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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.

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About us

WEALTH at work is a leading financial wellbeing, retirement and workplace savings specialist.

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.

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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

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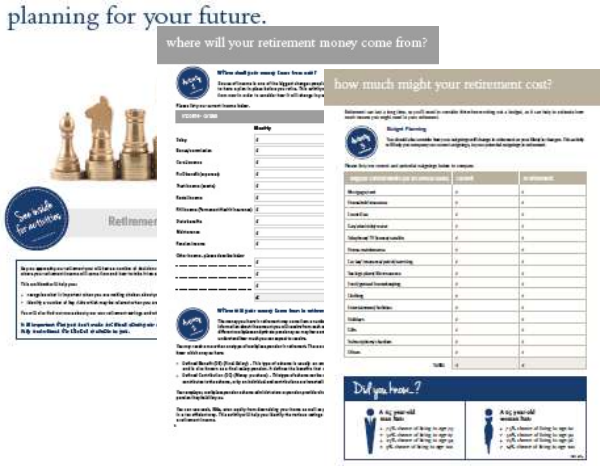
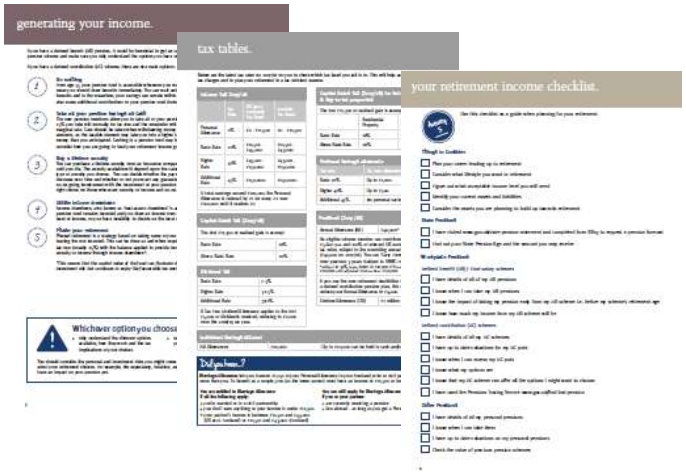
Actions to takeaway

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

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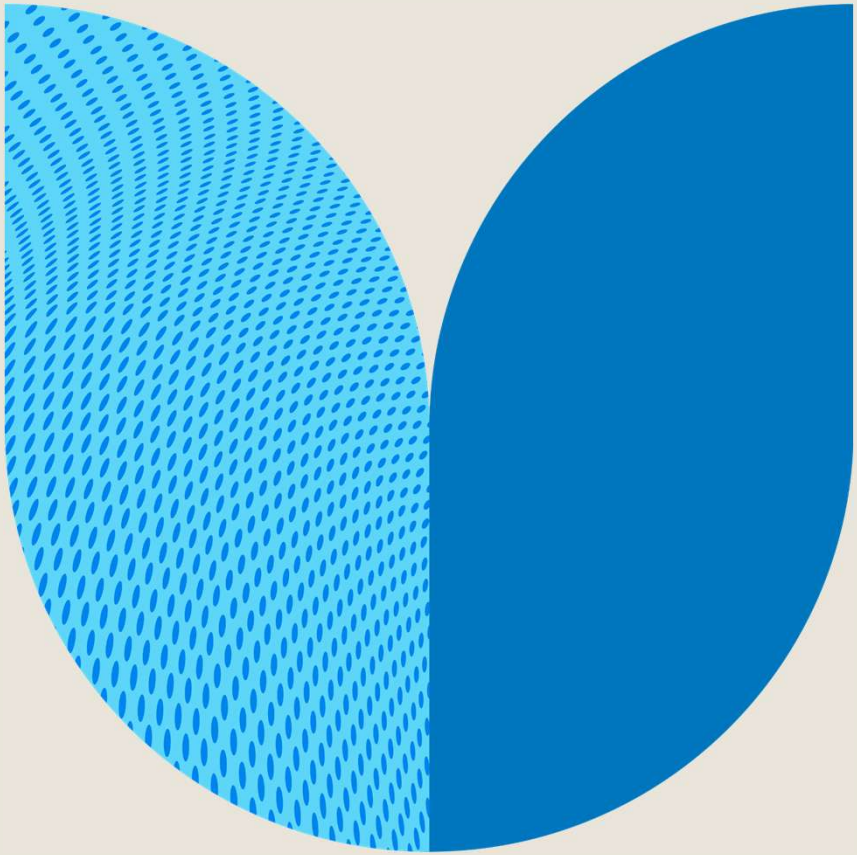
Income needs in retirement



