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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.

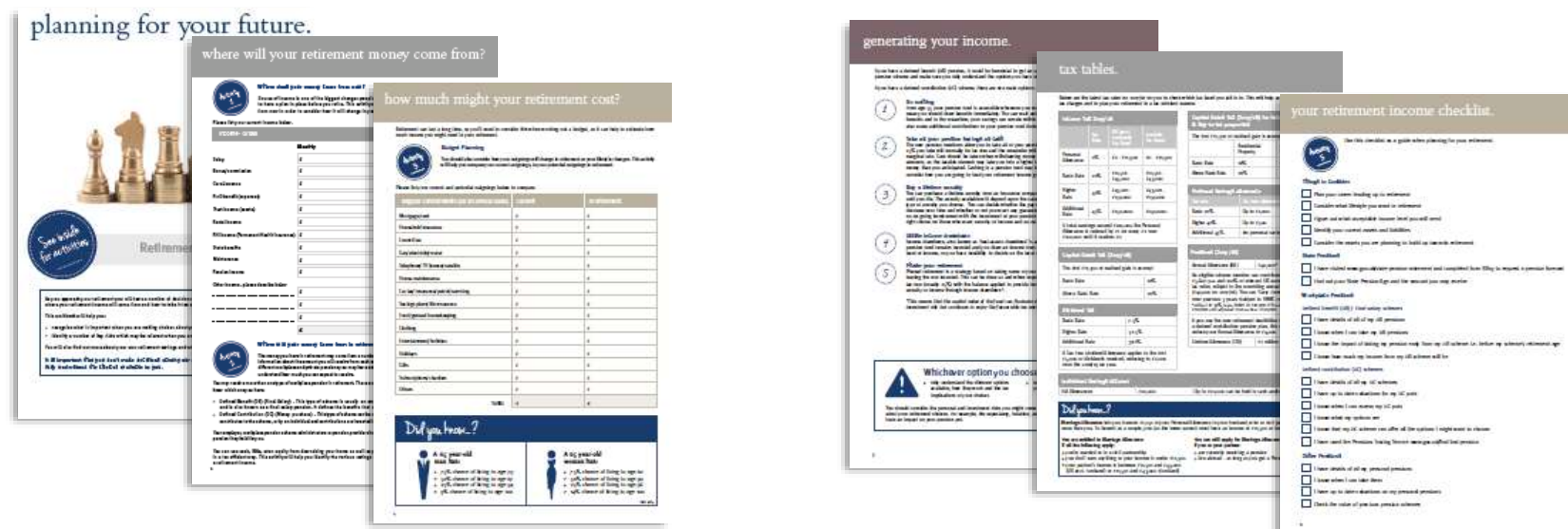
What We'll Cover Today

- 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:

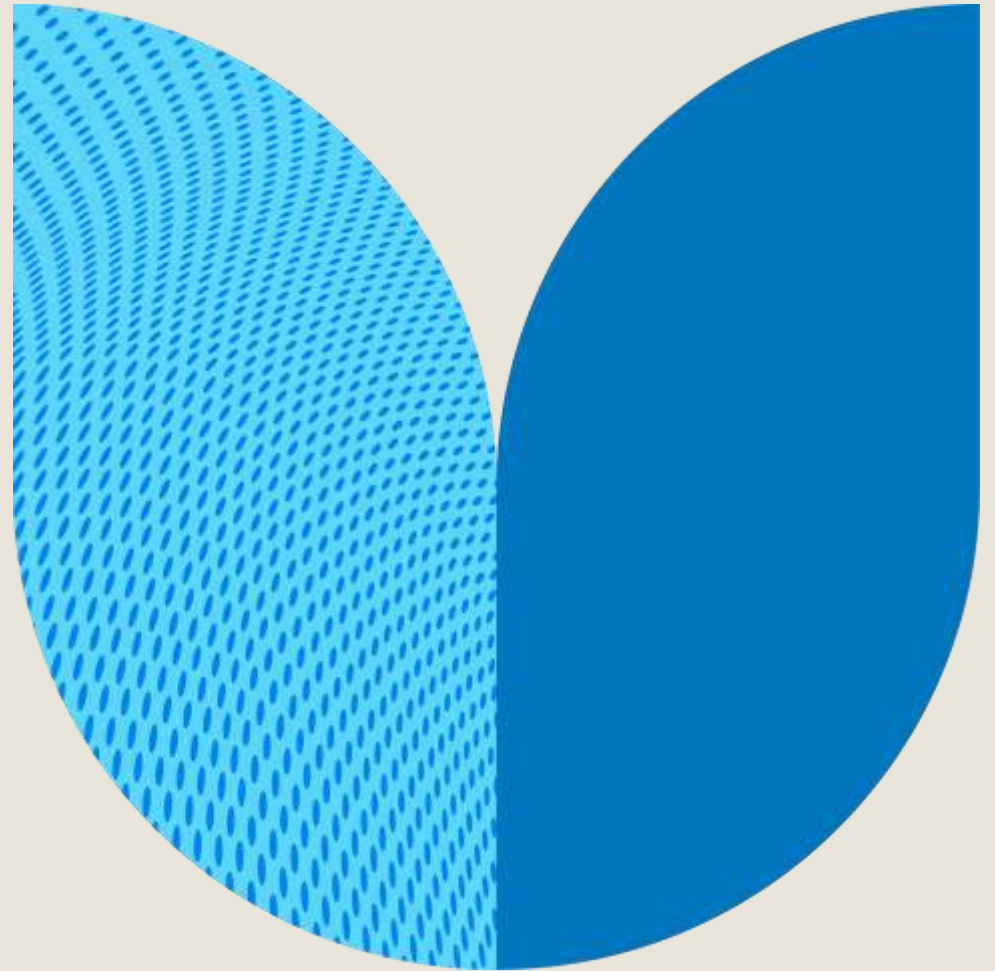
www2.wealthatwork.co.uk/bt/your-education/your-seminars/



(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

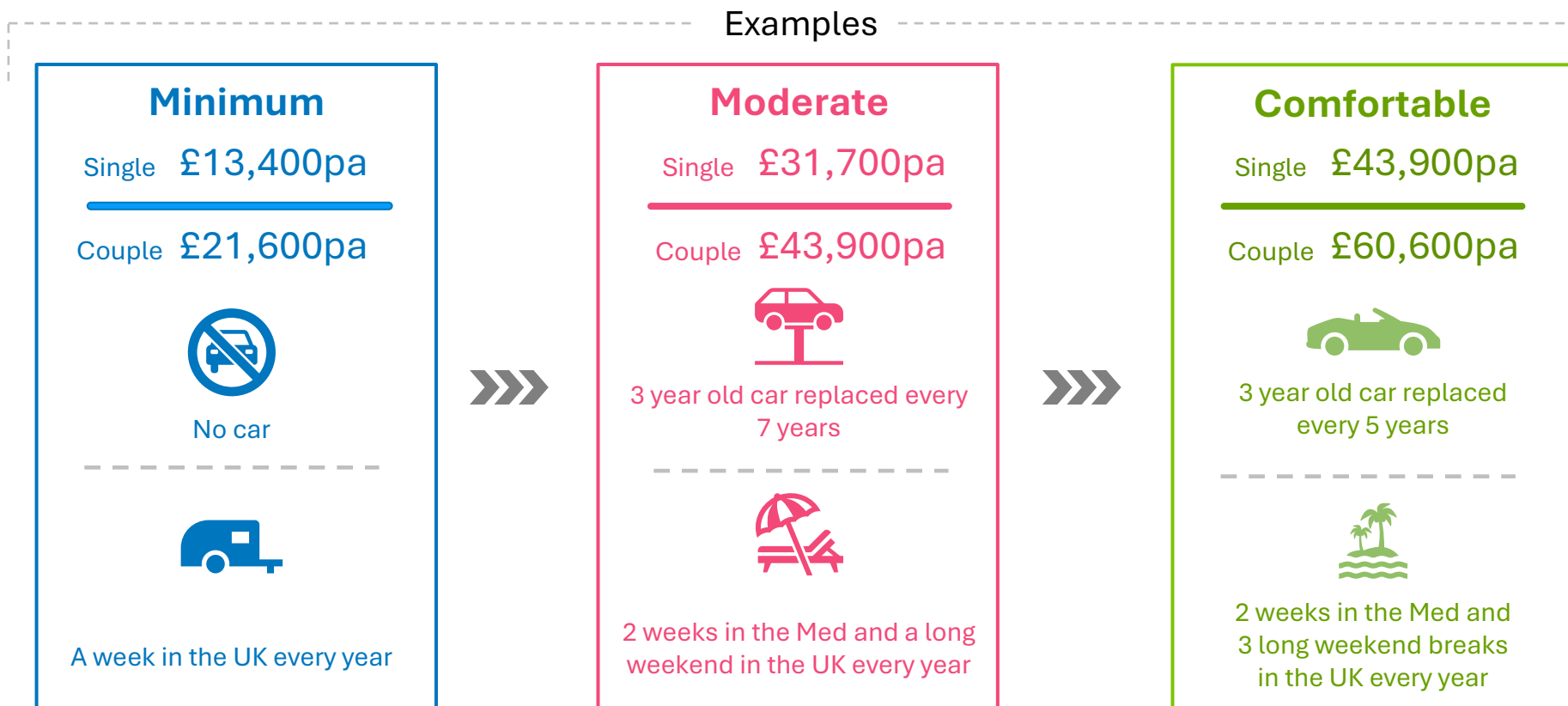
1 in 4 chance of reaching age:



92

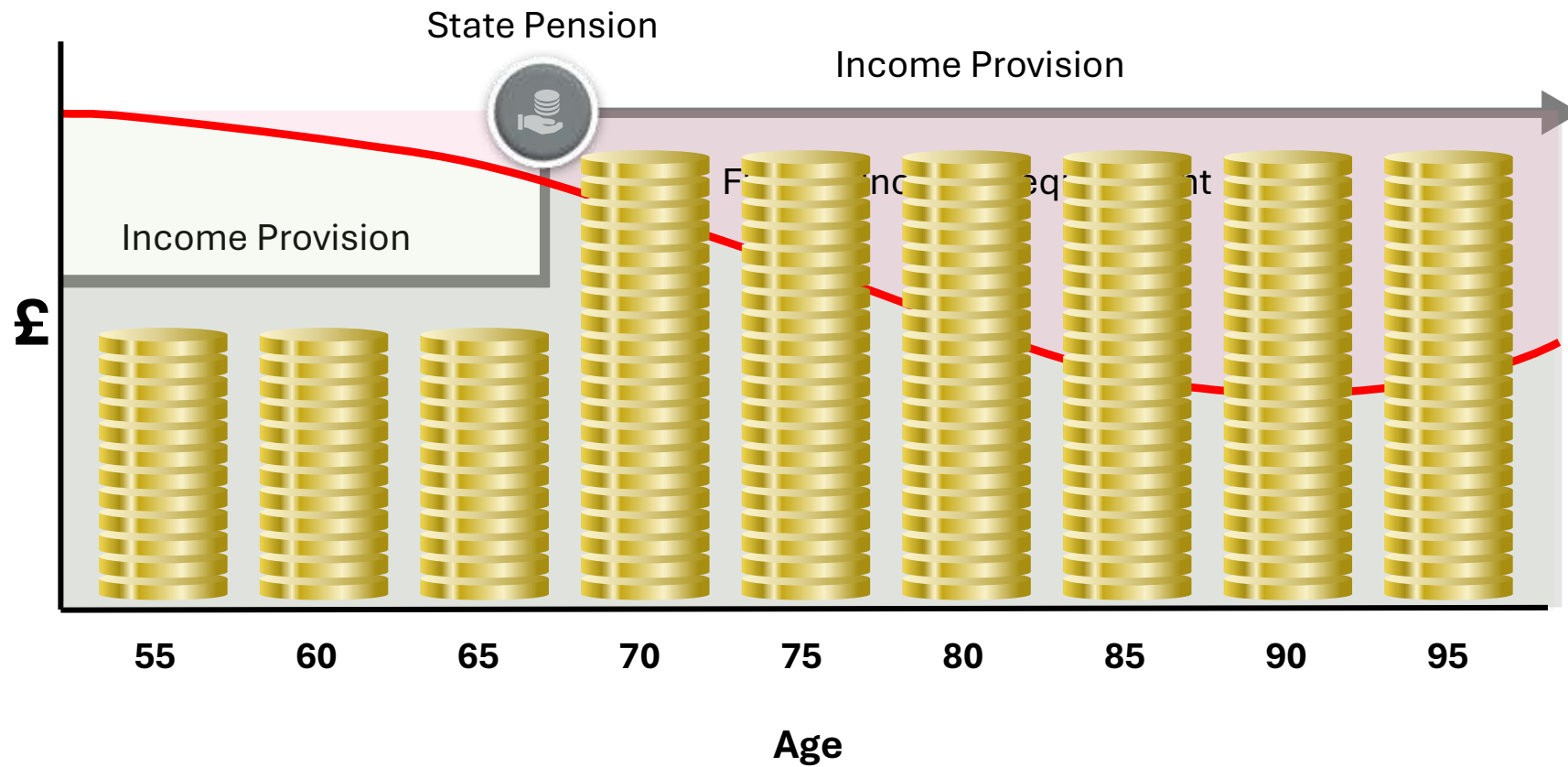
Expenditure in retirement

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



*information above is subject to change – please visit www.retirementlivingstandards.org.uk

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

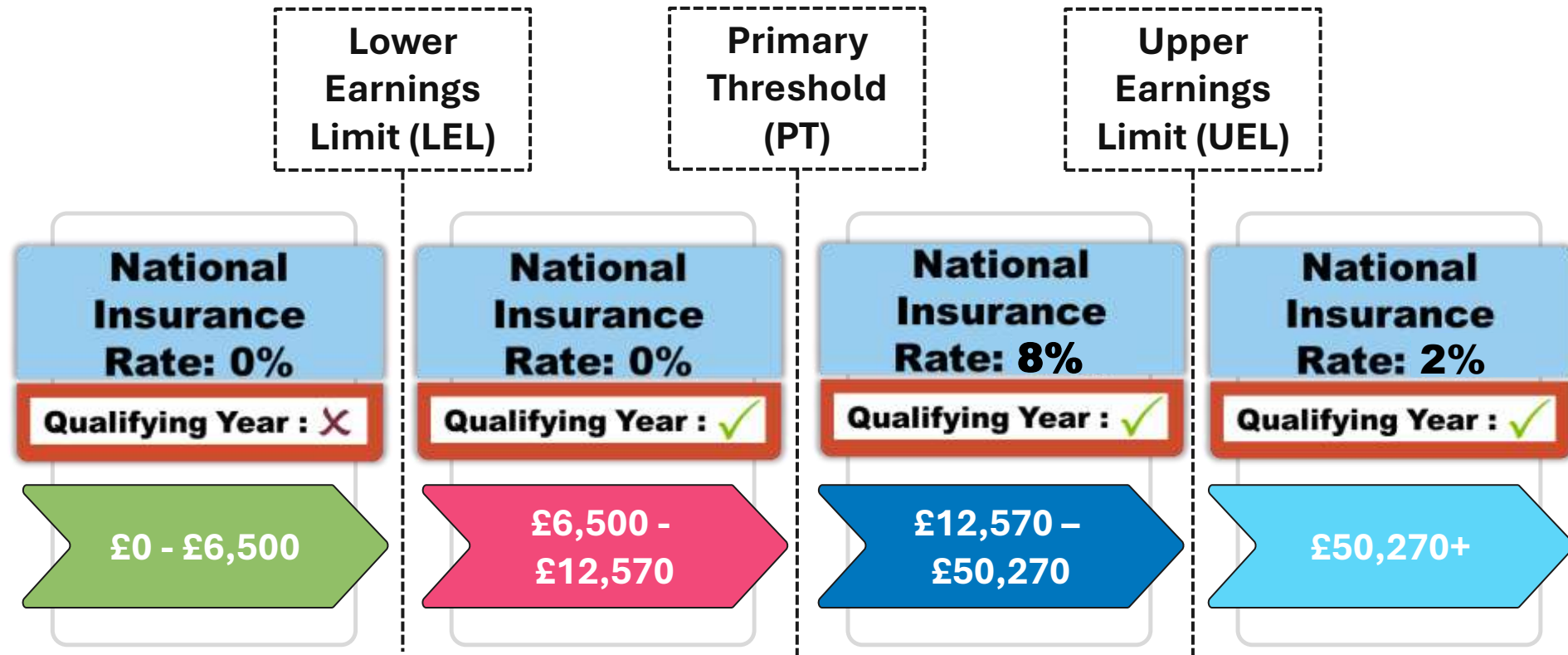


Scottish rates apply to: ✓ Earnings ✓ Pension income ✓ Rental income

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



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

National Insurance



Can You Afford To Retire?

