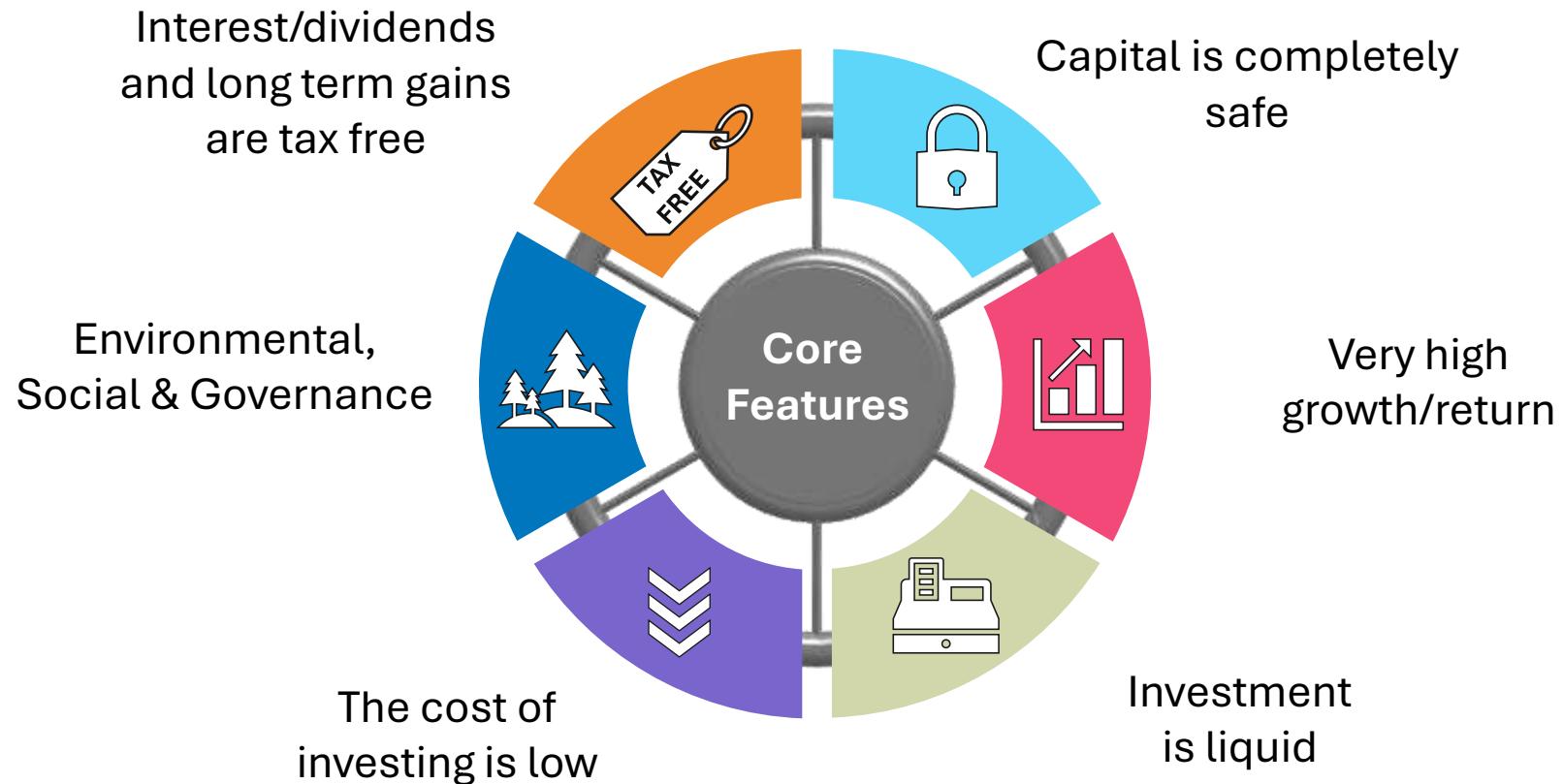


Household
Gas 3.5%pa

Other Savings And Investments

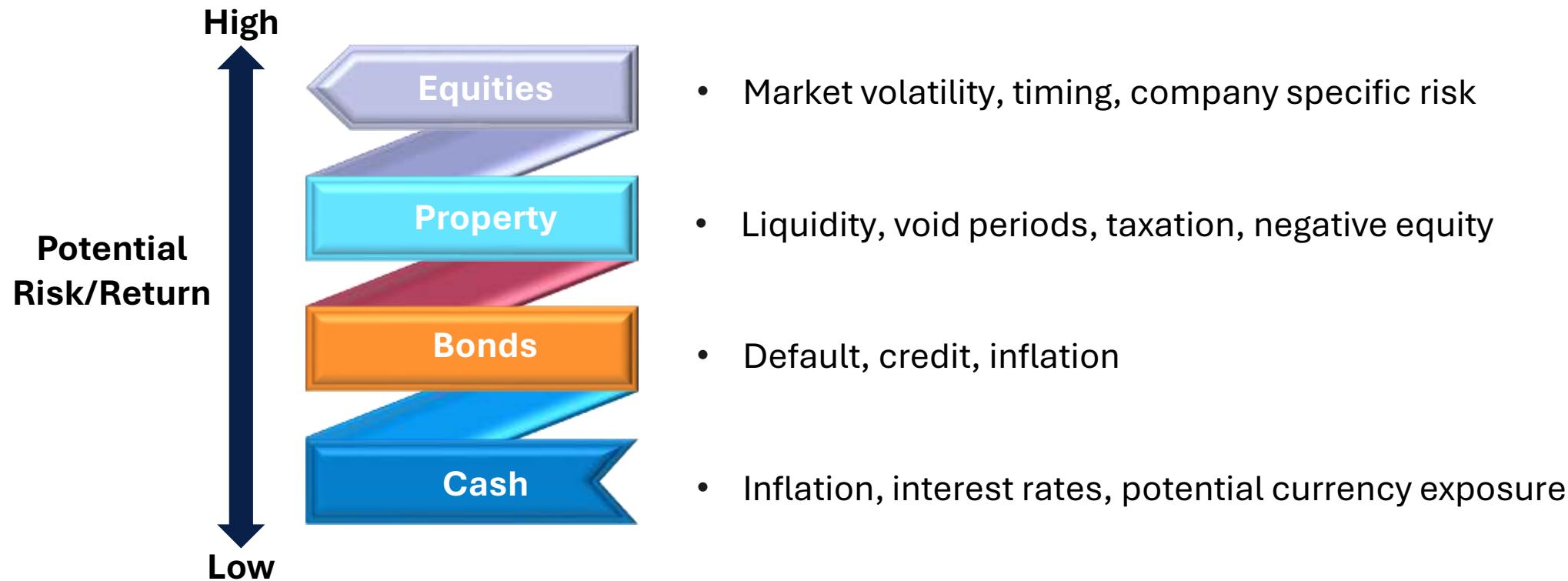


Investment principles

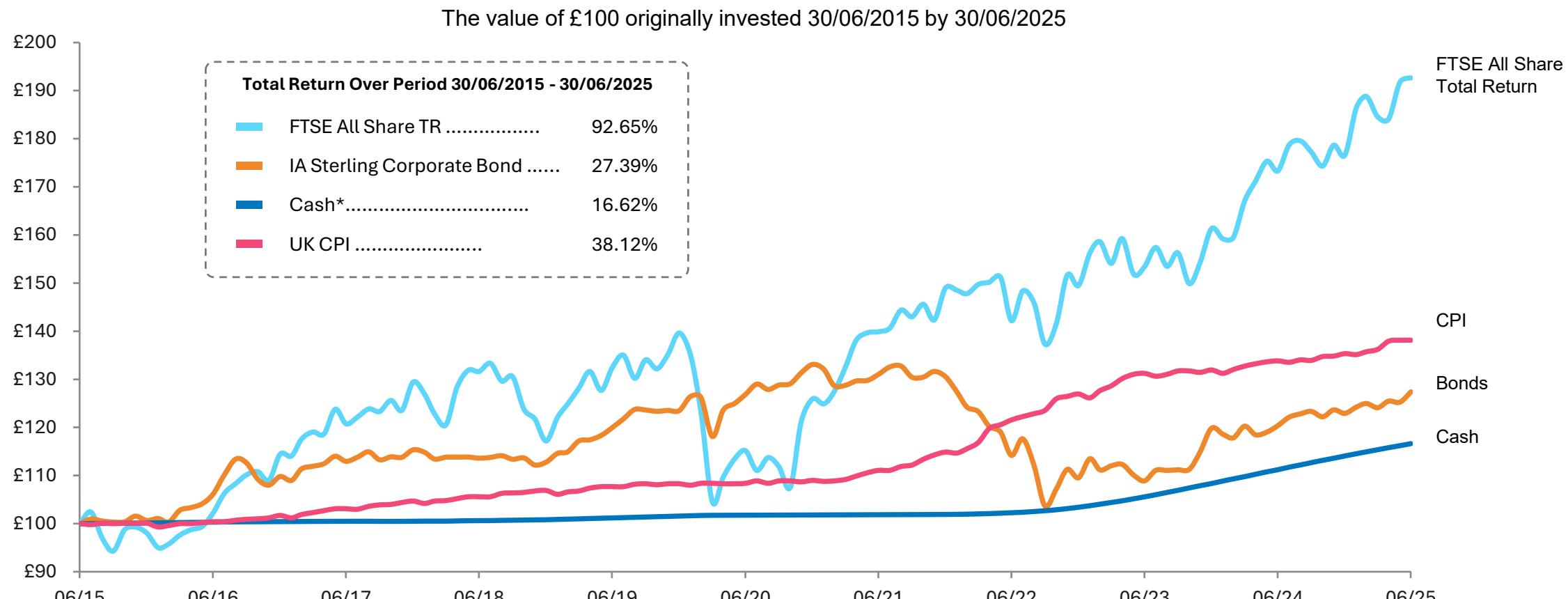


Investment risk and returns

What types of risk may you need to consider with your savings?



Risk and returns: the real world



This chart shows past performance which is not a reliable guide to the future

UK saveshare

Choices for saveshare members when retiring from BT Group.



Choice 1

Close your saveshare account and receive your savings back



Choice 2

Use your savings to buy shares at the saveshare price within 6 months of leaving



Choice 3

Continue to save for up to 6 months, and then buy shares at the saveshare price at this point

Transfer to an ISA, a share dealing account or sell the shares and receive the proceeds.