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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

Source: Office of National Statistics

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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 £13,900pa

Couple £22,500pa

No car

A week in the UK every year

Moderate

Single £32,700pa

Couple £45,400pa

3 year old car replaced every 7 years

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

Comfortable

Single £45,400pa

Couple £62,700pa

3 year old car replaced every 5 years

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

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

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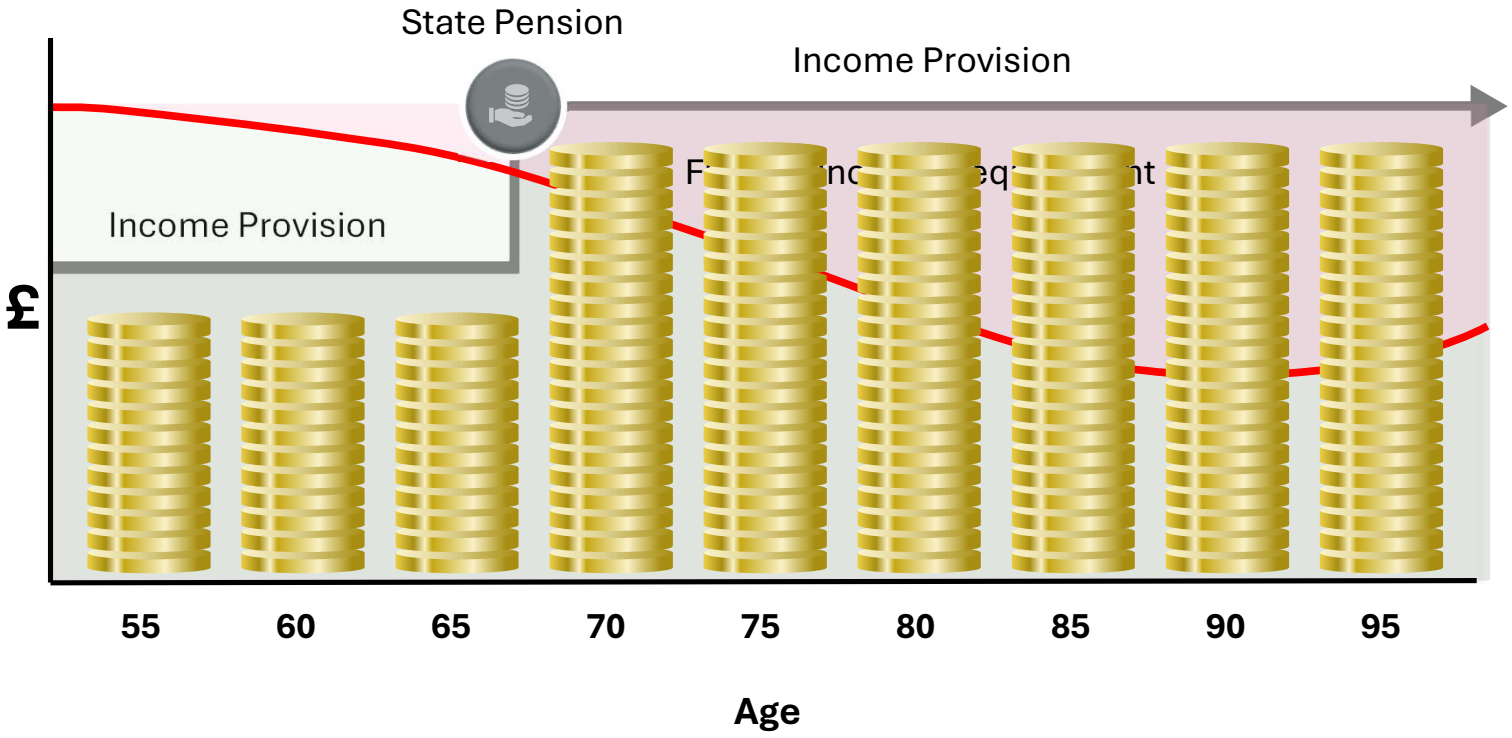
Changing income needs