£30,000 annual salary

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

.....
Remaining: £15,640

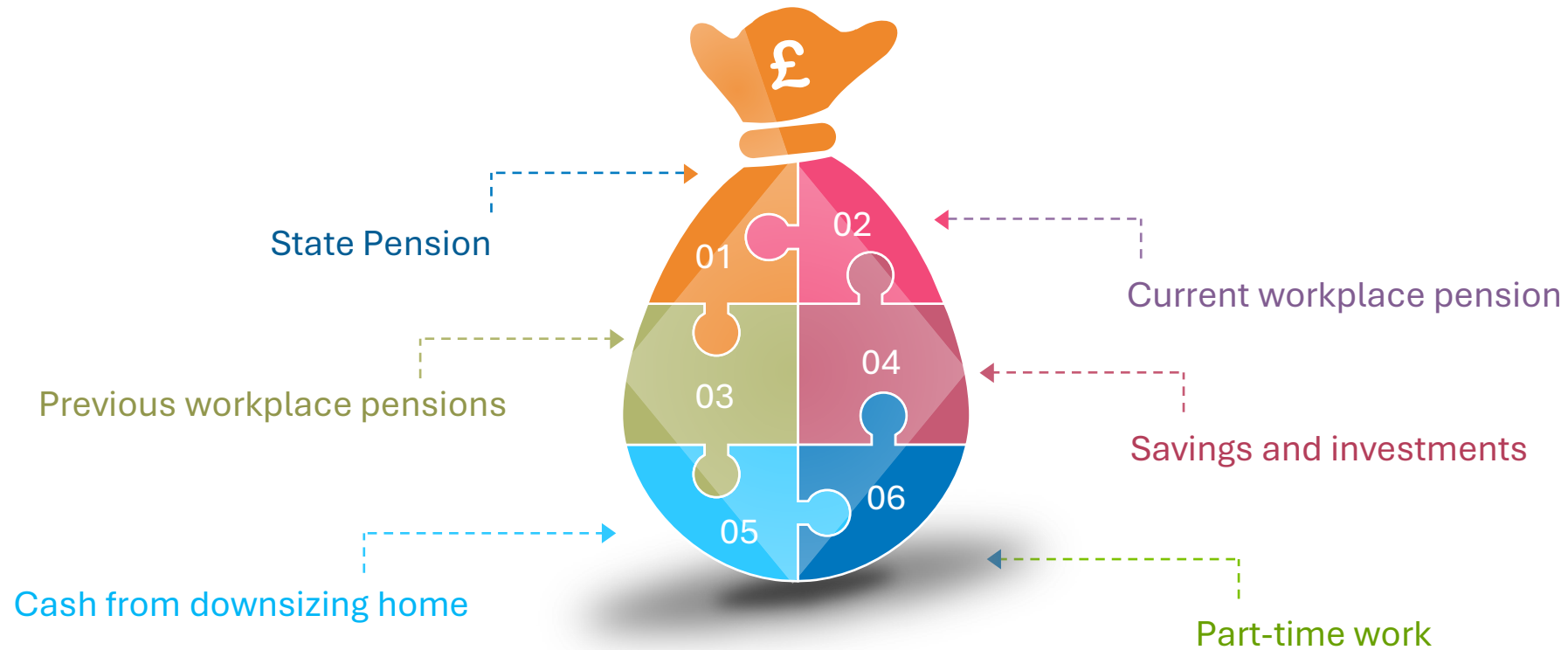
£15,000 retirement income

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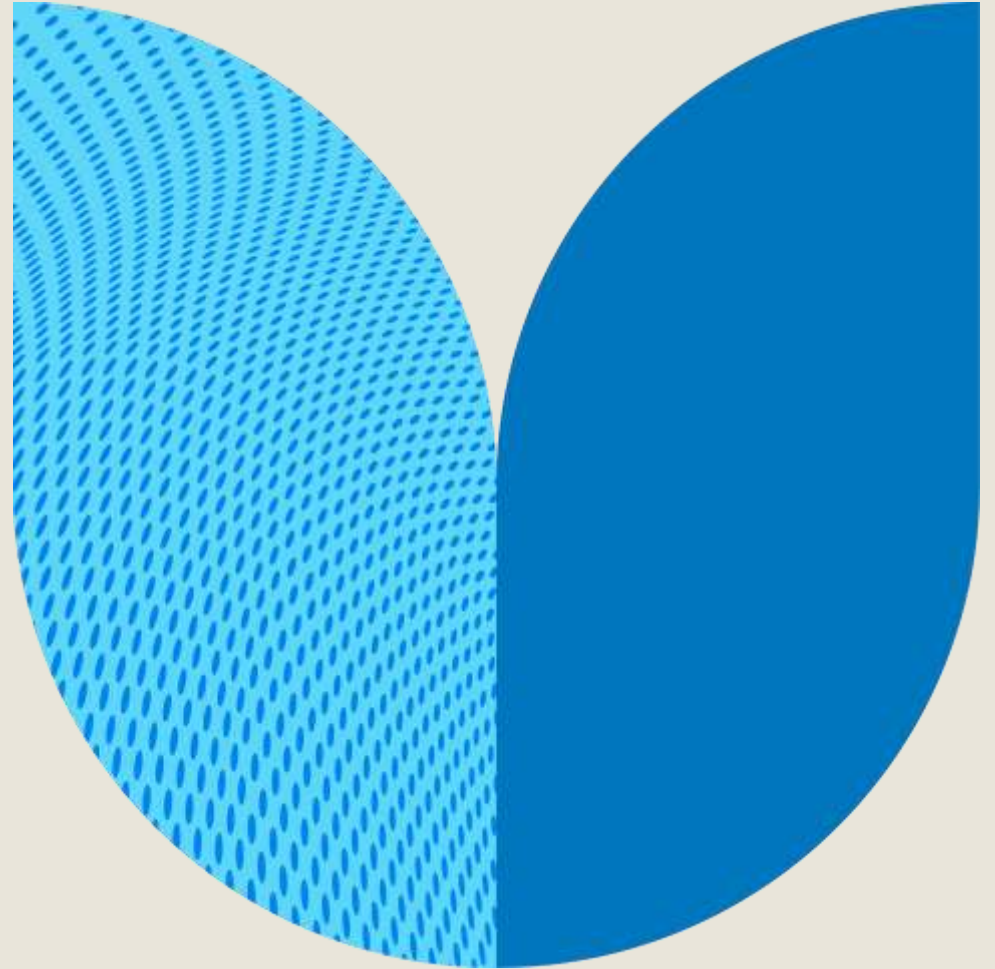
.....
Remaining: £14,514

*assumes pension contributions of 5% pa through salary sacrifice

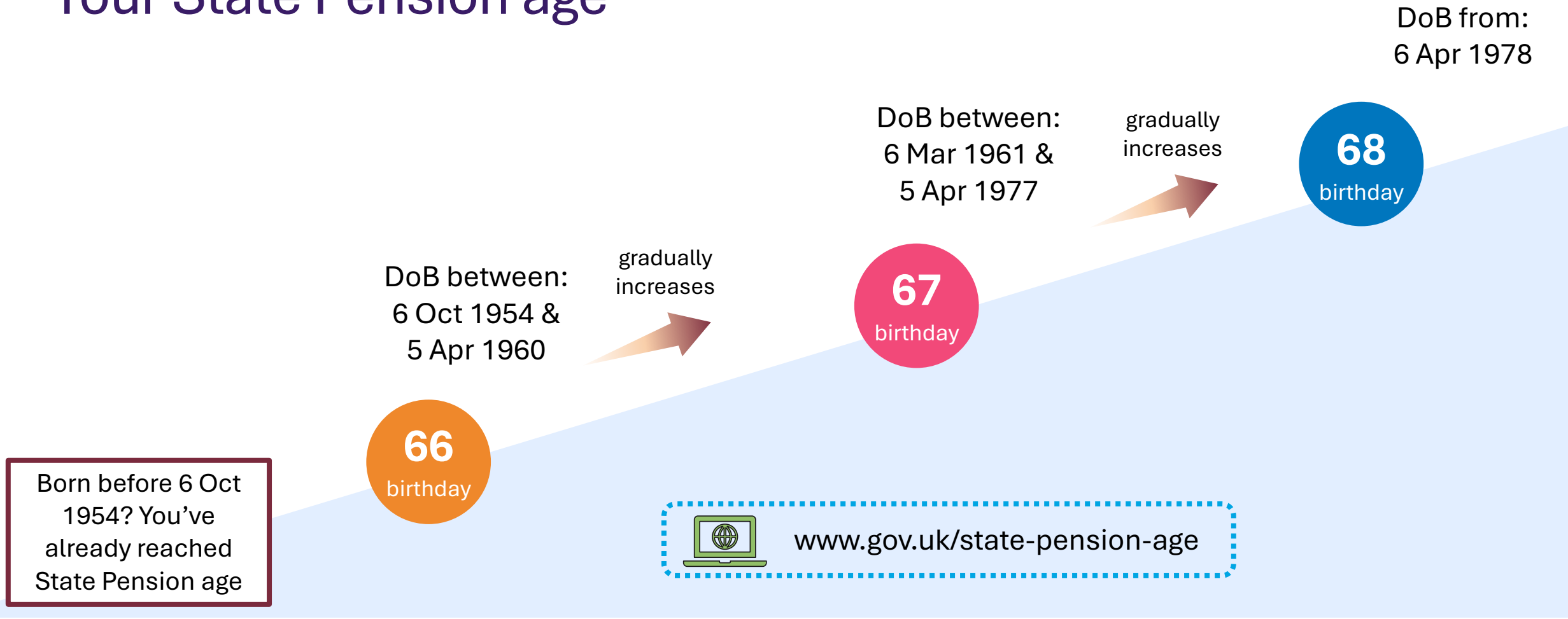
Where is the money coming from?



The State Pension



Your State Pension age



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

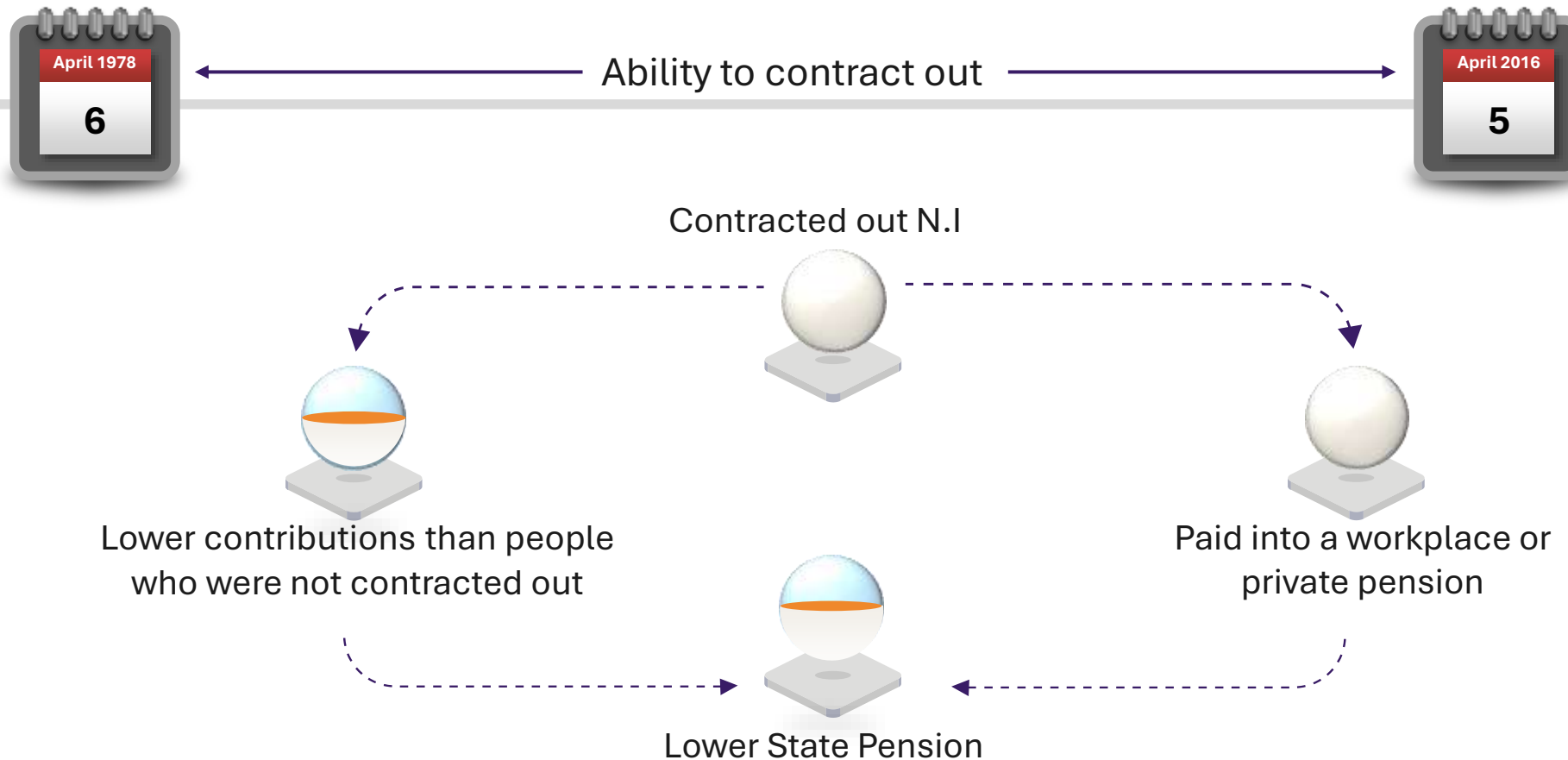


You have been contracted out of the Additional State Pension

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

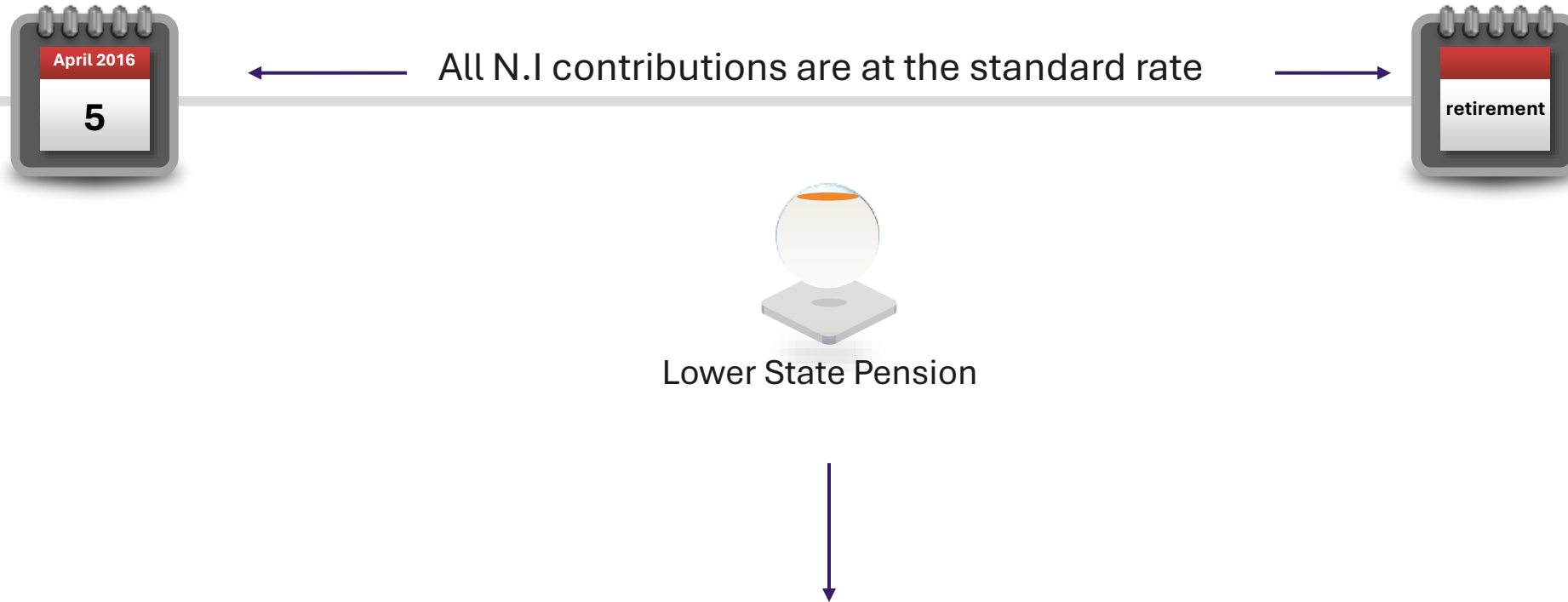
Contracting Out

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.