If you were to resign rather than retire, you would lose the option to buy BT Group shares at the option price.

*The contribution to saveshare from your last month's salary would be your first of 6 payments.

Directshare

Choices for directshare members when retiring from BT Group.



Choice 1

- Elect for the shares to be sold, and receive the proceeds
- No income tax, National Insurance, or Capital Gains Tax*



Choice 2

- Transfer the shares to an EasyShare online share account, ISA or alternative share dealing account
- No income tax, National Insurance, or Capital Gains Tax

If you were to resign rather than retire, tax and NI would be payable on shares purchased in the last 5 years.

*If you kept the shares, you could be liable for CGT on future growth.

Yourshare

Choices for Yourshare members when retiring from BT Group.

- You will keep all your shares, regardless of how long they have been in the plan
- There is no income tax, National Insurance or Capital Gains Tax to pay*



Choice 1

- Sell the shares and receive the proceeds
- A sale fee of 0.5% (£20 min) is applied



Choice 2

- Transfer to an EasyShare online share account or ISA
- Transfer to a separate share dealing account or ISA

If you were to resign rather than retire, you would forfeit the shares.

*If you kept the shares, you could be liable for CGT on future growth.

Transferring BT Group Shares

You have the option to transfer BT Group shares to a pension.

You have the option to transfer BT Group shares from
directshare and yourshare.

You can diversify into other Standard
Life funds if you wish

You will be invested into the 'BT
Share Pension Fund' which tracks
the value of the BT Group share price



Shares must have been held for at least
5 years (3 years for dividend shares)