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Rates of income tax

Personal Allowance
on the first
£12,570*

Basic Rate Tax
on the next
£37,700

Higher Rate Tax
on the next
£74,870

Additional Rate Tax
on earnings above
£125,140

>£12,570*

>£50,270

>£125,140

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

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Scottish rates of income tax

Personal Allowance
up to £12,570*

Basic Rate Tax
£16,538 - £29,526

Higher Rate Tax
£43,663 - £75,000

Top Rate Tax
above £125,140

Starter Rate Tax
£12,571 - £16,537

Intermediate Rate Tax
£29,527 - £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.

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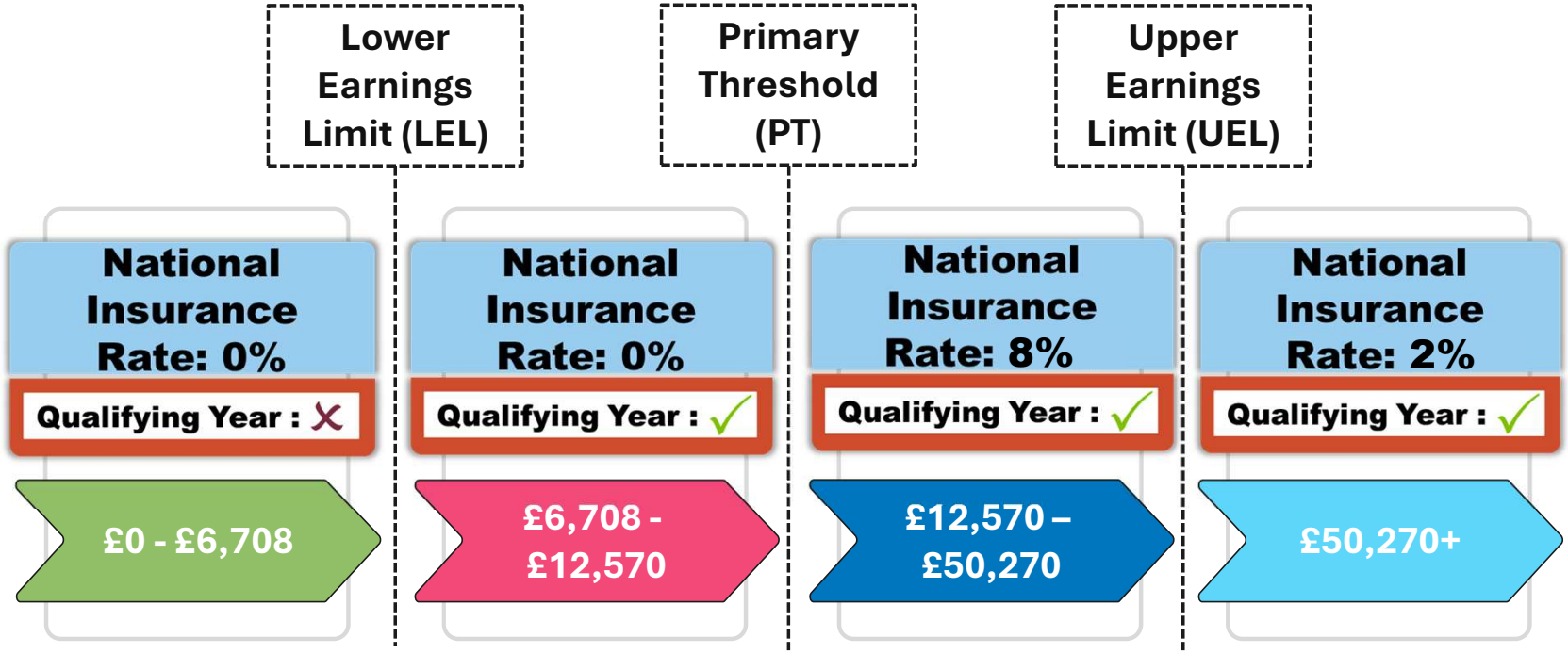
National Insurance