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

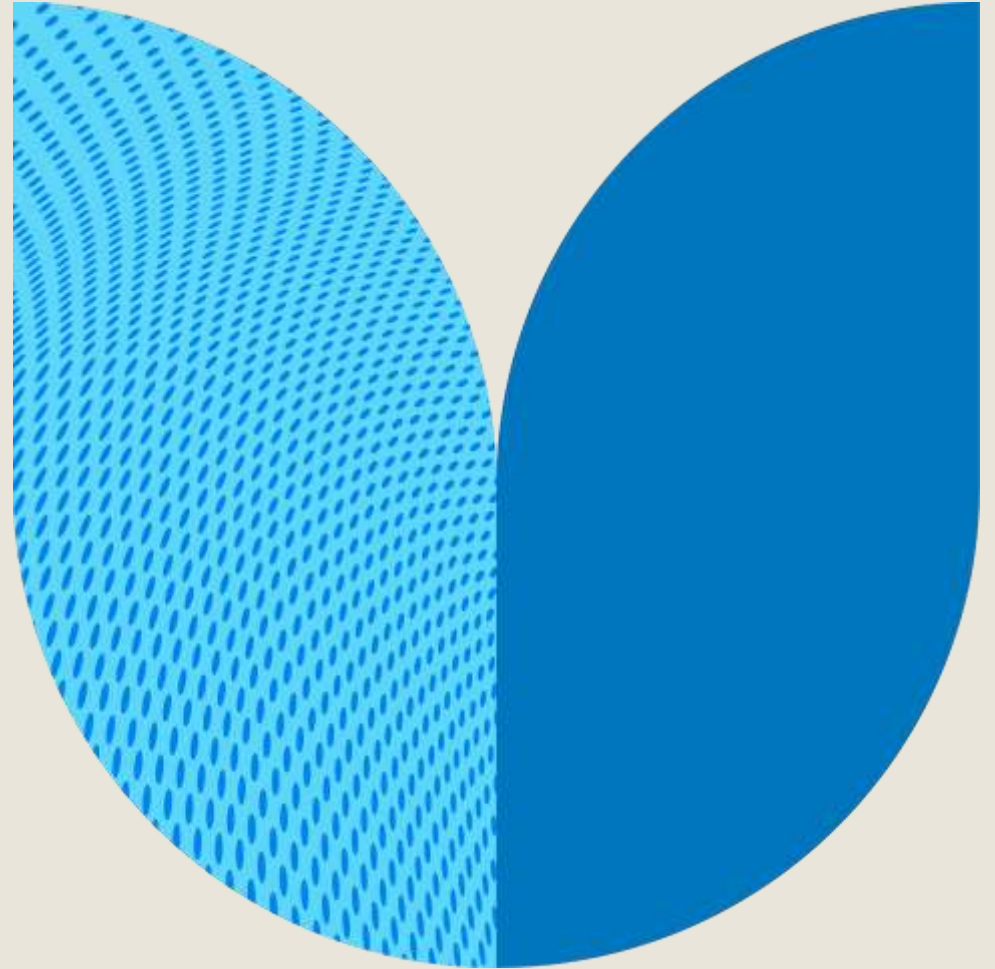
5

Years to contribute before 5 April 2029

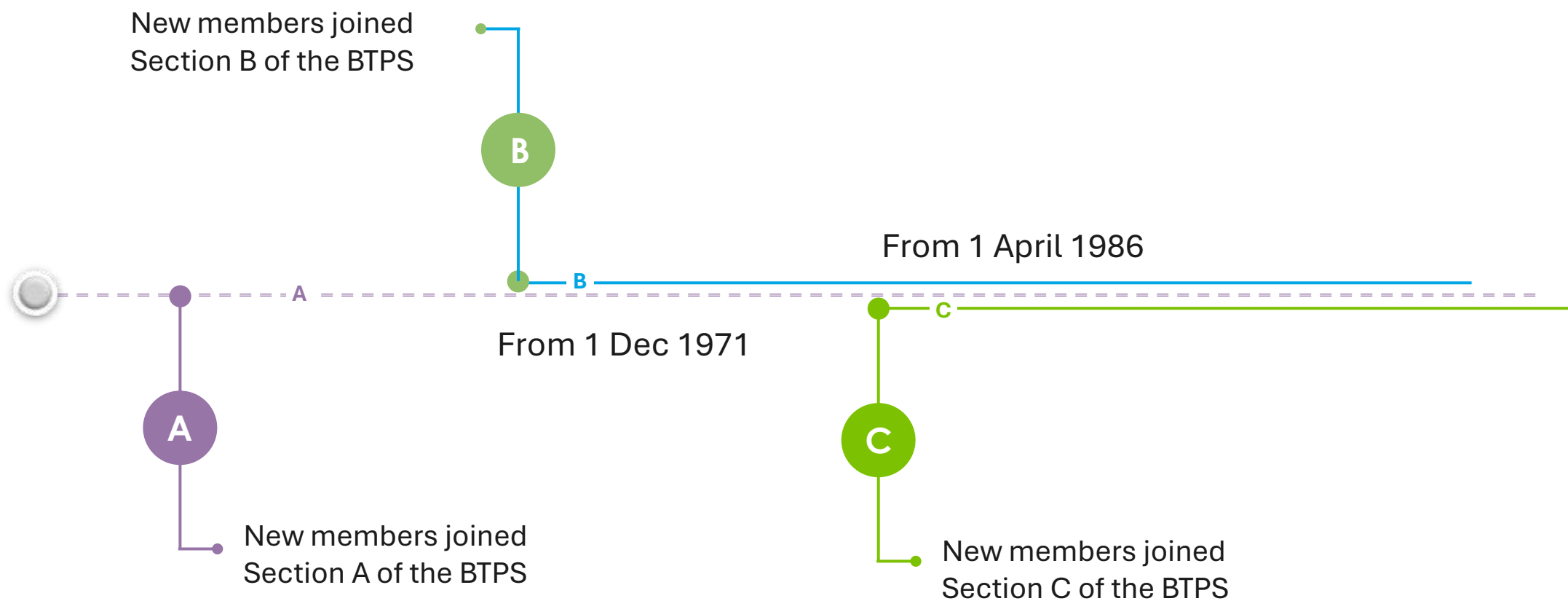
7

Years where you did not contribute enough

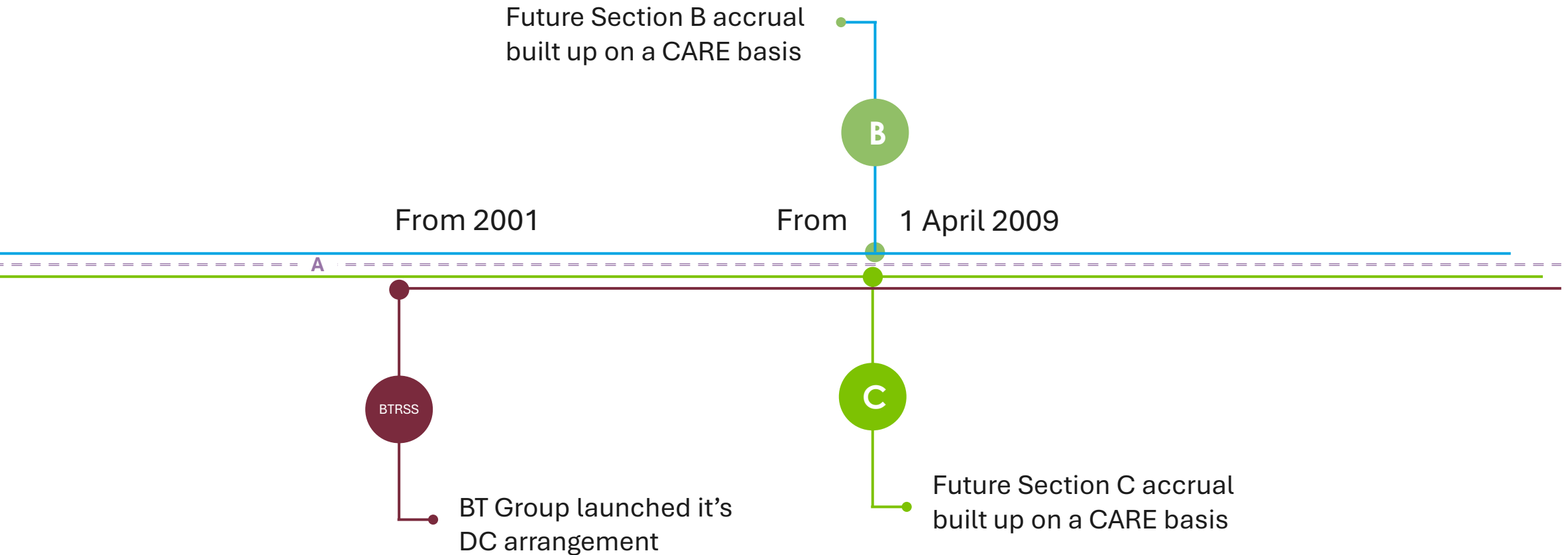
Understanding Your Workplace Pension



Your Pension Savings – A Timeline



Your Pension Savings – A Timeline



Your Pension Savings – A Timeline

Section B accrual ceased.
Members joined the BTRSS

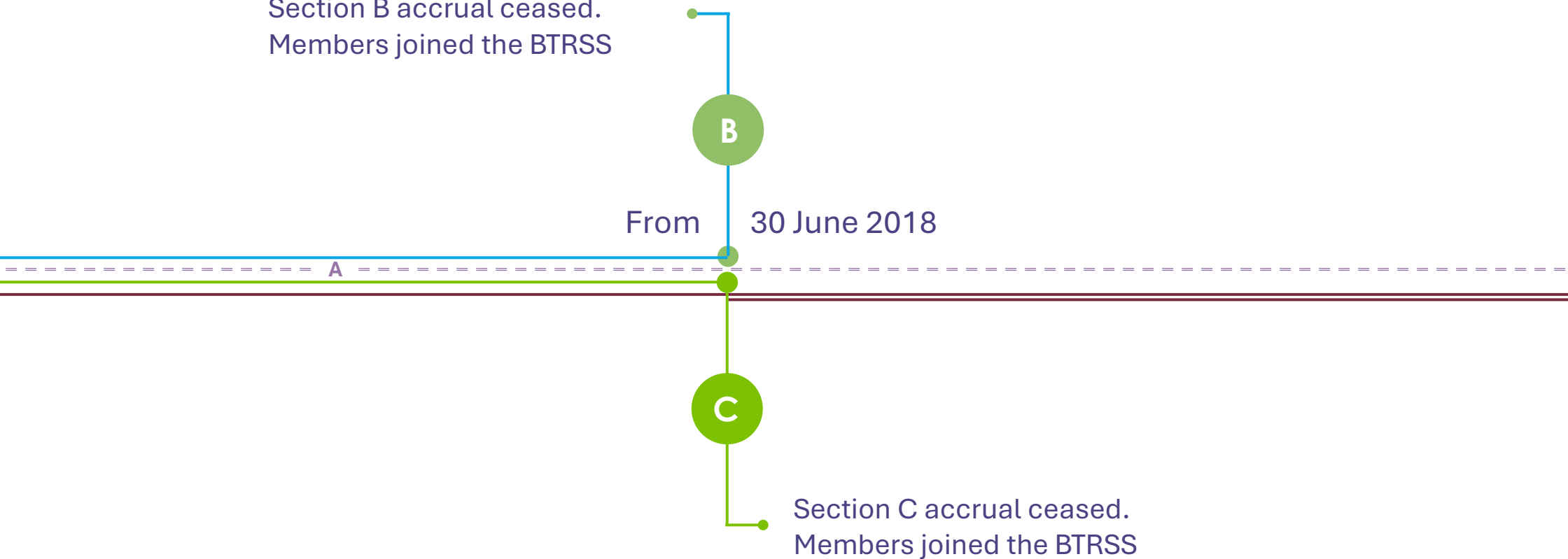
From 30 June 2018

A

B

C

Section C 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)

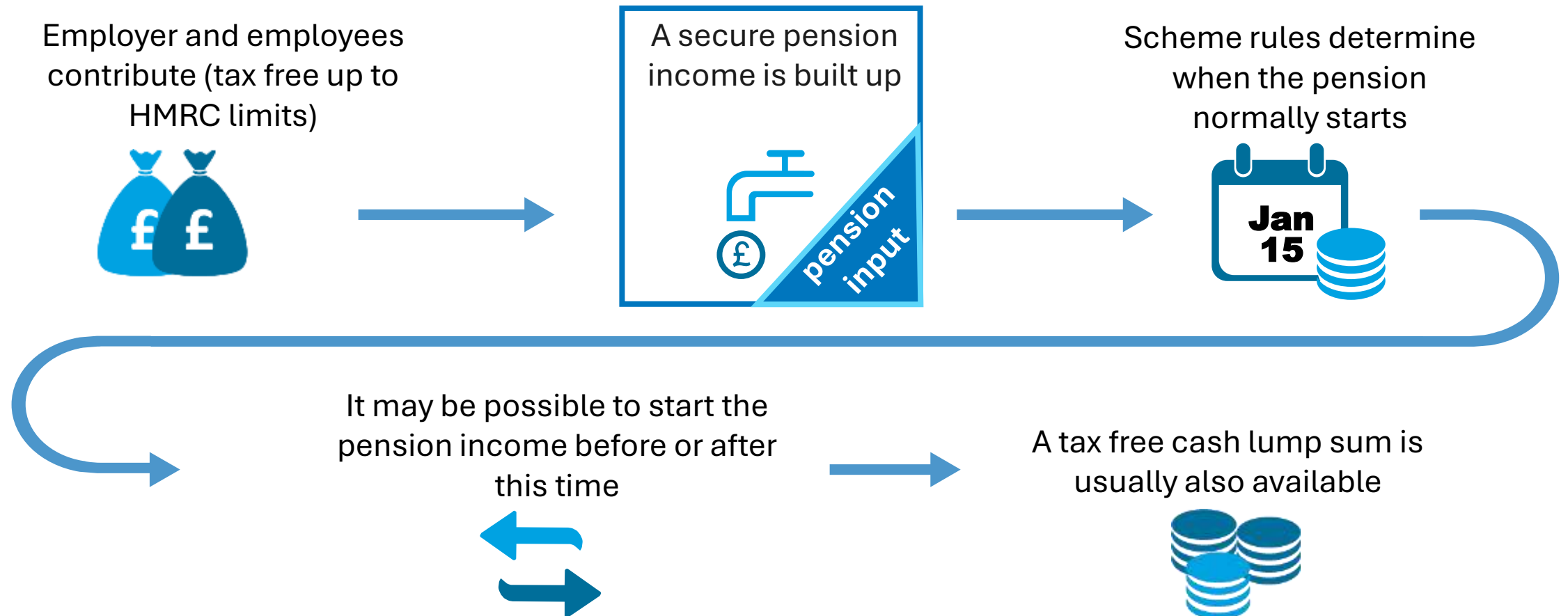
BT
Hybrid
Scheme

1 April 2019

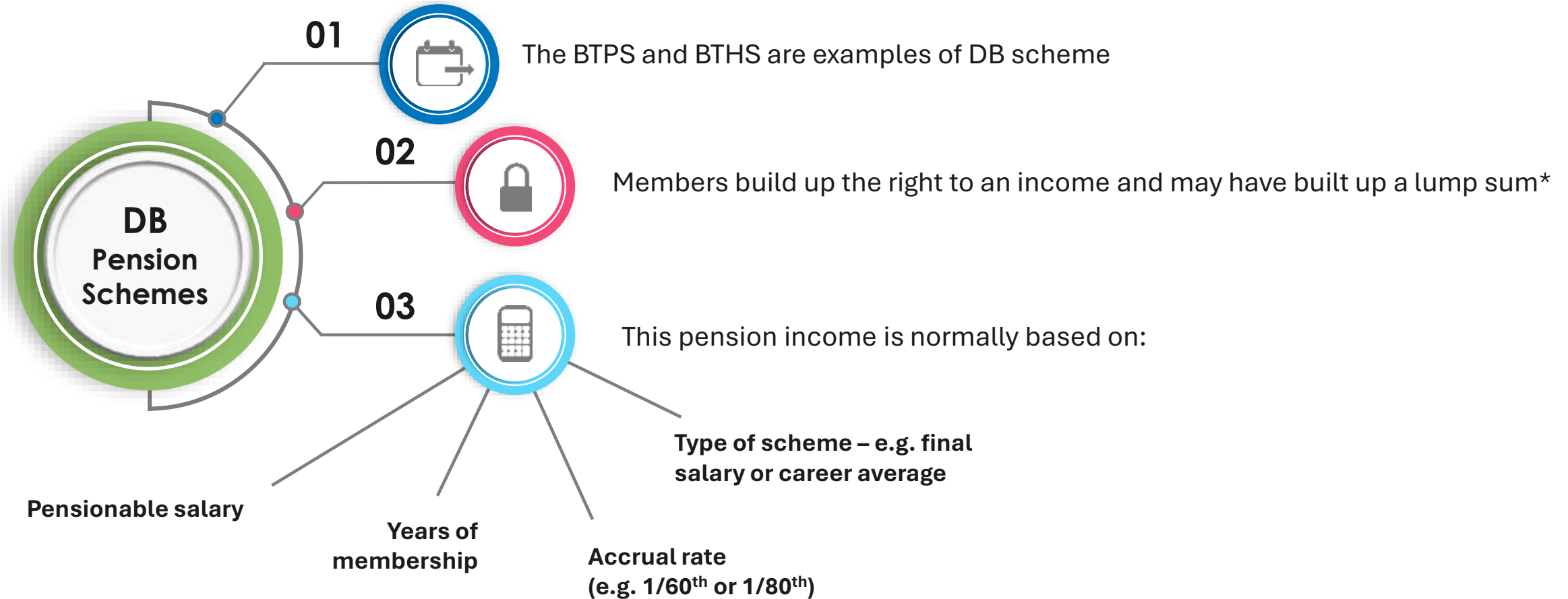
BTRSS

Most BT Group employees
are saving into the BTRSS

Defined benefit (DB) schemes



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



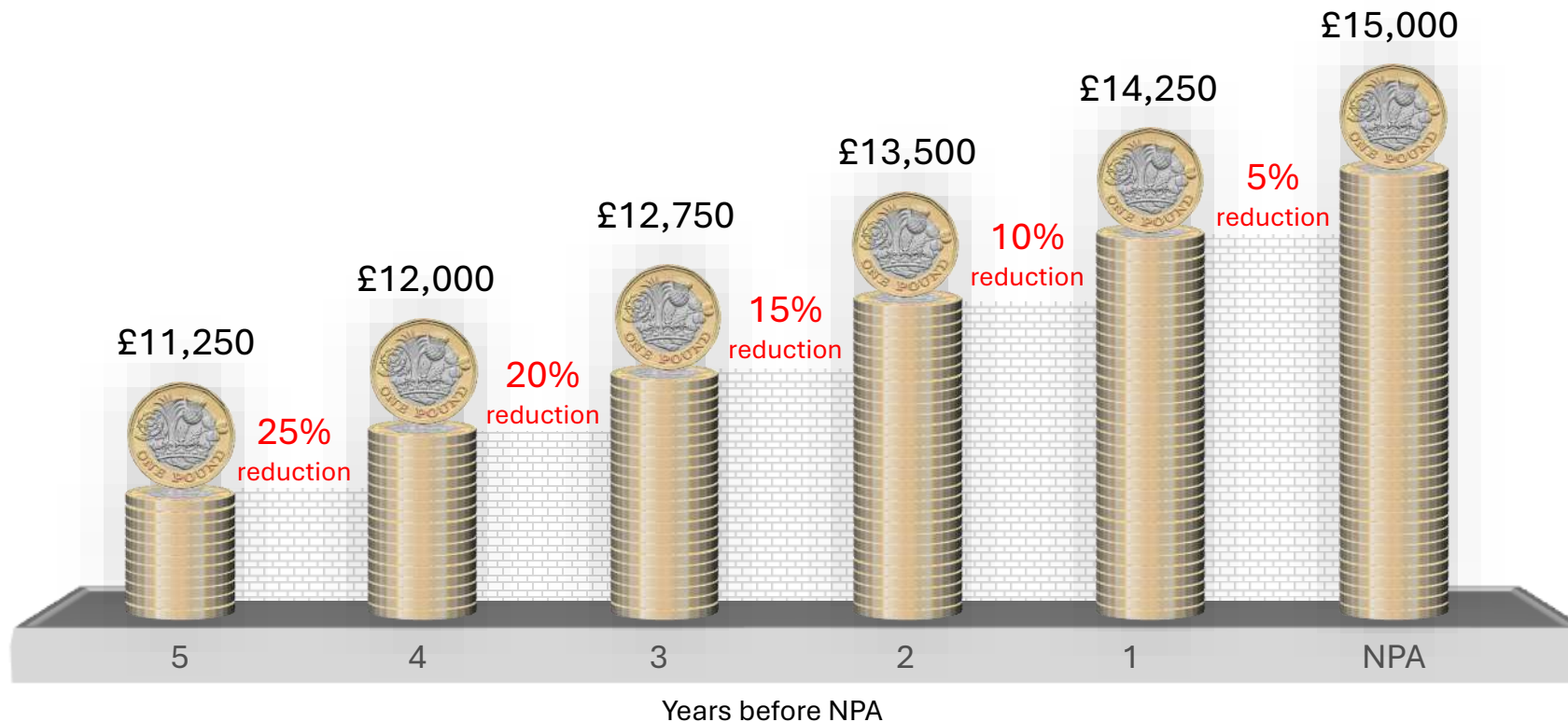
£15,000



NPA

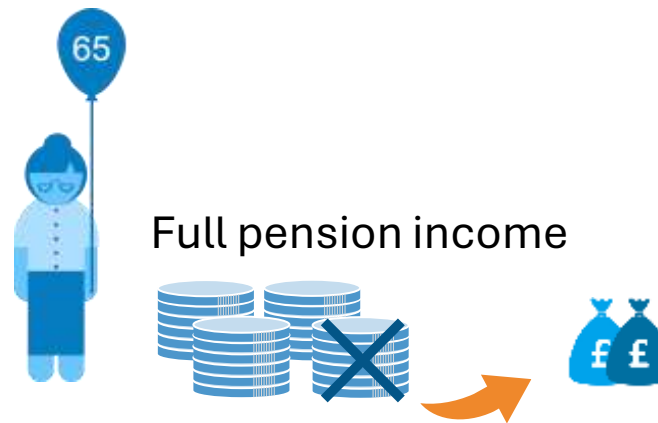
Defined benefit schemes

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



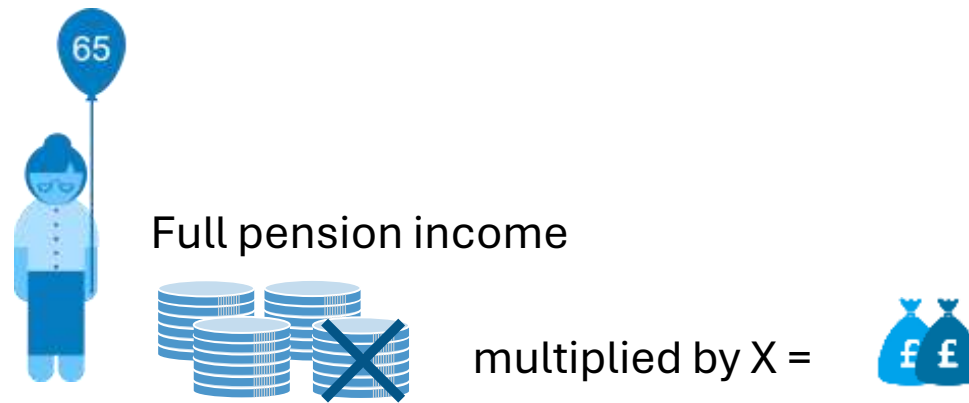
The figure of 5% has been used for illustration purposes only, the rate applicable to you will be set by the scheme Trustees

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

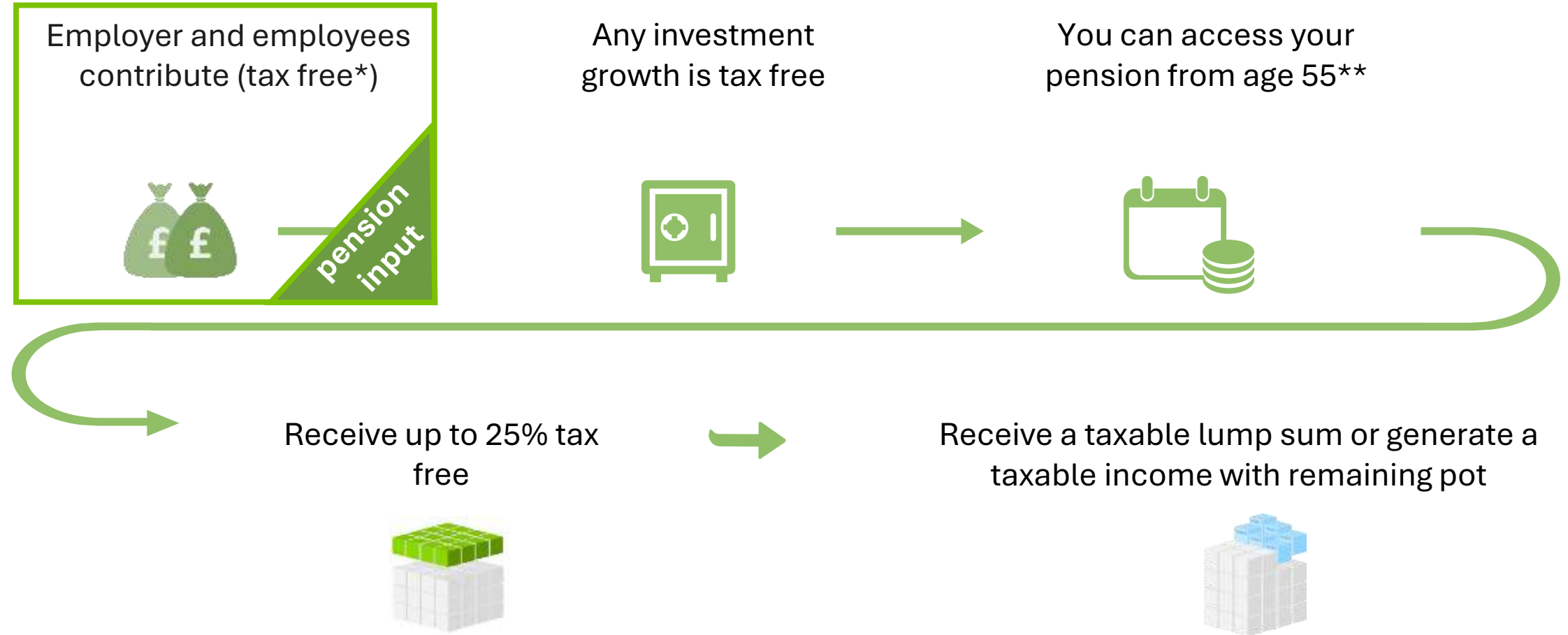
*The way tax-free cash is calculated varies between sections A, B and C.