The offer to transfer shares is
normally available once a year

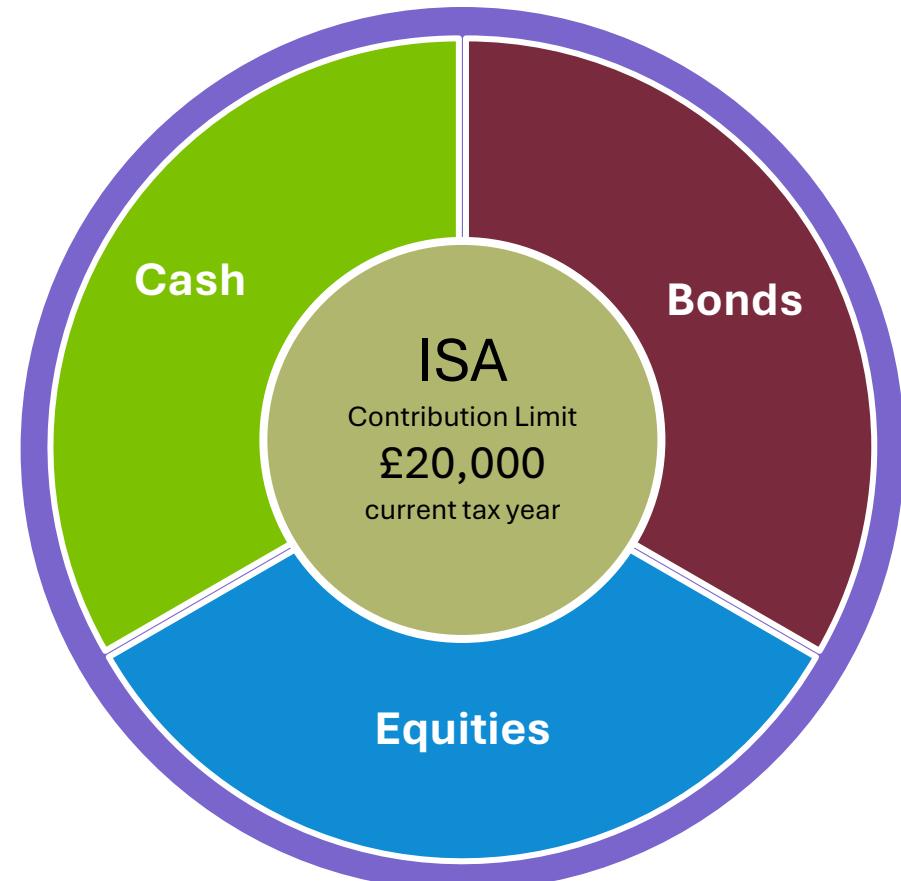
The full value of your shares is transferred as cash, and
basic rate tax relief is added*

You will receive an email with a link to the application process when the offer is open

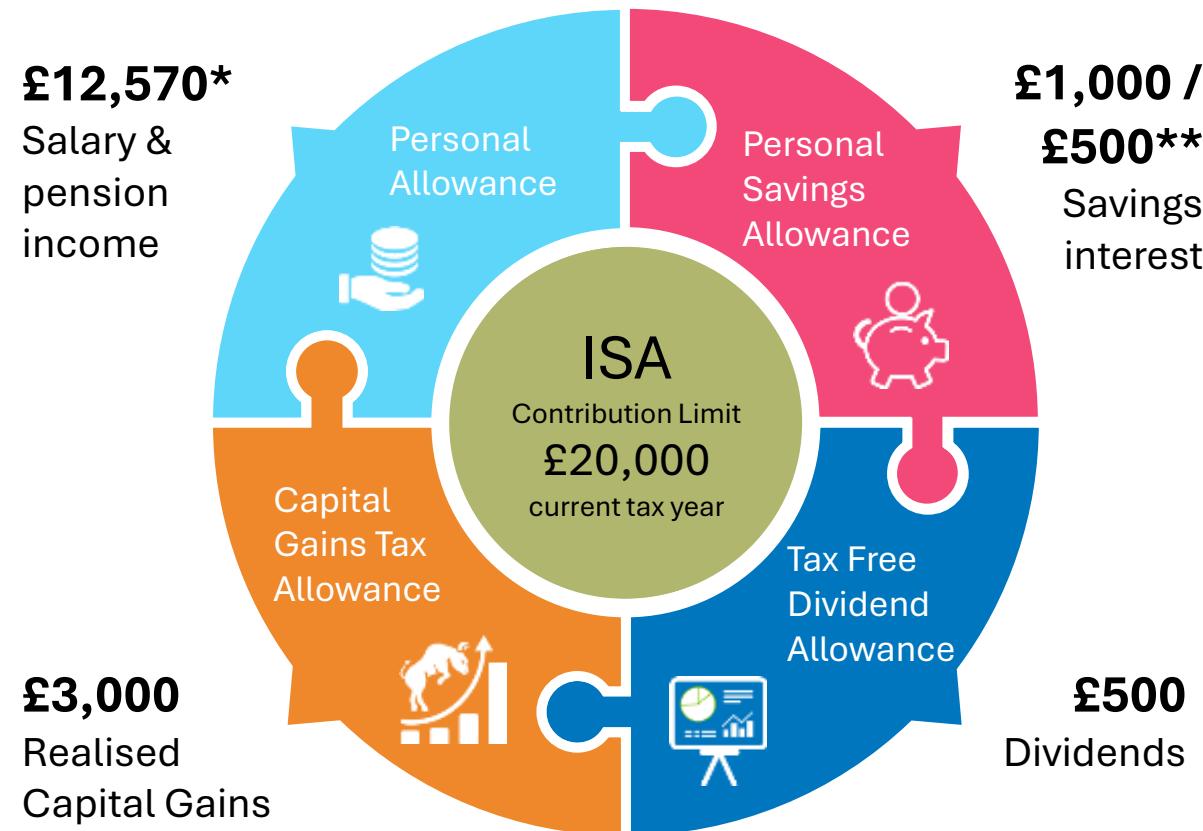
*Subject to HMRC limits. Those who pay tax above the basic rate can claim back further relief via their self assessment.