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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

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Can you afford to retire?

£30,000 annual salary			**Costs pa:**
Income Tax	>>>		£3,146
National Insurance	>>>		£1,274
Pension contributions*	>>>		£1,500
Mortgage	>>>		£6,000
Loans	>>>		£2,400
		Remaining:	£15,707
£15,000 retirement income			**Costs pa:**
Income Tax	>>>		£462
		Remaining:	£14,538

*assumes pension contributions of 5% pa through salary sacrifice

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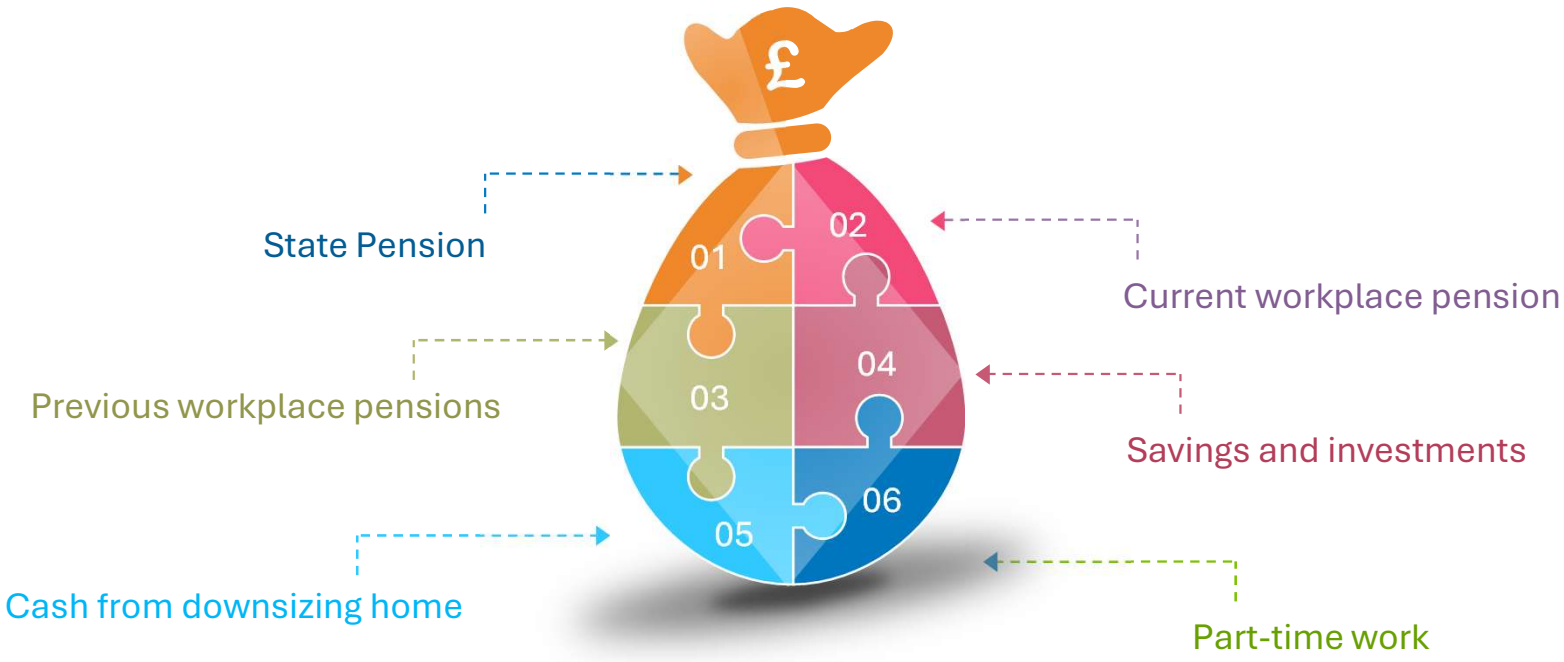
Where is the money coming from?