How much tax-free cash?

Have a clear plan for how much you need:



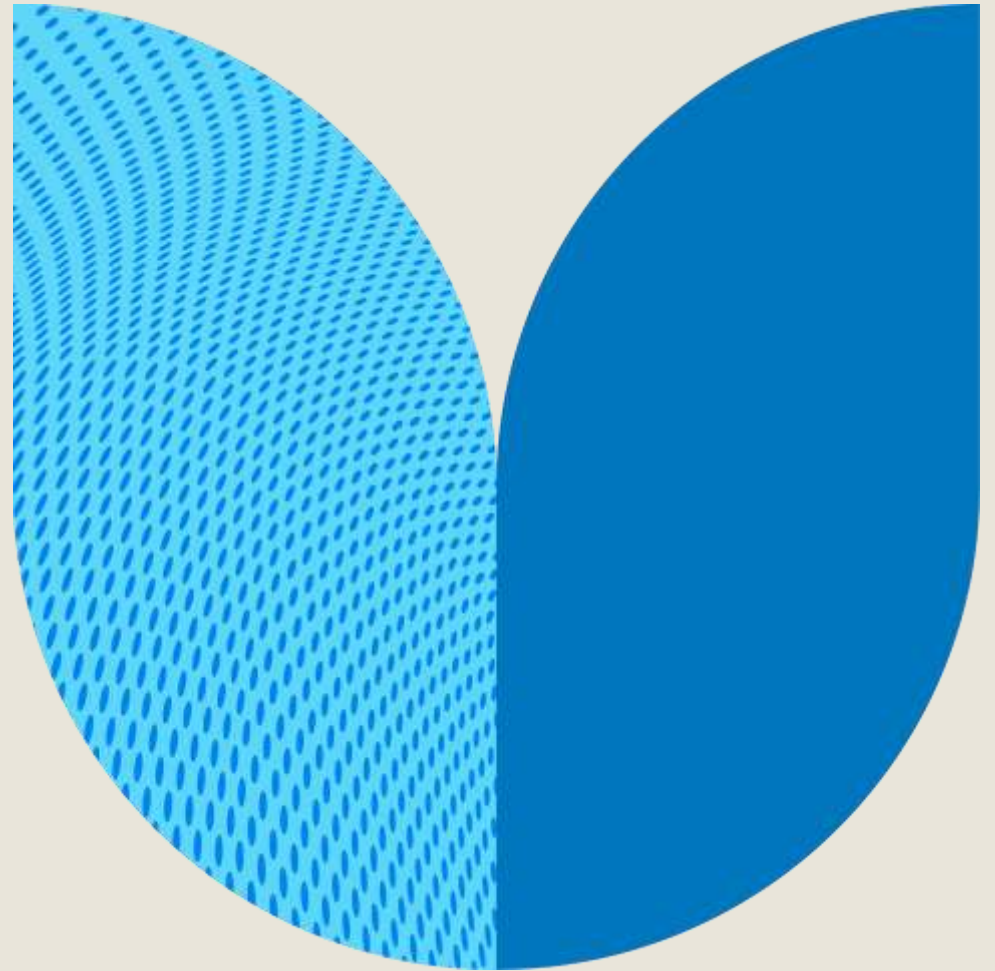
Defined contribution (DC) schemes



*subject to HMRC limits

**The minimum age for accessing your pension is expected to increase to age 57 from 6 April 2028. Pension savings in certain schemes may be protected from this change.

Maximising Your Workplace Pension Contributions



Contributions To The BTRSS

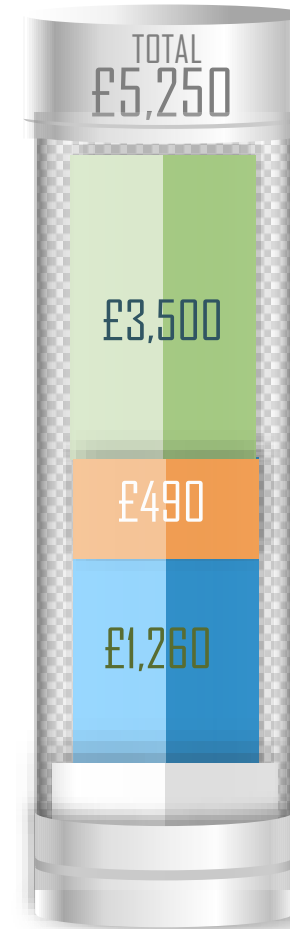
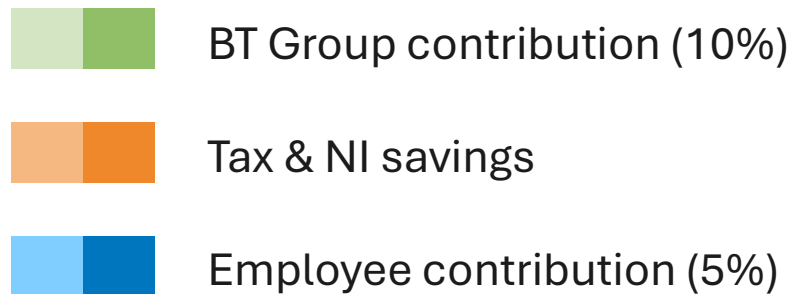
The minimum member contribution is 5% and BT Group will contribute 10%.

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%)



*Contributions vary for certain members, including those who were previously EE employees.

How Contributions May Add Up

Estimating the impact of increasing contributions on future retirement savings.

Pensionable salary: £35,000

Time to retirement: 10 years

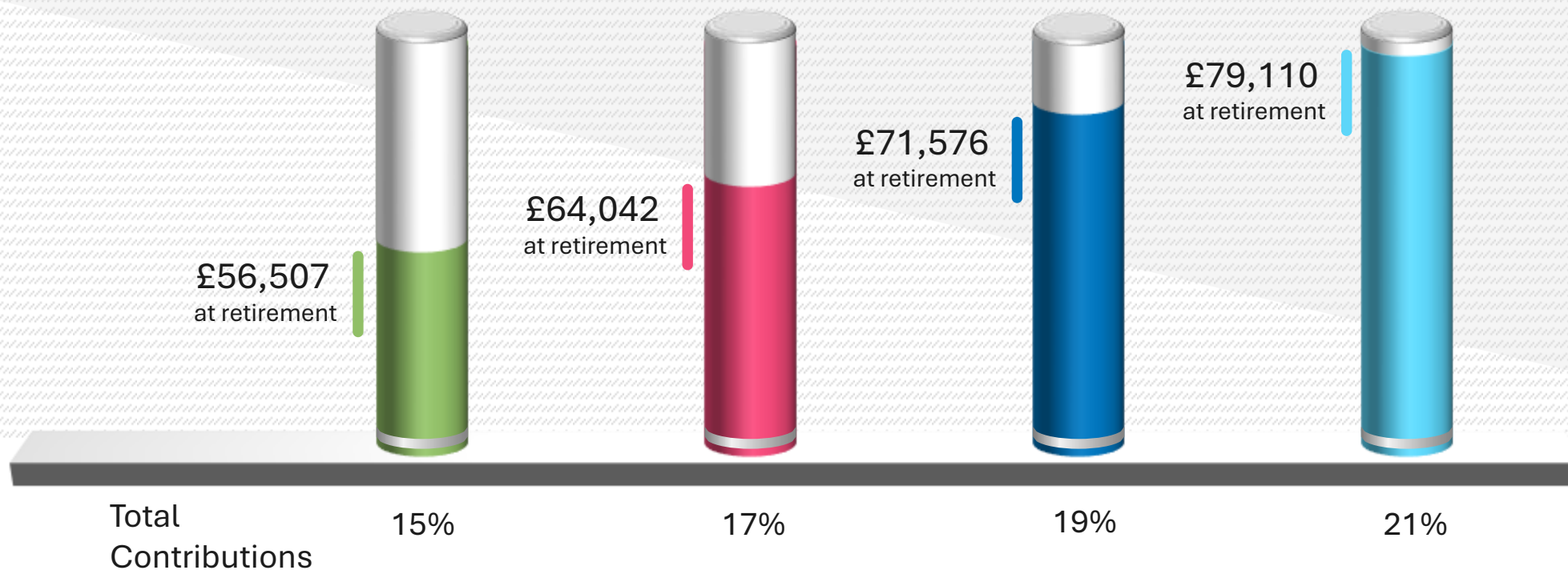


Figure excludes any existing pension savings

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 today's money and assume 2.5% inflation each year

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

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		Years to retirement: 10	Salary: £35,000
Keeps contributions unchanged	BT Group Contribution pa £3,500 (10%)	BT Group Contribution pa £3,500 (10%)	Increases contributions for 10 years
	Member contribution pa £1,750 (5%)	Member contribution pa £3,500 (10%)	
	Net monthly pay £2,288	Net monthly pay £2,183	
Pension value in 10 years* £150,312		Pension value in 10 years* £168,979	



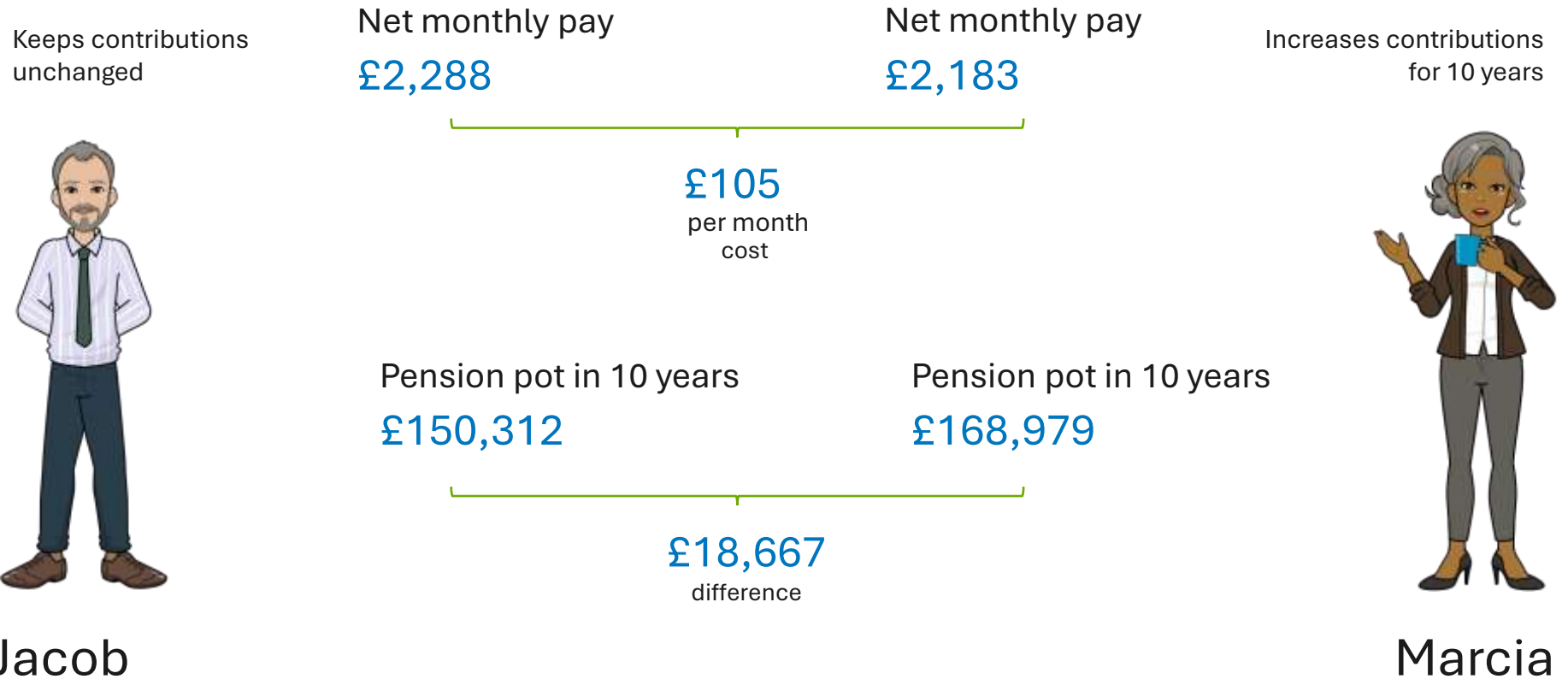
Jacob



Marcia

*Pension value is an estimate only and assumes annual salary growth of 2.5%, 0.75% annual pension charges and 5% annual growth

Boosting Your Pension



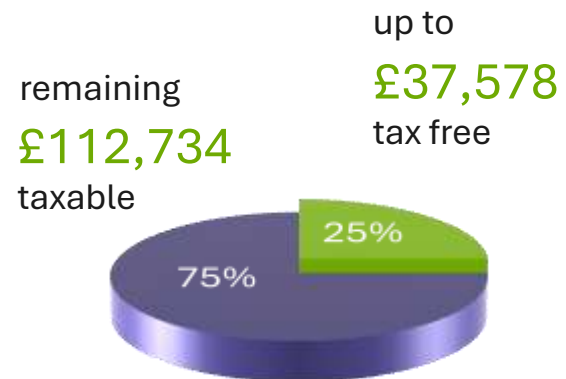
Boosting Your Pension

Keeps contributions unchanged

Pension pot in 10 years
£150,312

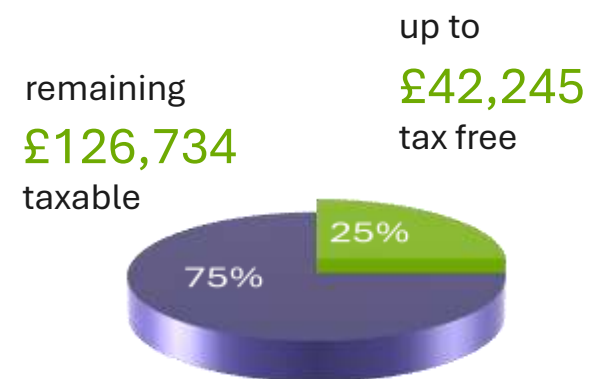


Jacob



Pension pot in 10 years
£168,979

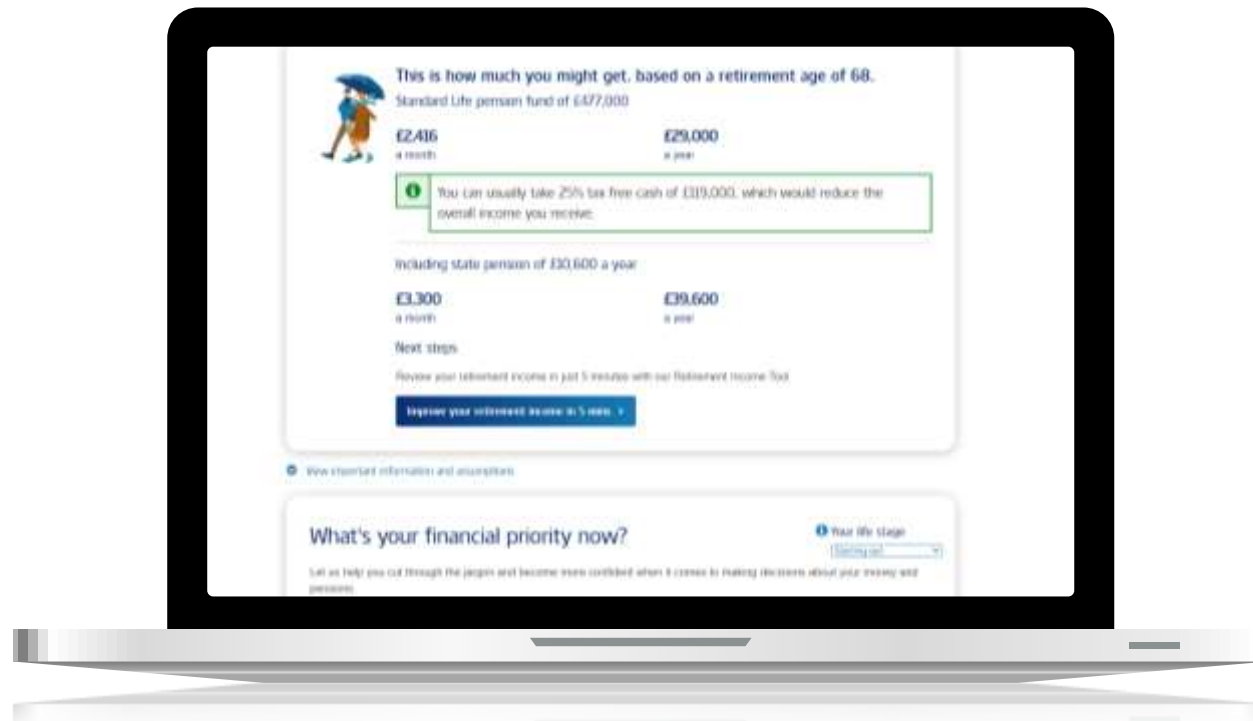
Increases contributions for 10 years



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

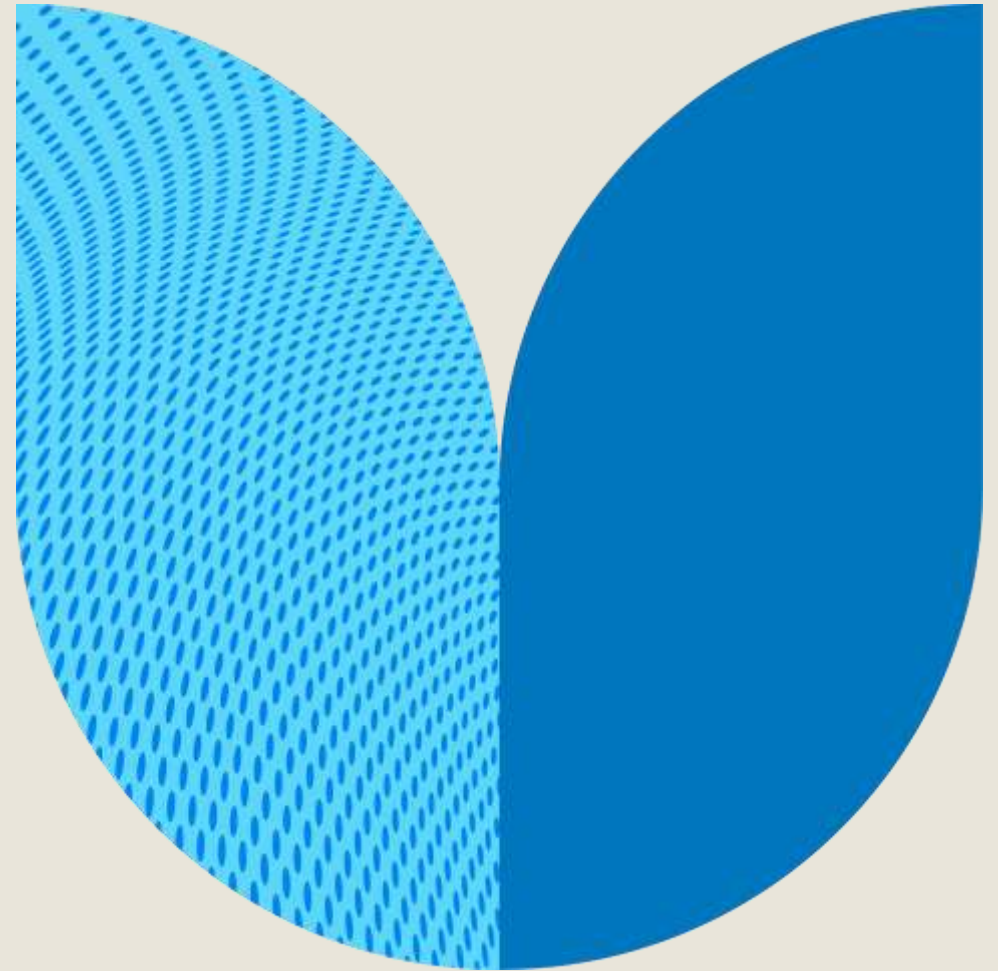
- Lump Sum Allowance (LSA): The maximum tax-free cash is limited to 25% of the pension value, subject to a total cap of £268,275 (which is set to be frozen)
- Lump Sum and Death Benefits Allowance (LSDBA): The maximum amount of non-taxable lump sums that can be taken from a pension, set at £1,073,100.
- 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