Individual savings accounts (ISAs)

- An ISA protects your savings and investments from taxation
- Interest and dividends are tax-free
- Growth is free of Capital Gains Tax



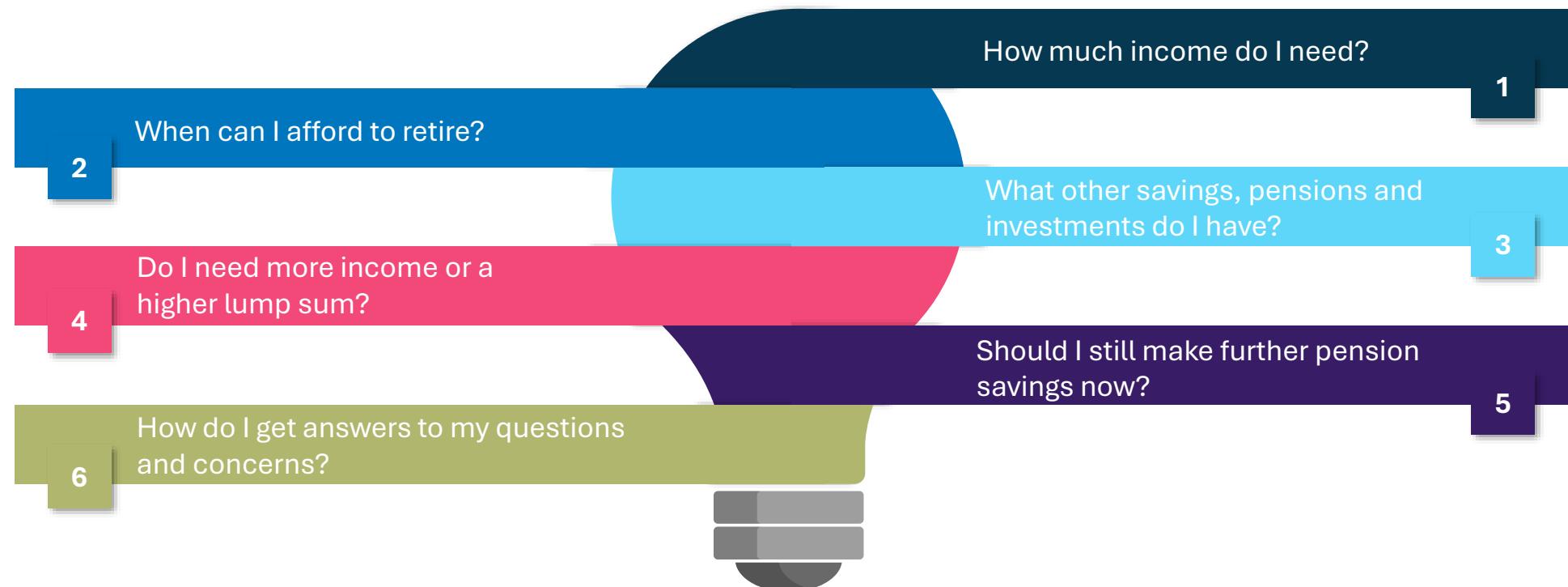
Tax allowances summary



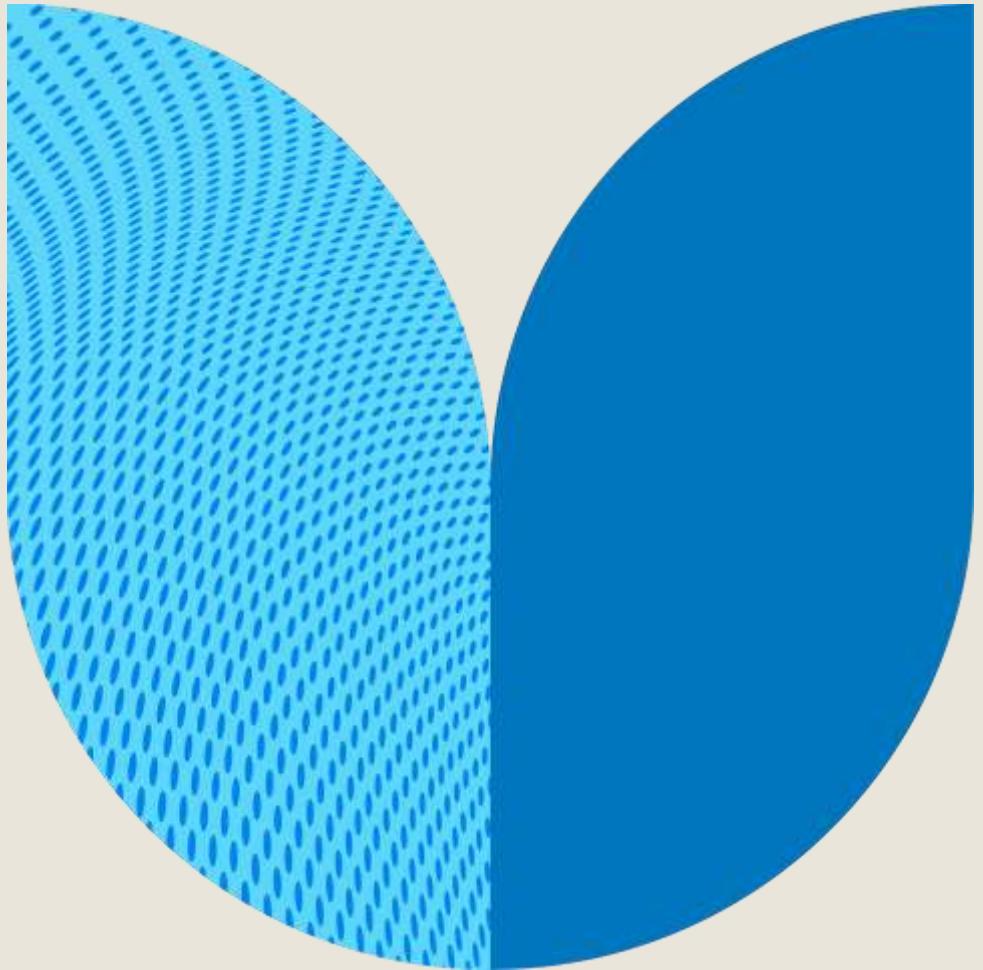
*Reduced for those with income over £100,000

**£1,000 for basic rate and £500 for higher rate taxpayers. Additional rate taxpayers do not have a Personal Savings Allowance

Making the right decisions



Next steps



Your Pension Scheme

BT Retirement Saving Scheme (BTRSS)

- www.btretirementsavingscheme.com

Deferred BTPS members:

- Register for the Online Pension Management
- Visit: https://portal.btps.co.uk//Registration_1