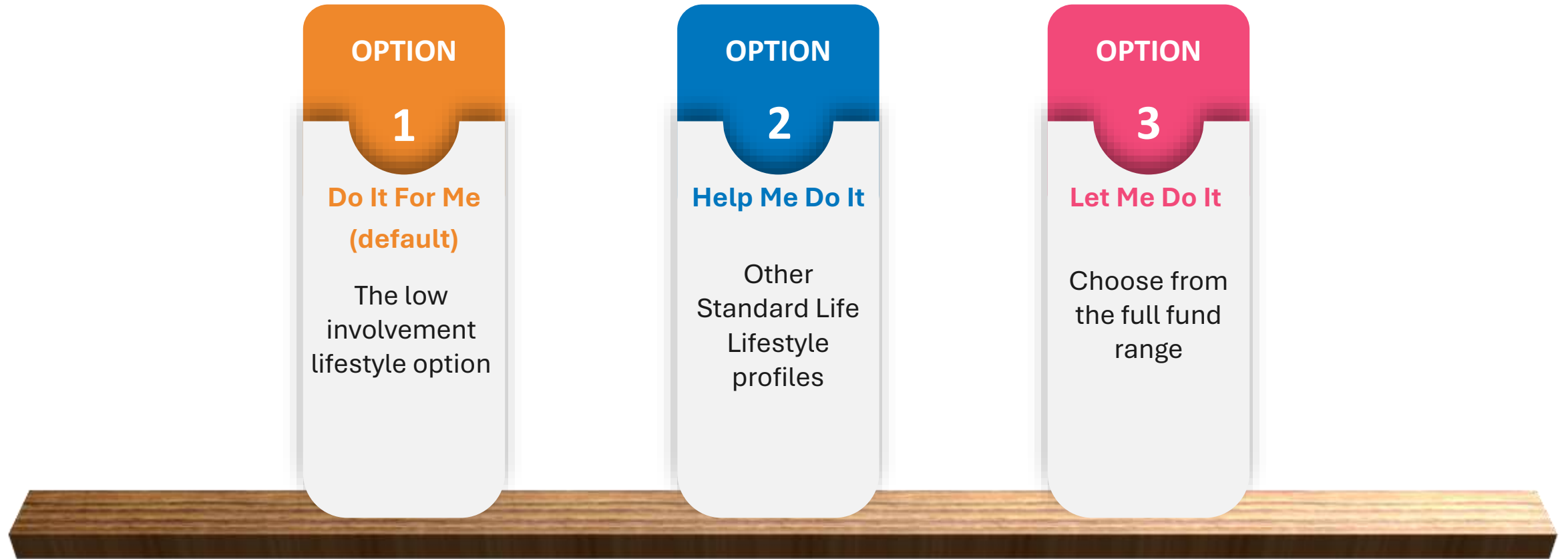
*Tax relief is only available on contributions up to the greater of 100% of relevant earnings or £3,600

Investing Your DC Pension

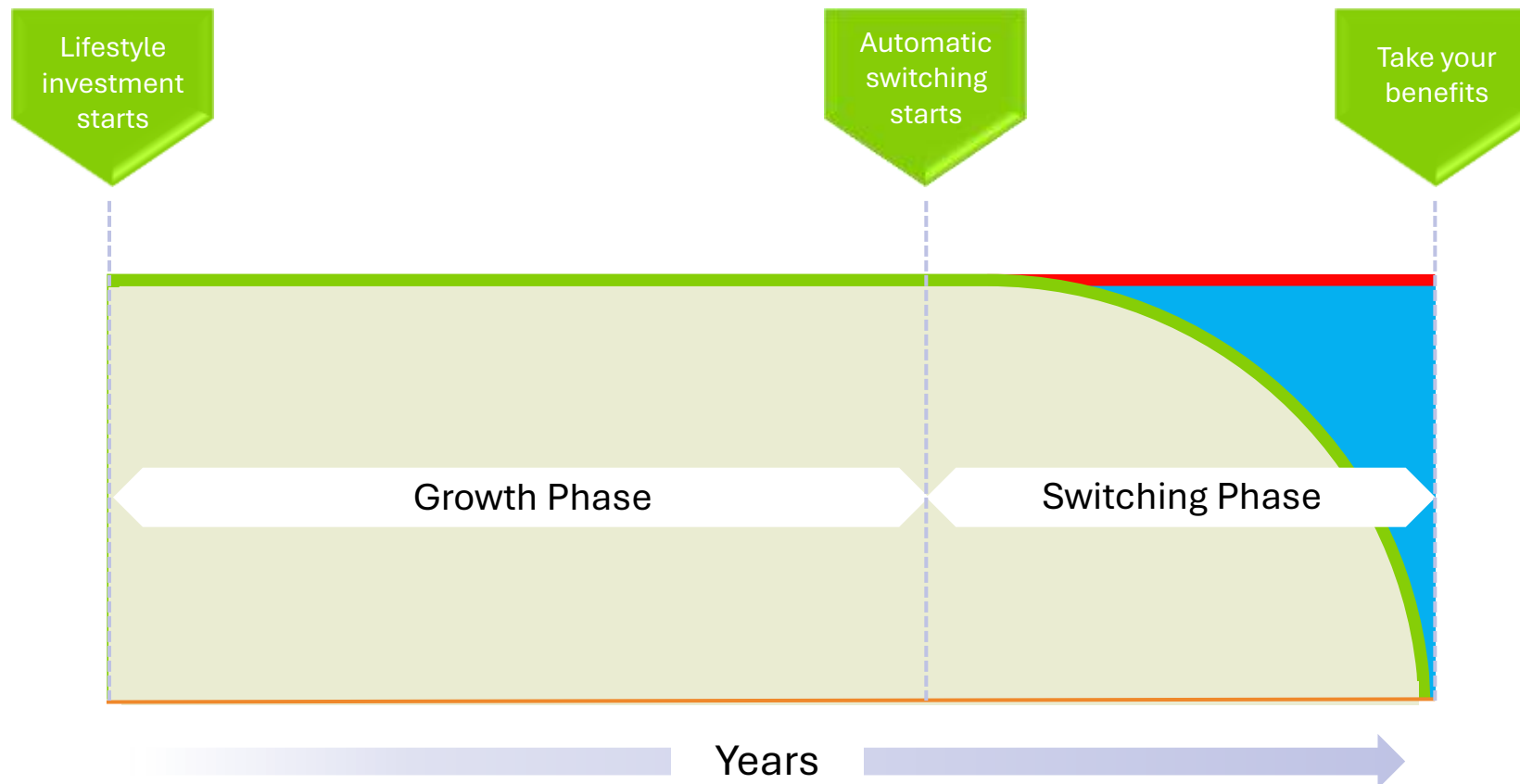


Your Investment Options

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



Lifestyle funds



Your Selected Retirement Date

The screenshot shows the 'Plan information' tab selected in the top navigation bar. On the left sidebar, 'Your details >' is circled in red. The main content area is titled 'Plan retirement date' with 'Cancel' and 'Save' buttons. Below this, a message states: 'The date you have chosen to start taking your retirement benefits.' The 'Retirement date' section shows 'Plan retirement date:' followed by a dropdown menu set to '19', a text input field containing 'February', another dropdown menu set to '2050', and a text input field. Below the date selection, there is a link: 'Important information about changing your retirement date'. A light blue box titled 'Important information' contains a disclaimer: '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.' At the bottom, a yellow wavy line separates the content from a footer that says 'There's a lot to look forward to' and 'Connect with us'.

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



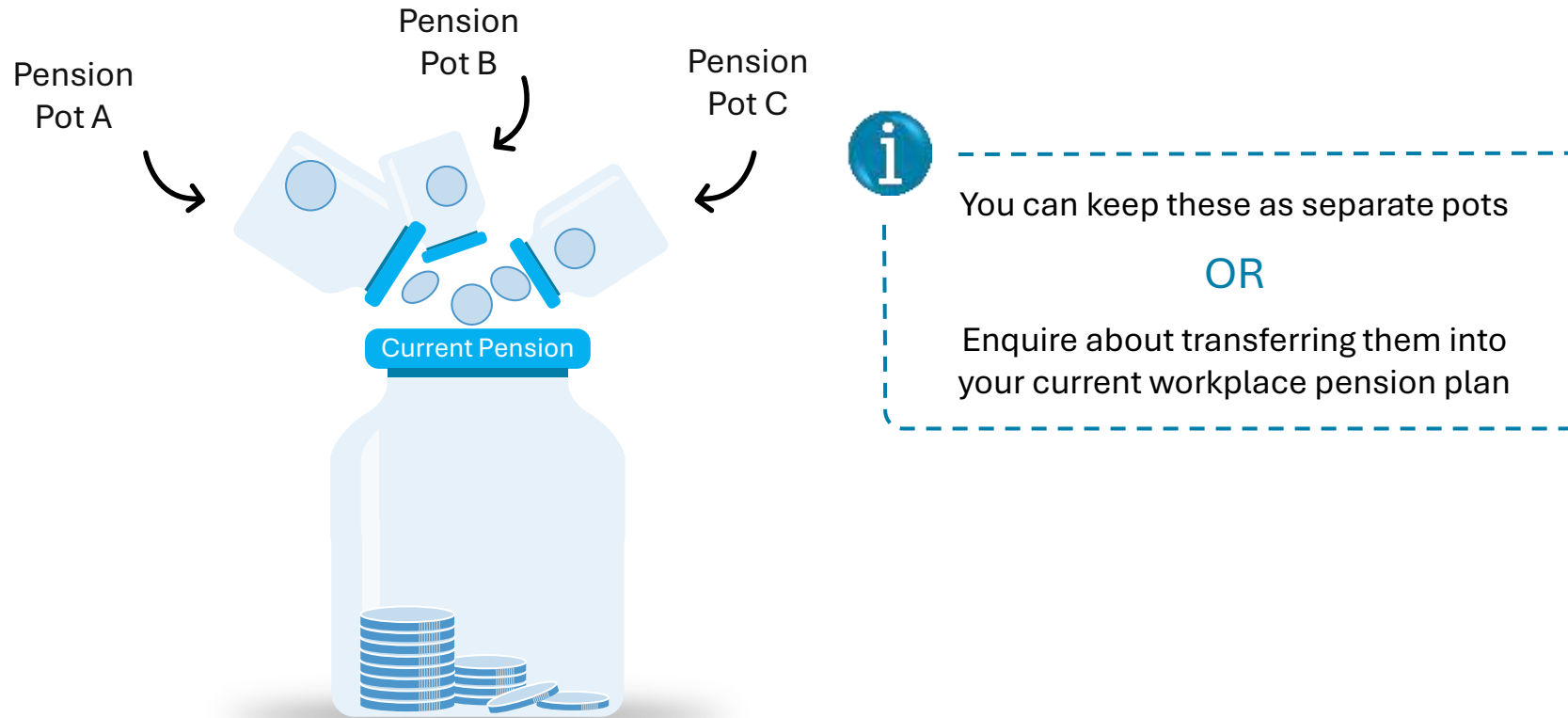
You can manage your
exposure to risk as you
approach retirement



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



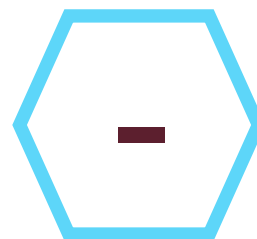
Protected retirement age



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

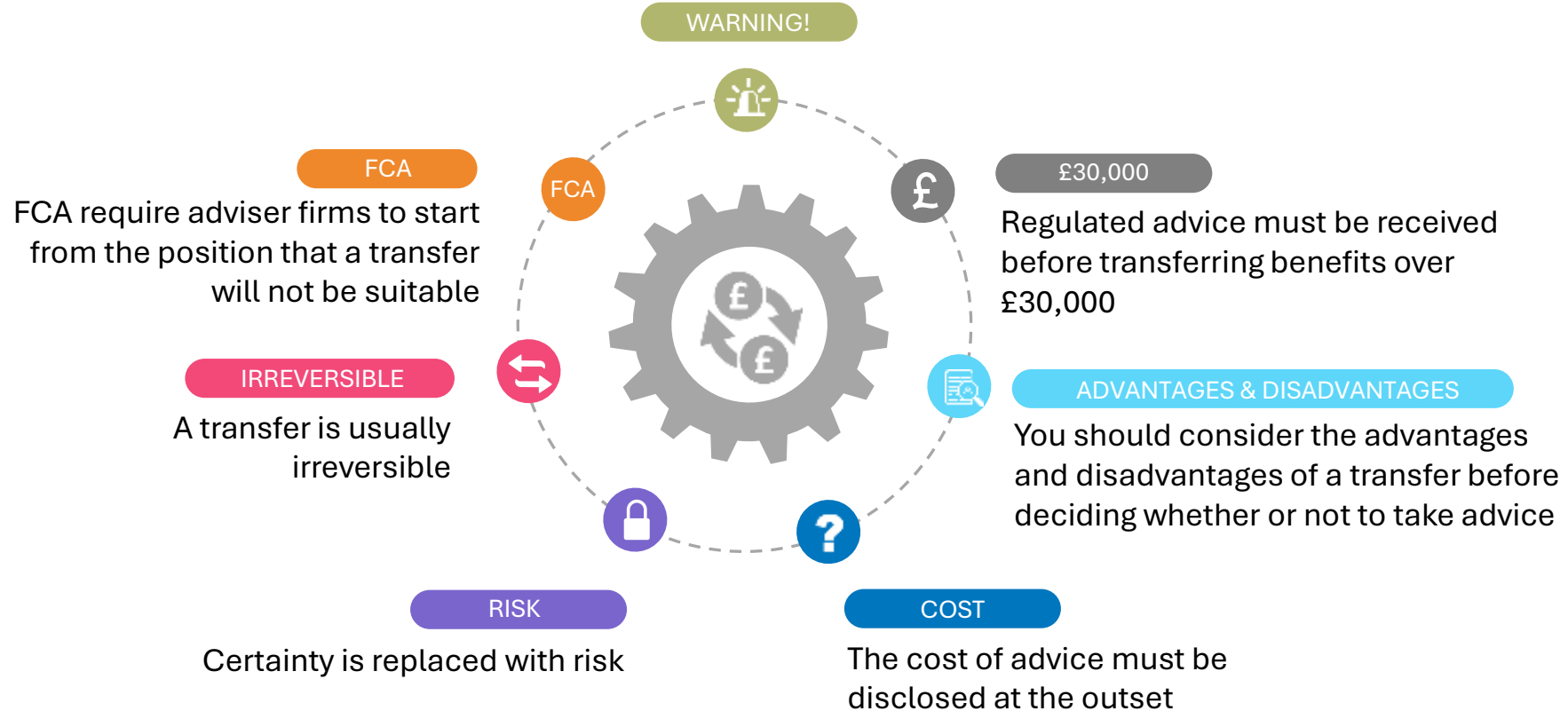


finding lost pensions:

gov.uk/find-pension-contact-details

Transferring from DB to DC

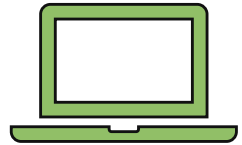
WARNING - transferring out of a defined benefit (DB) scheme could damage your wealth!