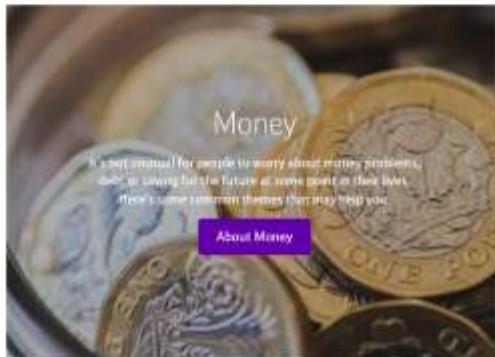
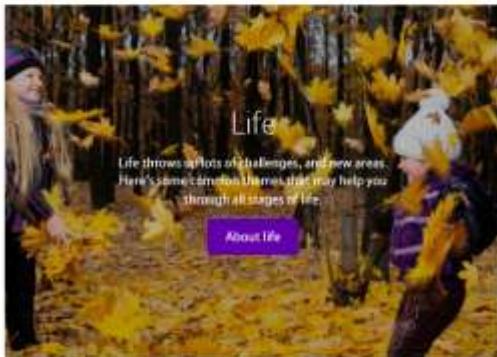
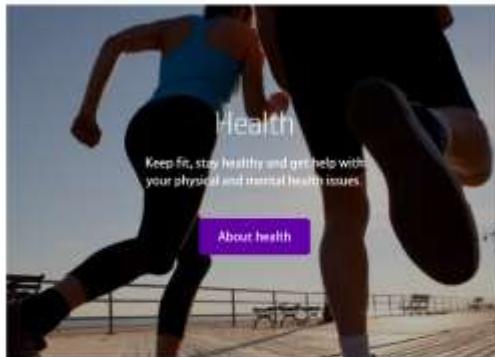
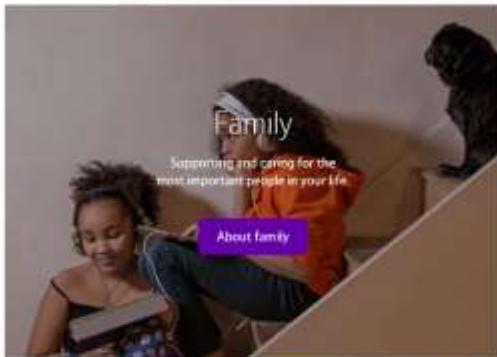
Deferred T Mobile Pension Scheme Members:

- For information about any aspect of your Scheme benefits, contact the administrators, Capita:
 - Tel: 0800 169 2085
 - Email: t-mobilehelpline@capita.co.uk

Your Wellbeing

We'll help you get the support you need

You'll find useful tips and information, links to other resources and even access to a friendly ear or advice.



A wellbeing portal created by BT Group with all of you in mind

Take a look and bookmark
www.yourwellbeing.bt.com on your pc, tablet or phone now!

Financial Wellbeing

Your Core life Assurance:

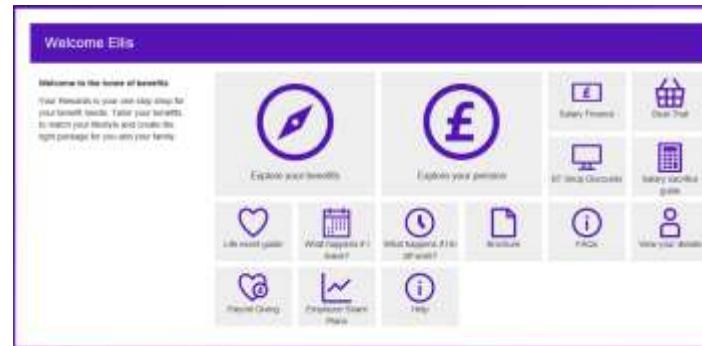
A key benefit provided by BT, EE and Openreach. It helps you protect your loved ones by providing them with a lump sum if something happens to you.

Your action: go to **Your Rewards** to nominate or update your beneficiaries. It's good practice to review and refresh your nominations every year.

Important note for BT and Openreach colleagues: this is different from the Expression of Wish you might have completed for your pension.

Other protection benefits available in Your Rewards:

You can select additional protections for you and your family including critical illness insurance, personal accident insurance, dental cover and private medical cover



Seeking Support Or Advice

- Support after retirement: The National Federation of Occupational Pensioners (NFOP) provides help and support to company pensioners.
- Visit www.nfop.org.uk or email info@nfop.org.uk
- Regulated financial advice can provide you with the most suitable course of action relating to a wide range of financial needs.
- It is important that you take steps to ensure you are dealing with genuine firms/individuals and that they are authorised to provide advice in the areas you require.
- Local financial advisers can be found here:
- <https://register.fca.org.uk>

Contact us

We provide a telephone helpline and a regulated investment advice service through **my wealth** - a trading name of Wealth at Work Limited which is part of the Wealth at Work group.

It helps individuals to understand their personal financial situation especially when selecting their retirement income options.

- Telephone **0800 028 3200**

Thank you

0800 028 3200

www.wealthatwork.co.uk/mywealth