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

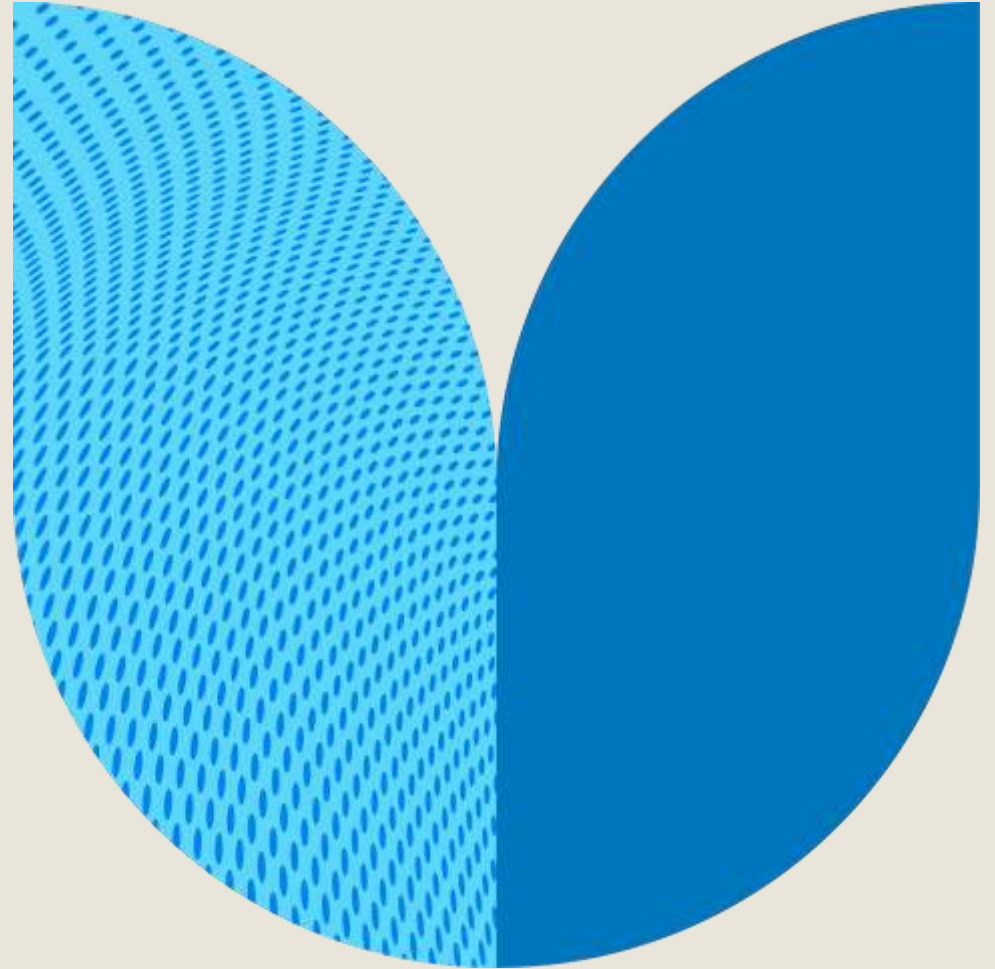


➤ Get impartial information or advice before changing your pension arrangements

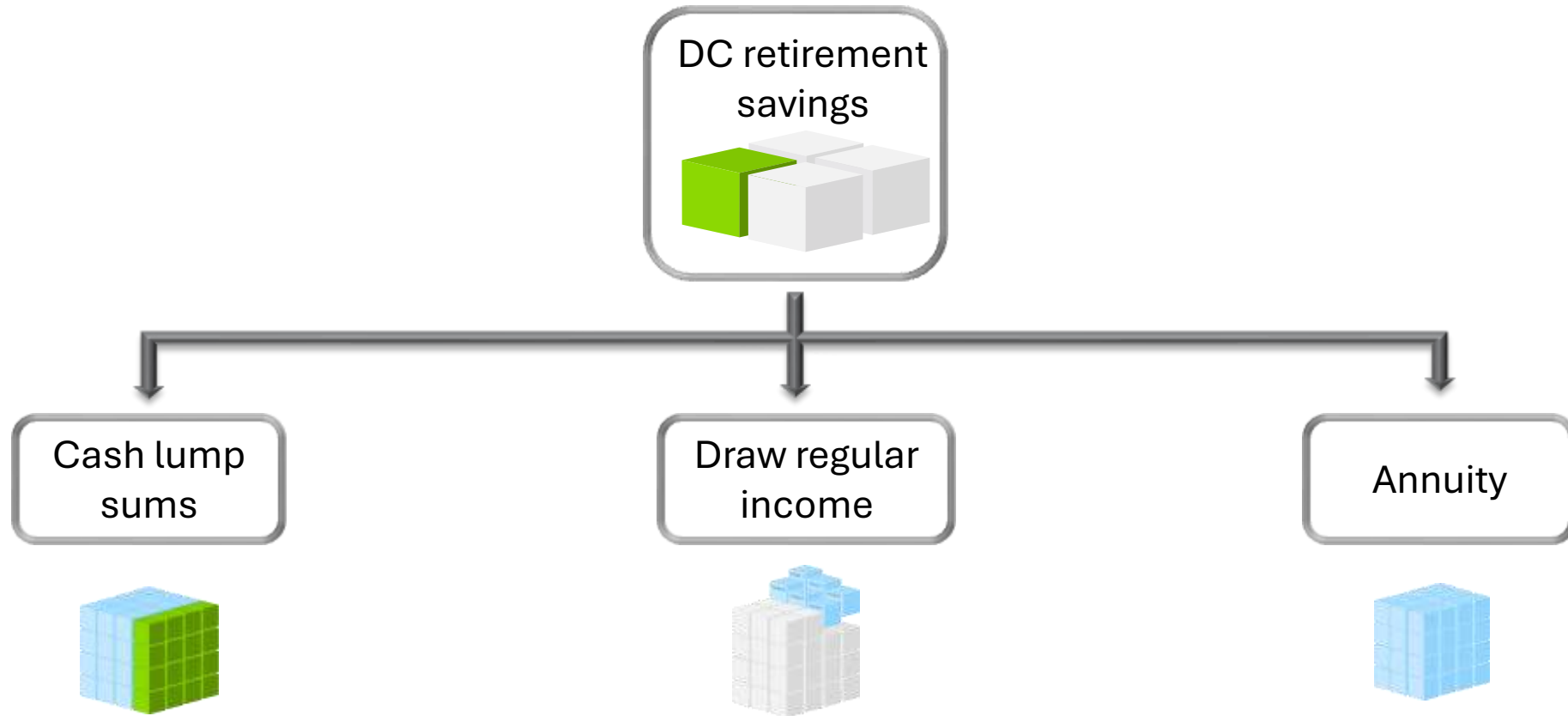


www.fca.org.uk/scamsmart

Generating A Retirement Income

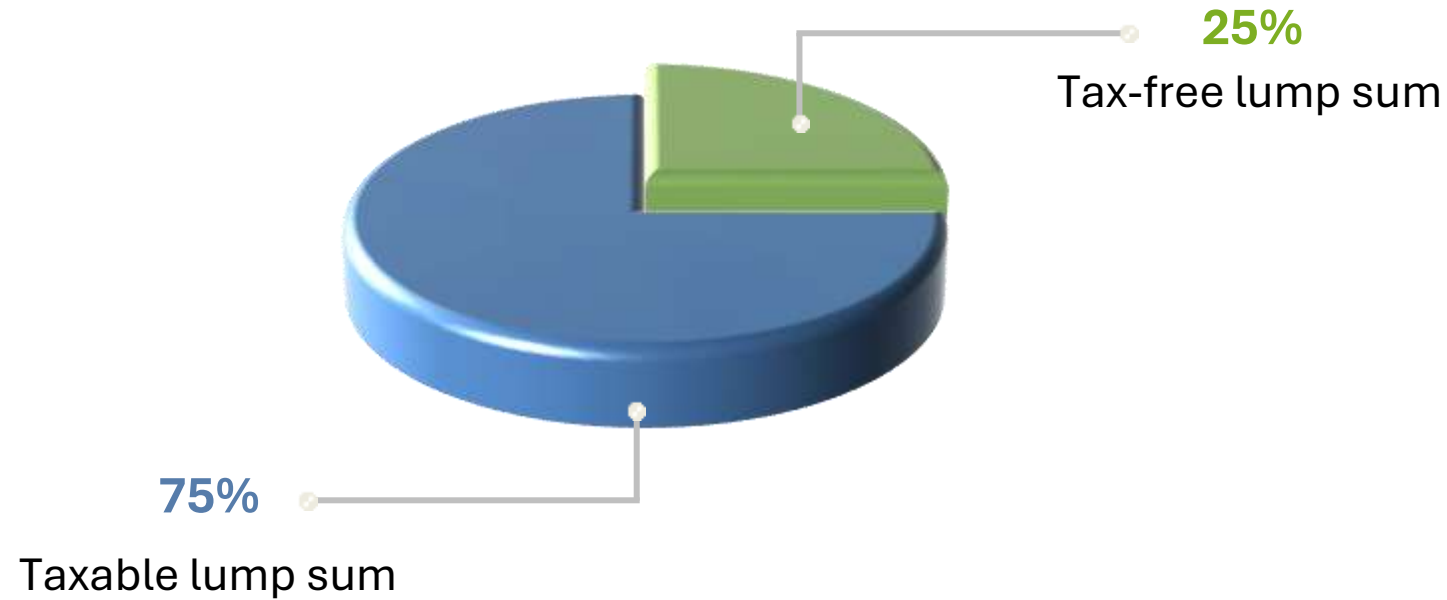


Defined contribution income options



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

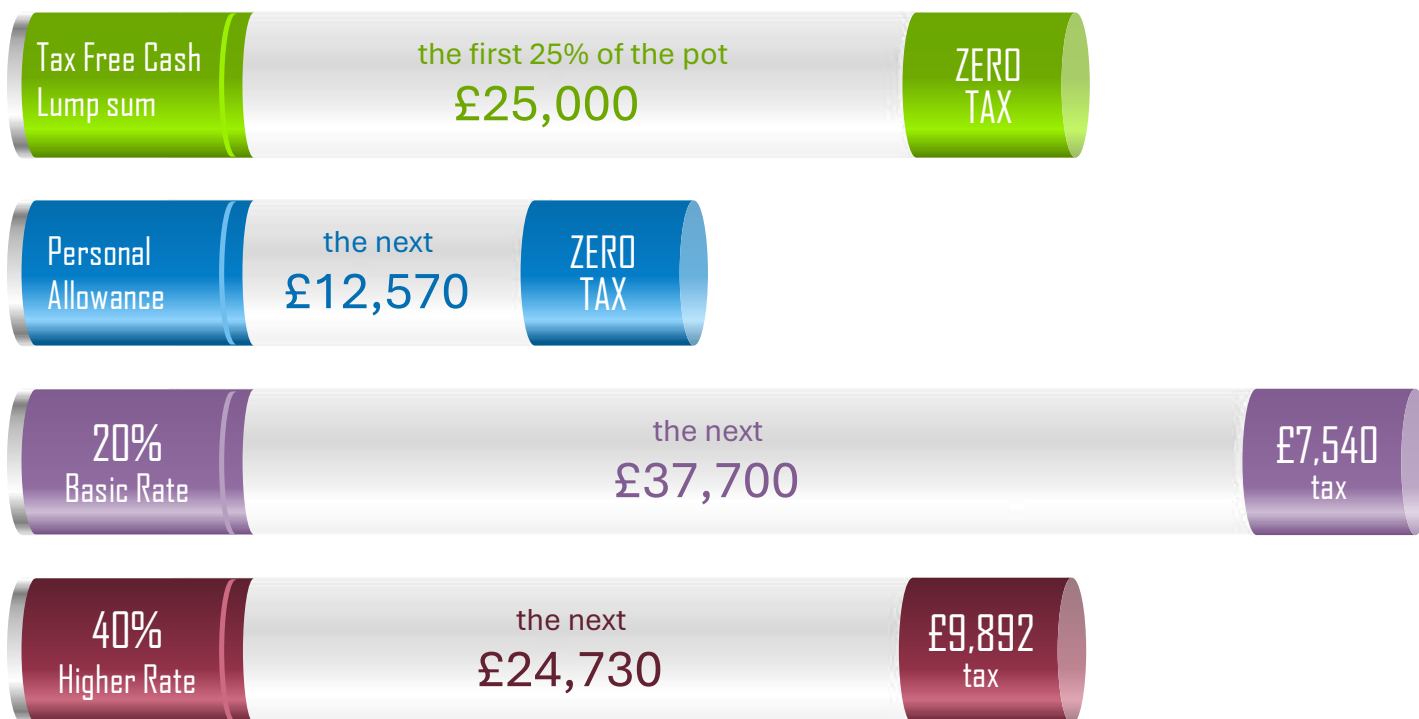
Cash lump sum



- 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

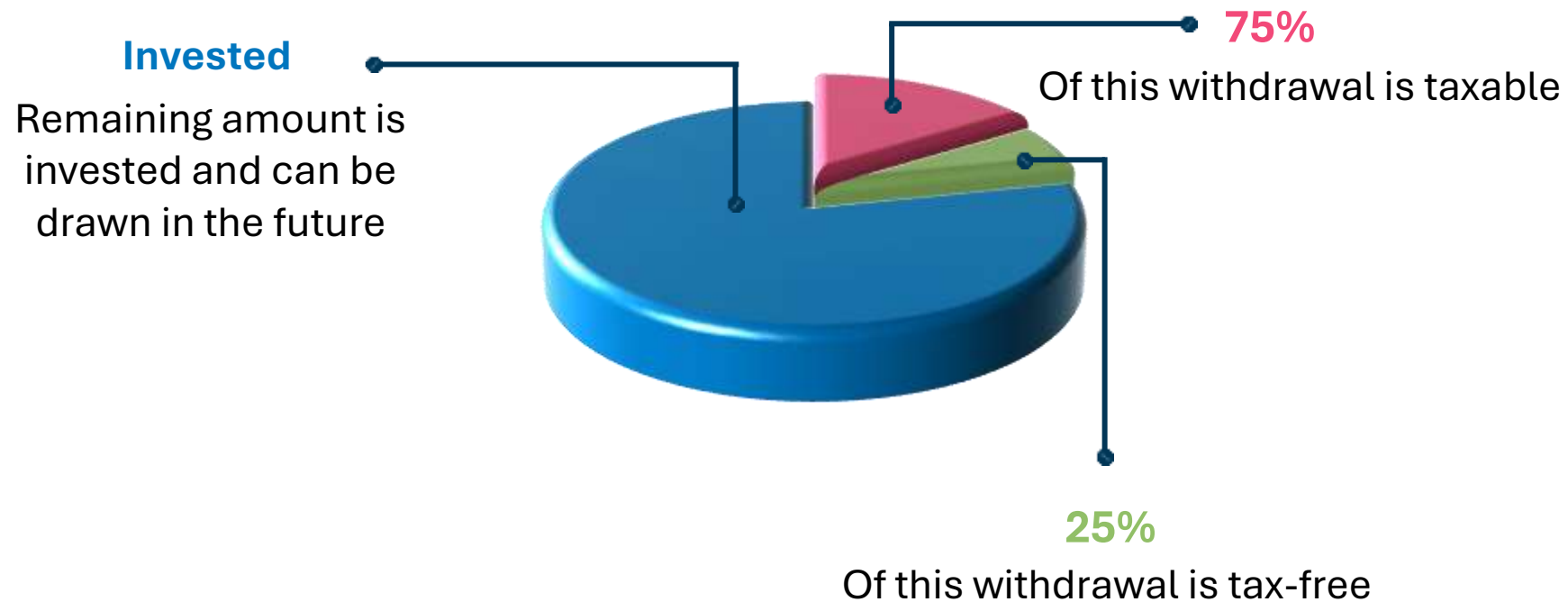
Example: an individual chooses to draw a £100,000 lump sum from their pension:



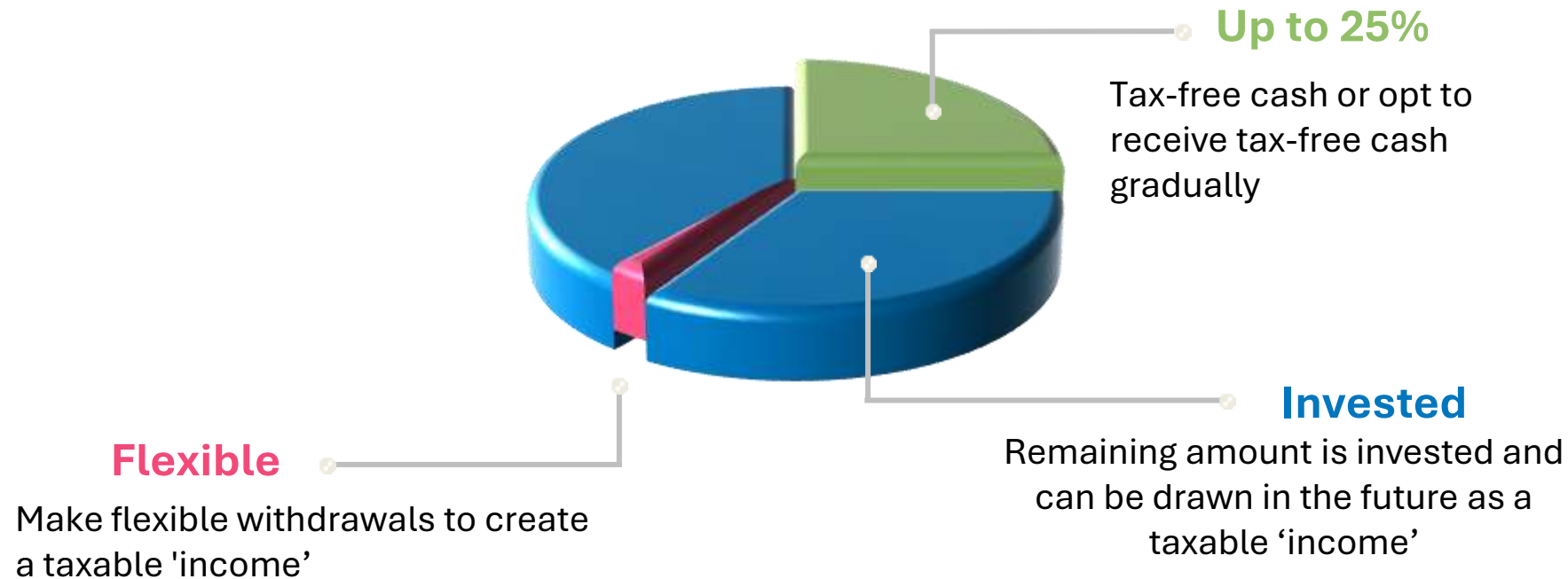
Total tax charge of £17,432

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

Buy an annuity with the remainder

The income level is determined by your circumstances

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

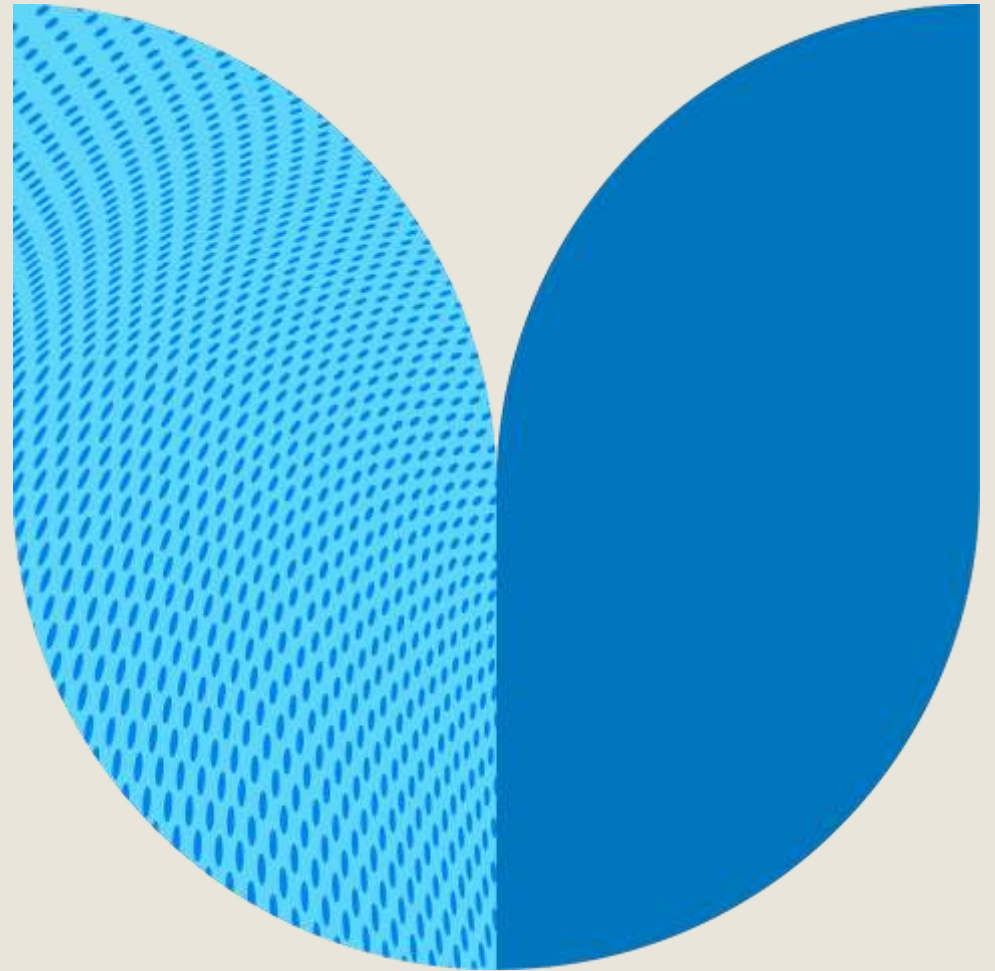
Tax applies at the beneficiary's income tax rate if death occurs from age 75

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

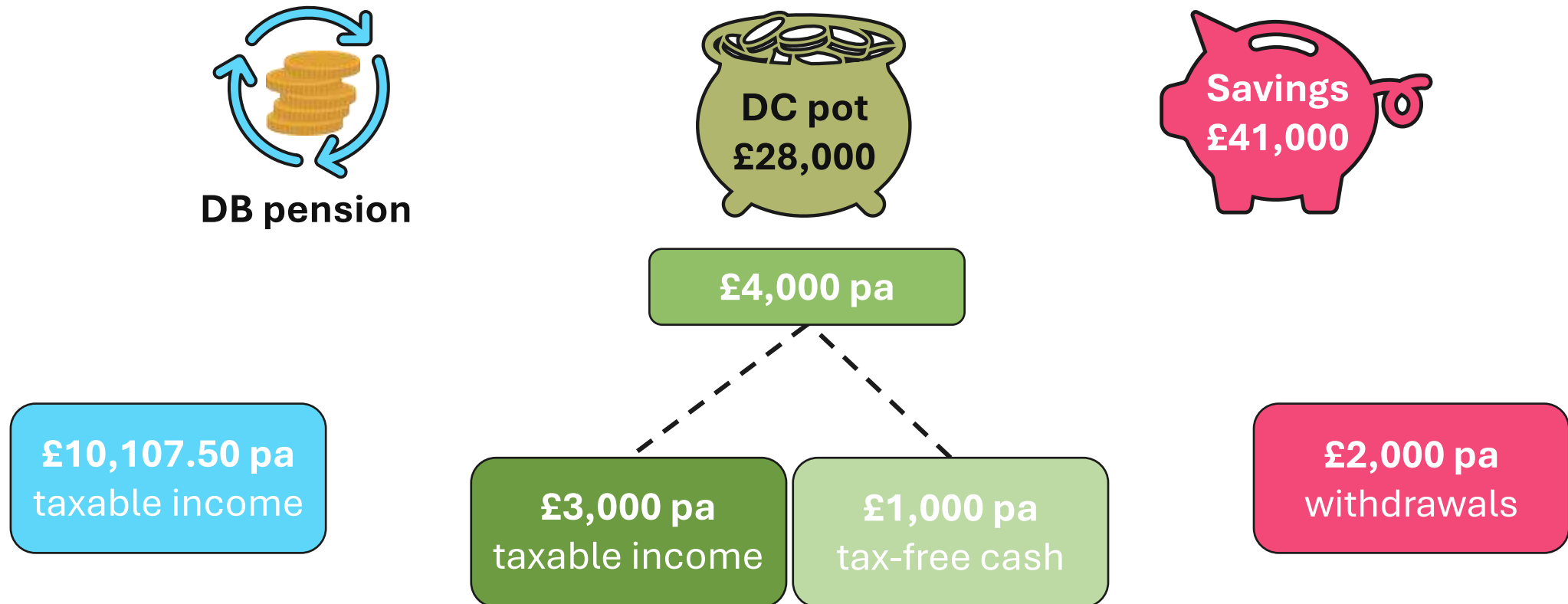
Core Life Assurance:

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



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

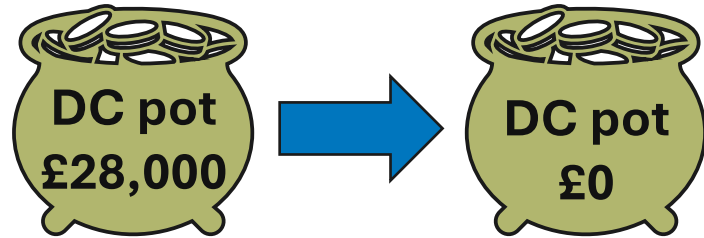
£2,000 pa
withdrawals

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

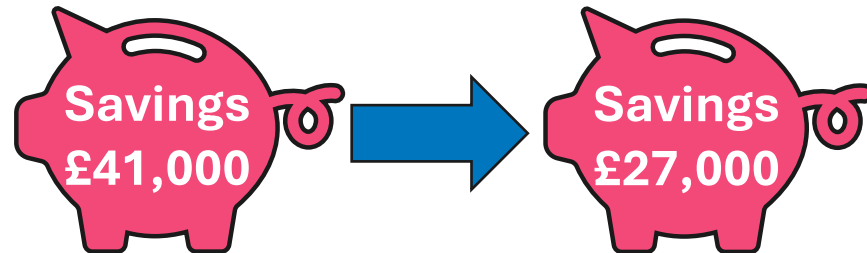


Objective: A 60 year old would like to retire in the current tax year with an income of £16,000 pa after tax

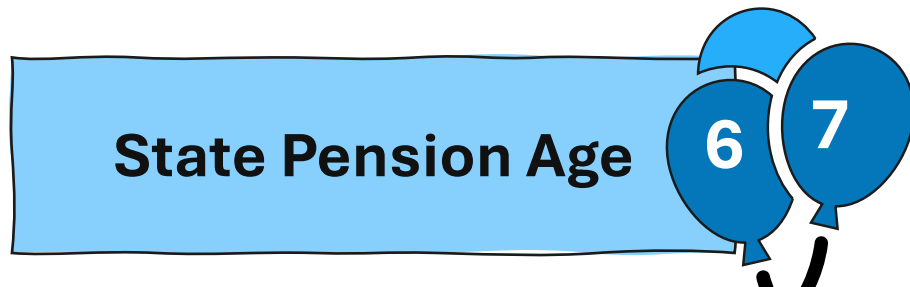
After seven years...



The DC pension pot has been spent



£14,000 of savings have been spent

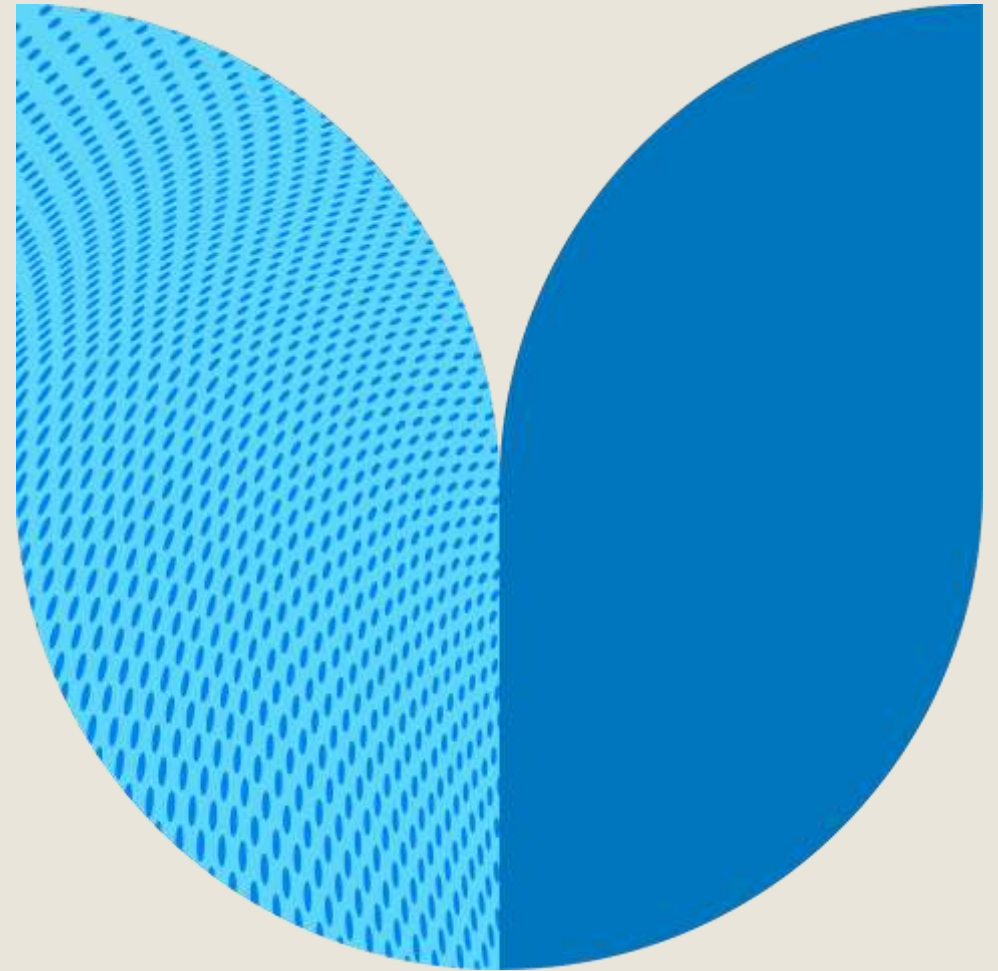


The State Pension will need to be at least £6,750 to retain a £16,000 pa net income

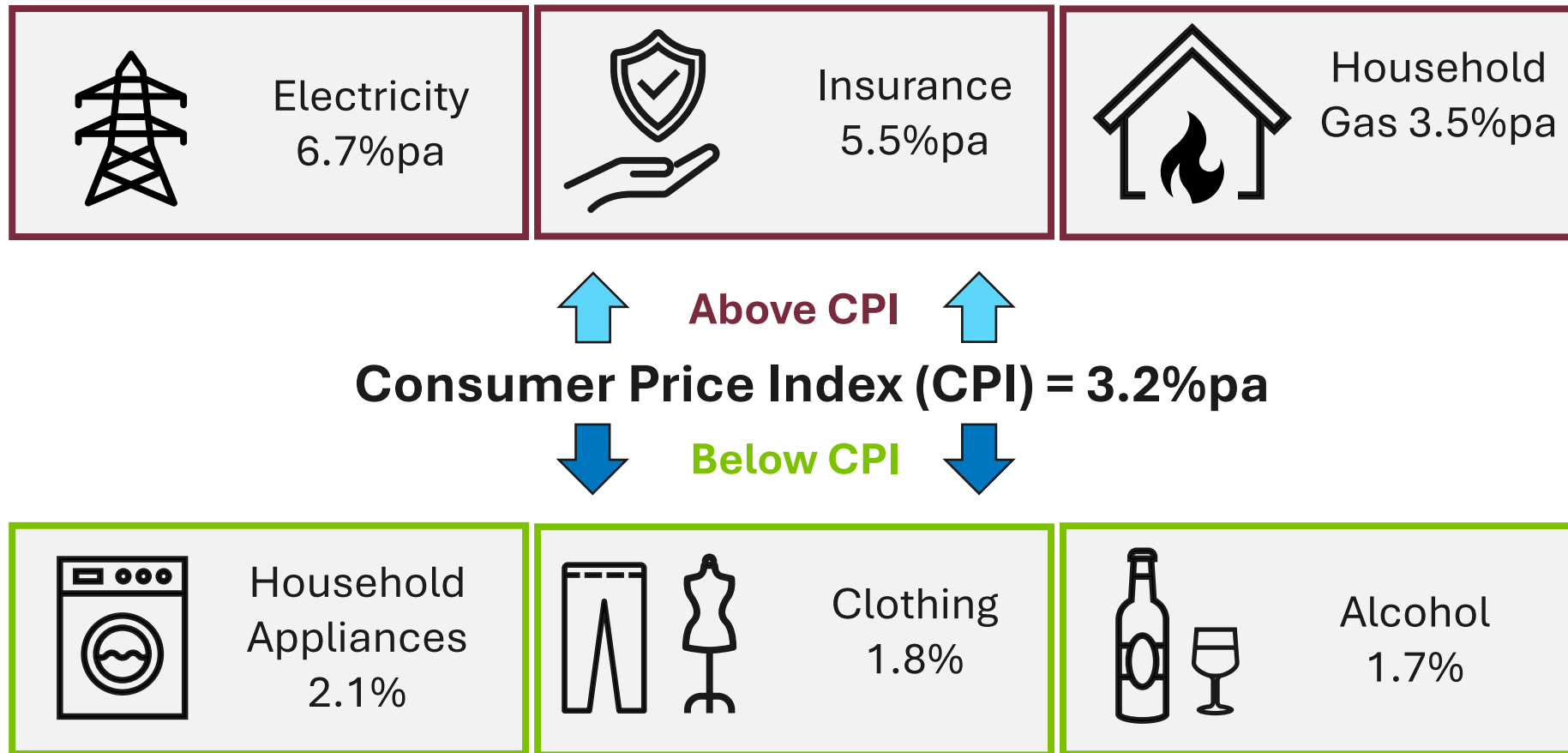


Objective: A 60 year old would like to retire in the current tax year with an income of £16,000 pa after tax

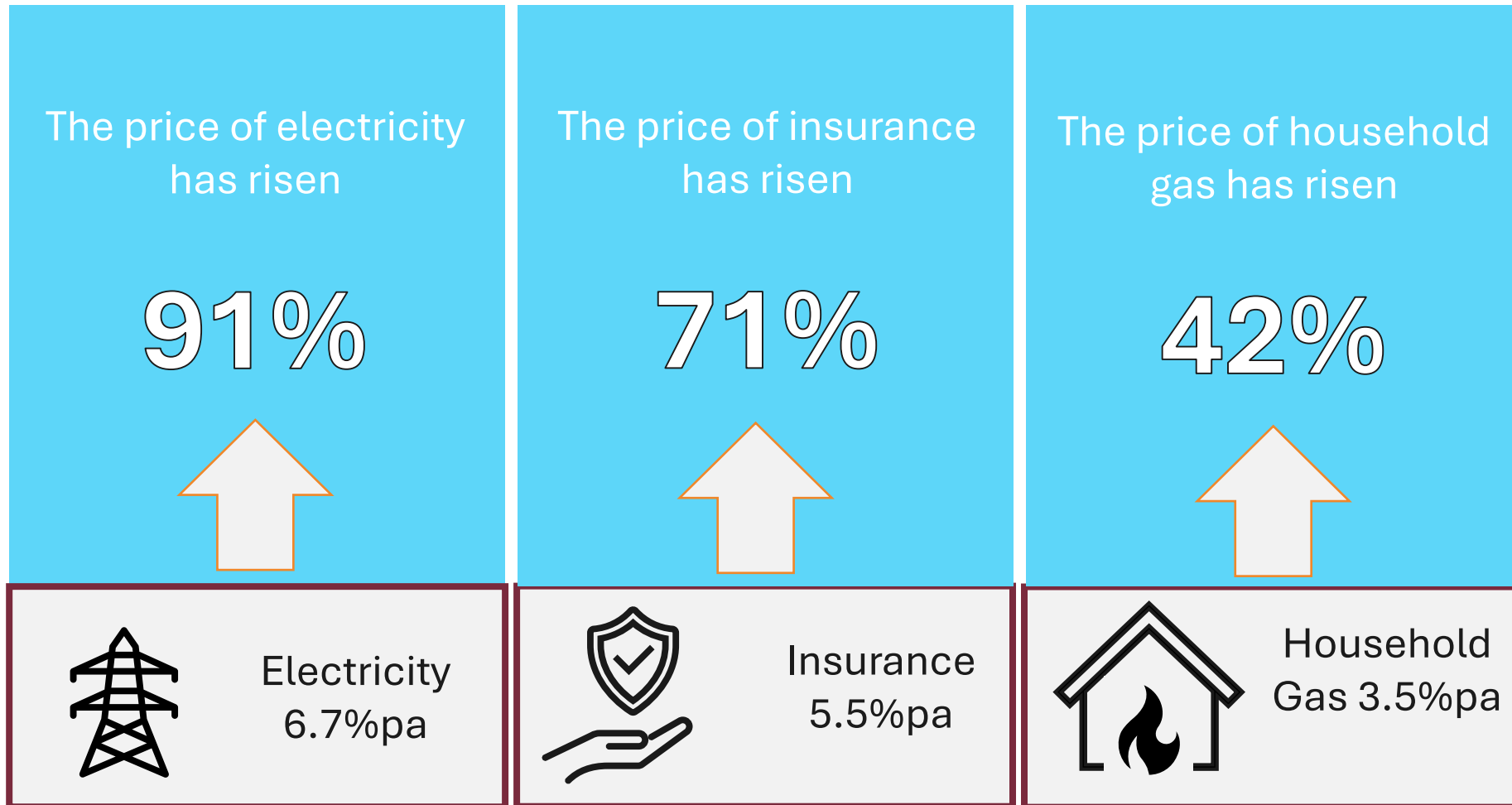
Inflation in retirement



Inflation: average over 10 years

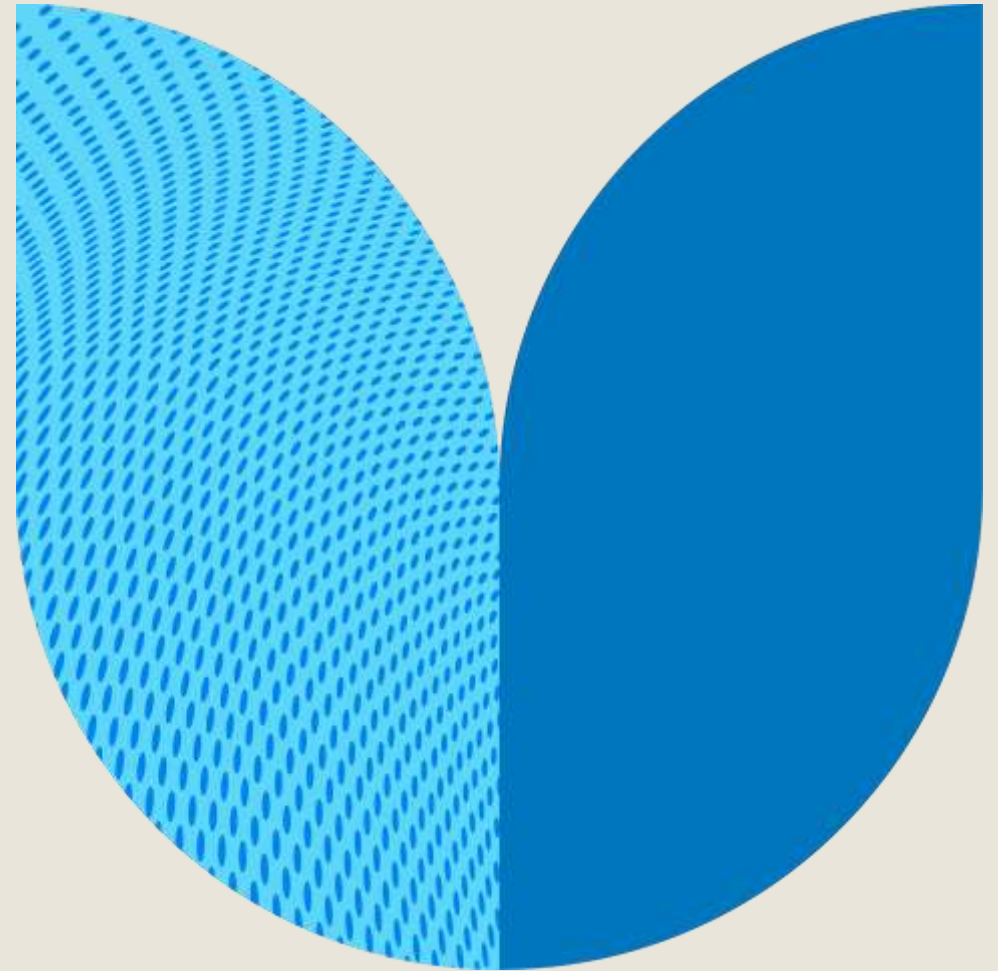


Inflation: over 10 years

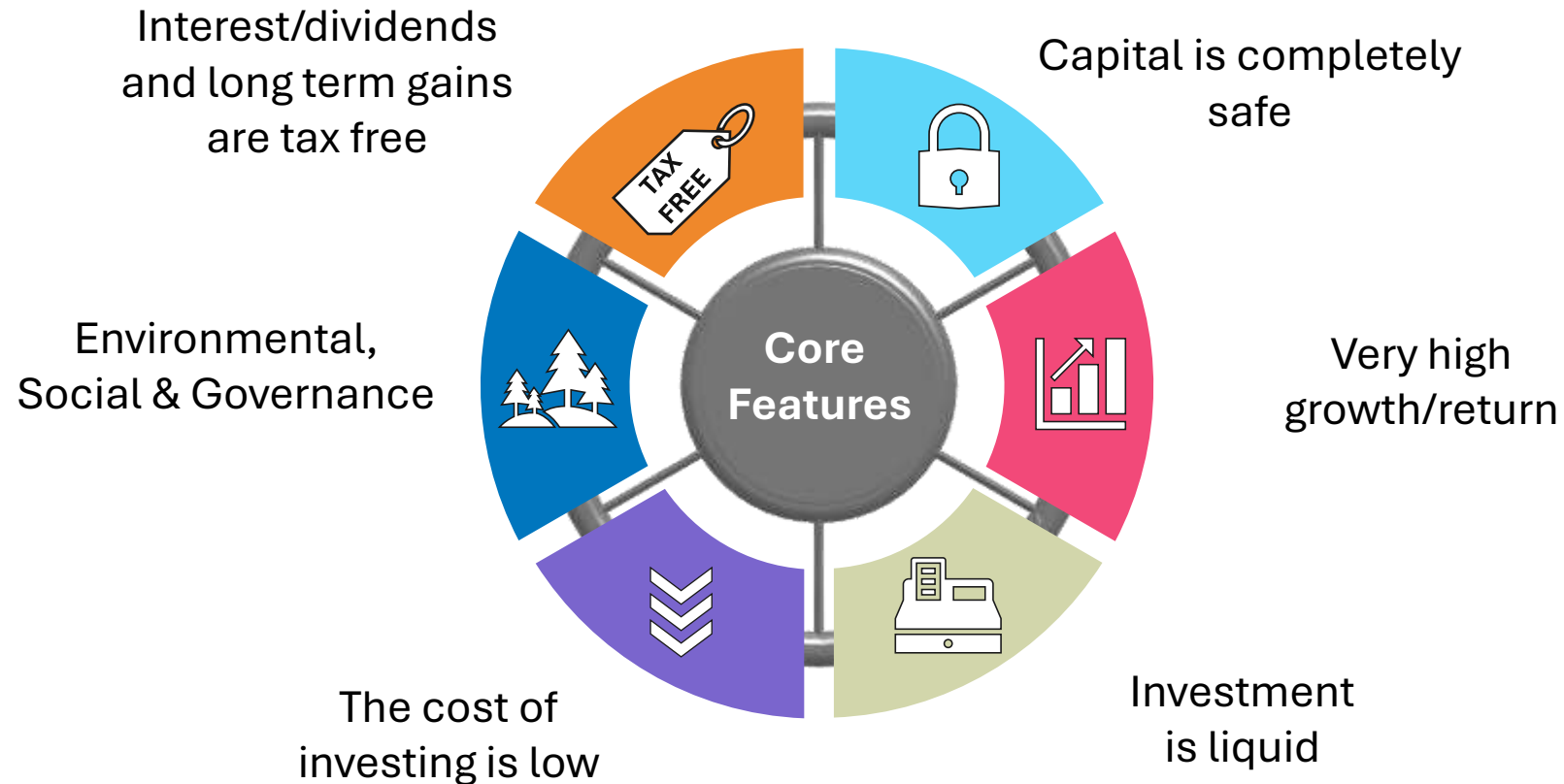


Source: Office for National Statistics – January 2015 vs January 2025

Other Savings And Investments

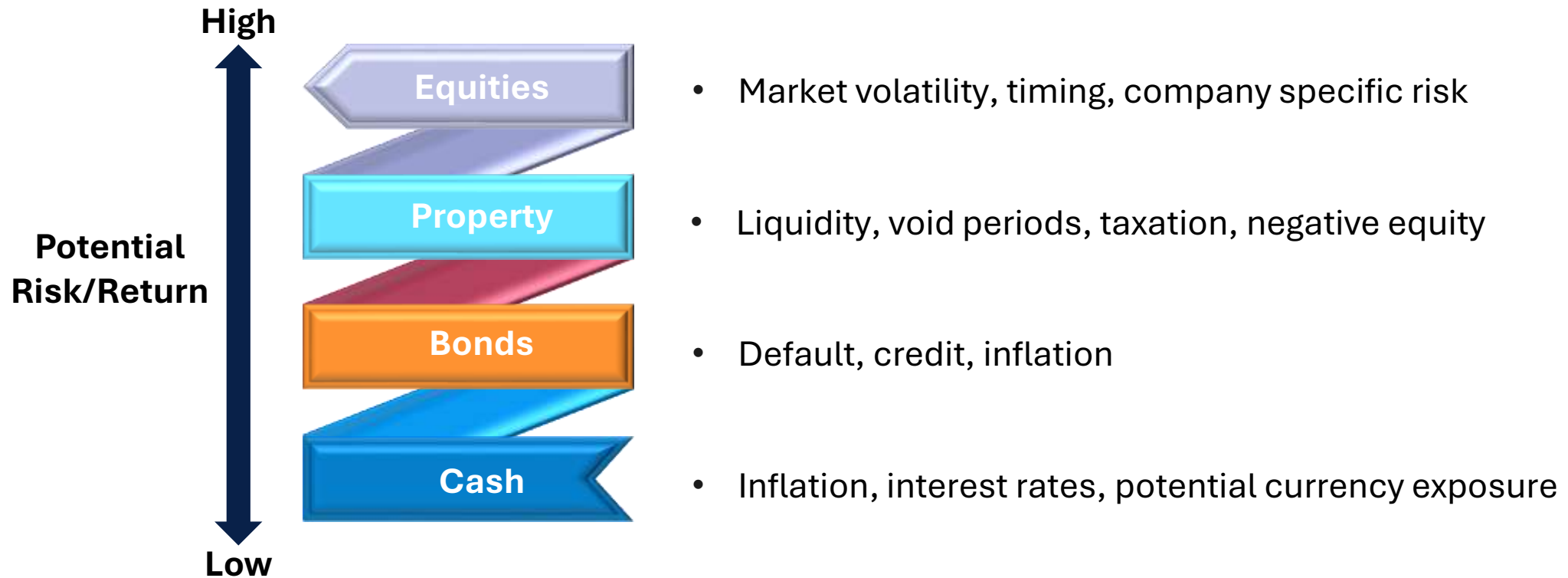


Investment principles



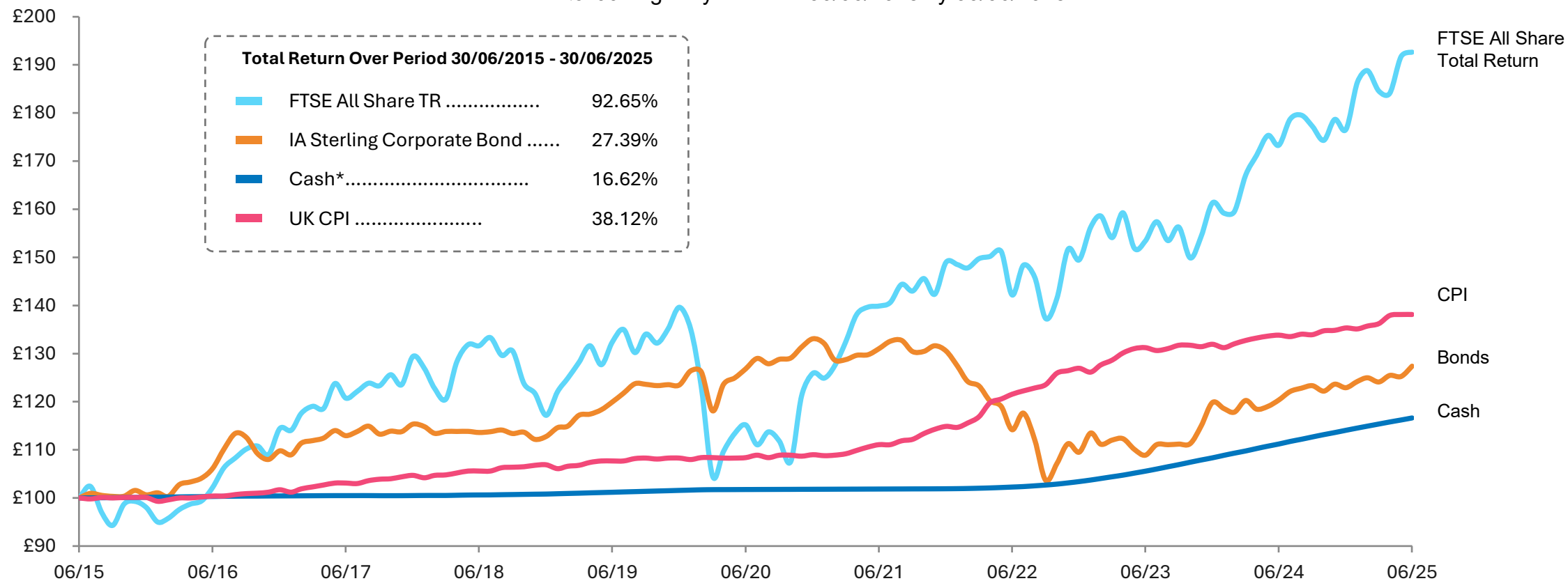
Investment risk and returns

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



Risk and returns: the real world

The value of £100 originally invested 30/06/2015 by 30/06/2025



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

Source: Financial Express & Bloomberg

*Cash is calculated using: FE FER Cash Proxy from 30/06/2015 to 31/12/2018 and the UK Bank of England Base rate from 31/12/2018 to 30/06/2025.

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

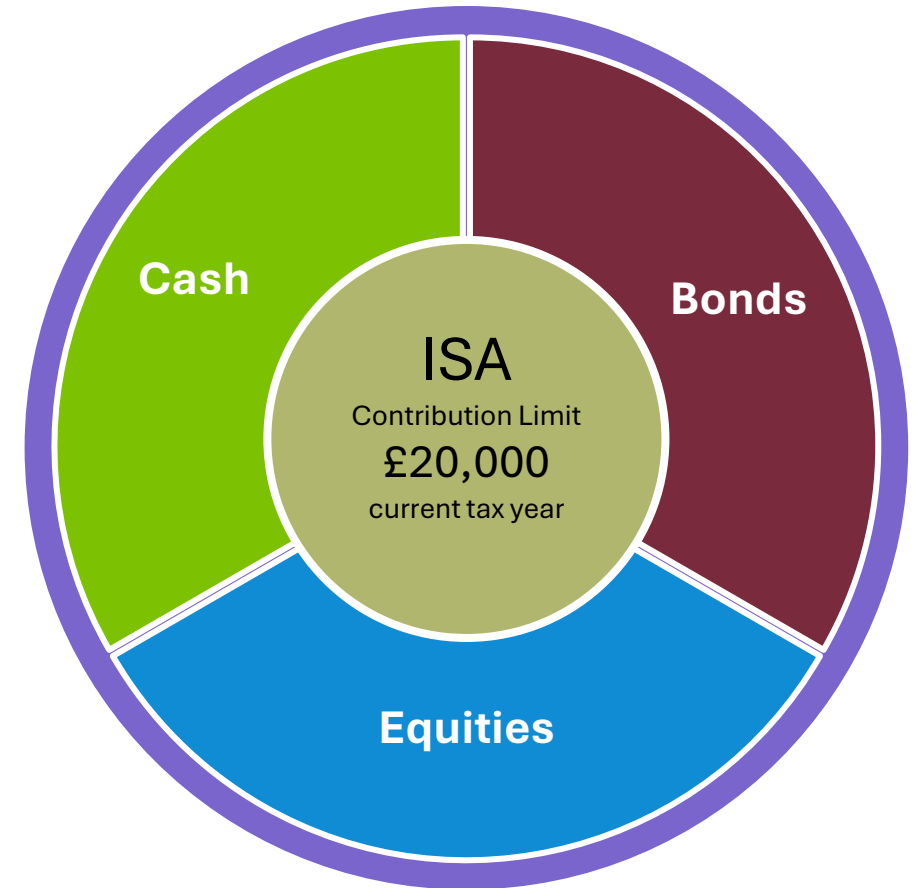
The full value of your shares is transferred as cash, and
basic rate tax relief is added*

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

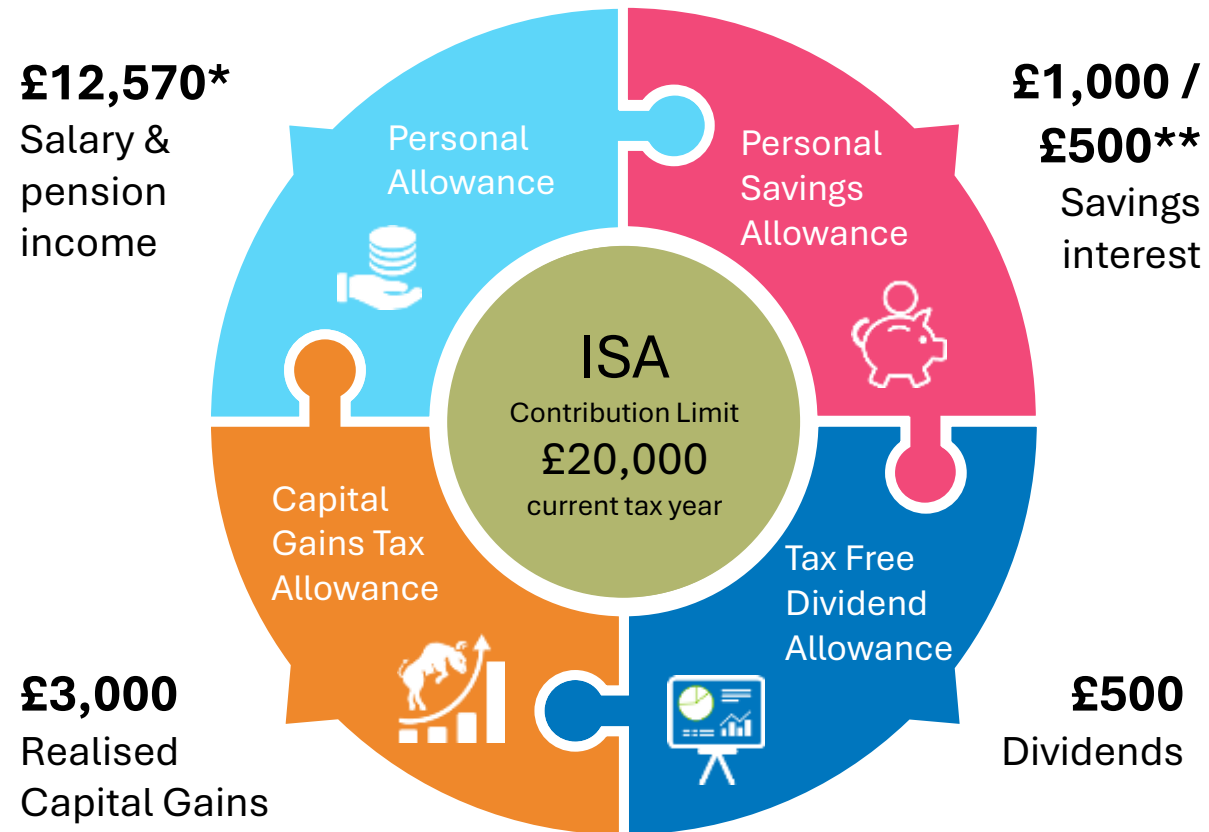
*Subject to HMRC limits. Those who pay tax above the basic rate can claim back further relief via their self assessment.

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



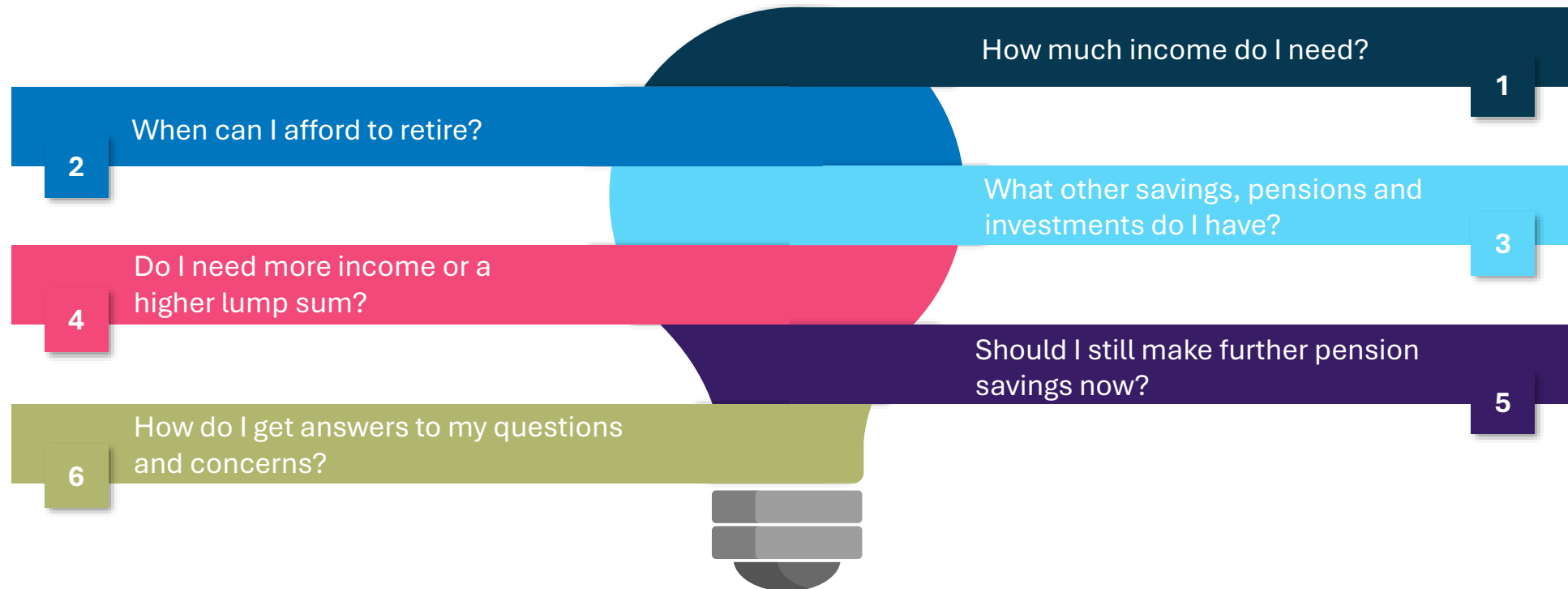
Tax allowances summary



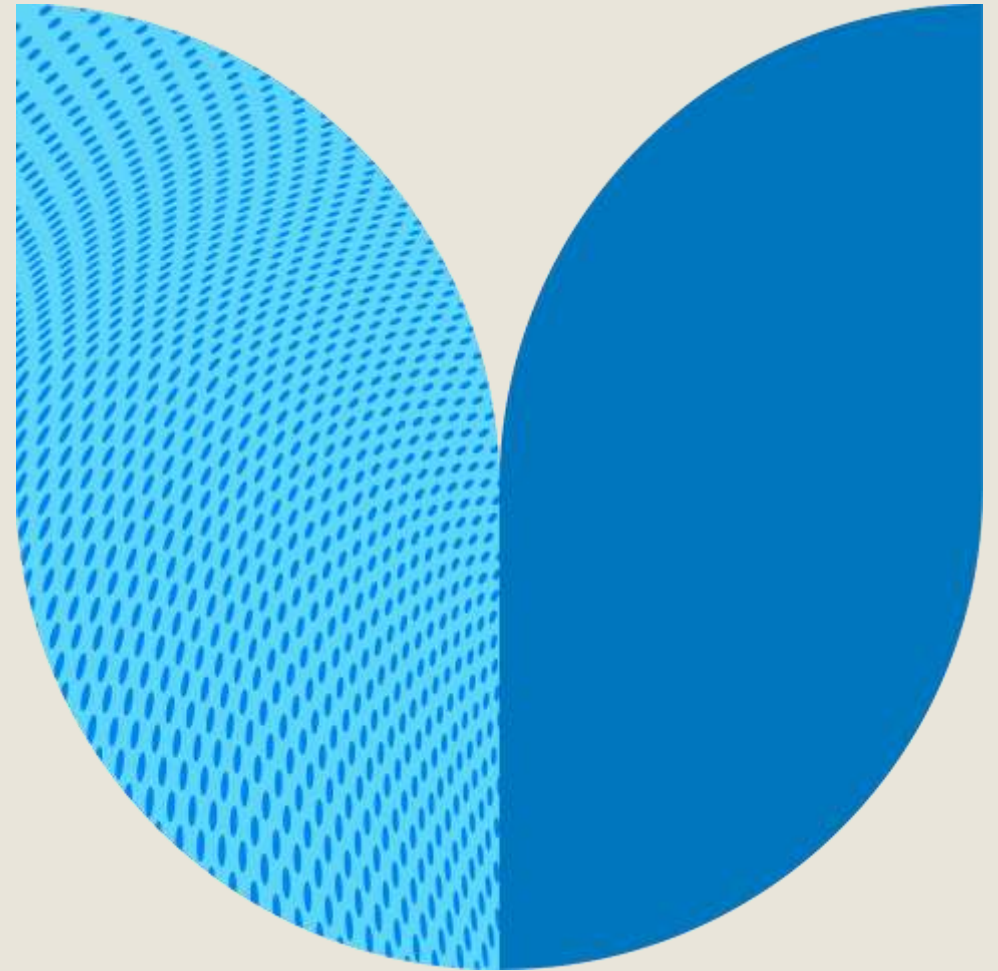
*Reduced for those with income over £100,000

**£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

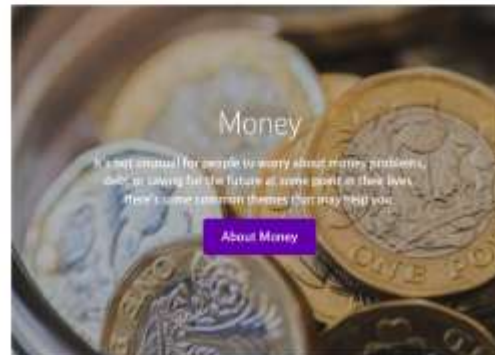
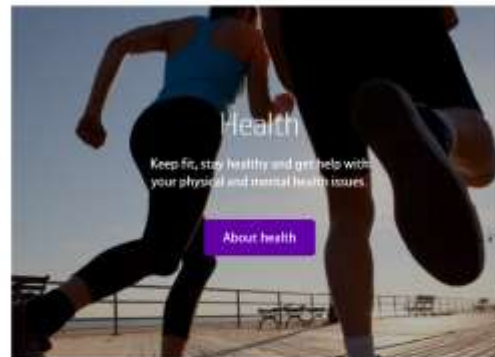
Deferred T Mobile Pension Scheme Members:

- 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**

WEALTH at work

part of the Wealth at Work group

Thank you

0800 028 3200

www.wealthatwork.co.uk/mywealth