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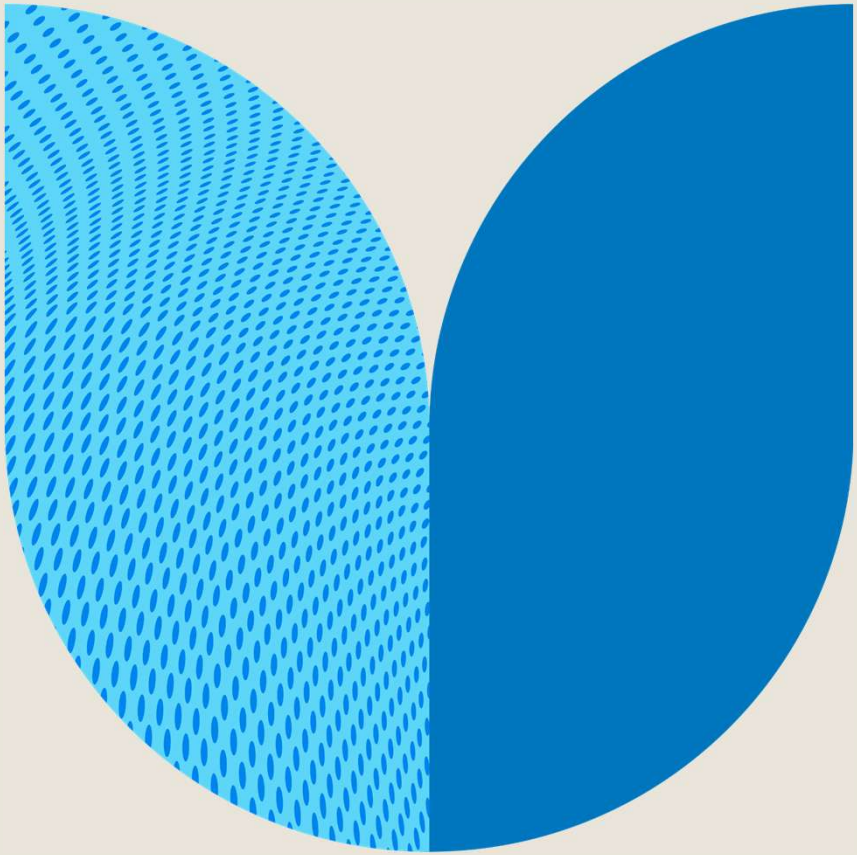
The State Pension



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Your State Pension age

DoB from:
6 Apr 1978

DoB between:
6 Mar 1961 &
5 Apr 1977

gradually increases

68 birthday

DoB between:
6 Oct 1954 &
5 Apr 1960

gradually increases

67 birthday

66 birthday

Born before 6 Oct 1954? You've already reached State Pension age

www.gov.uk/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

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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 **£241.30**

per year — up to **£12,590.68**

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

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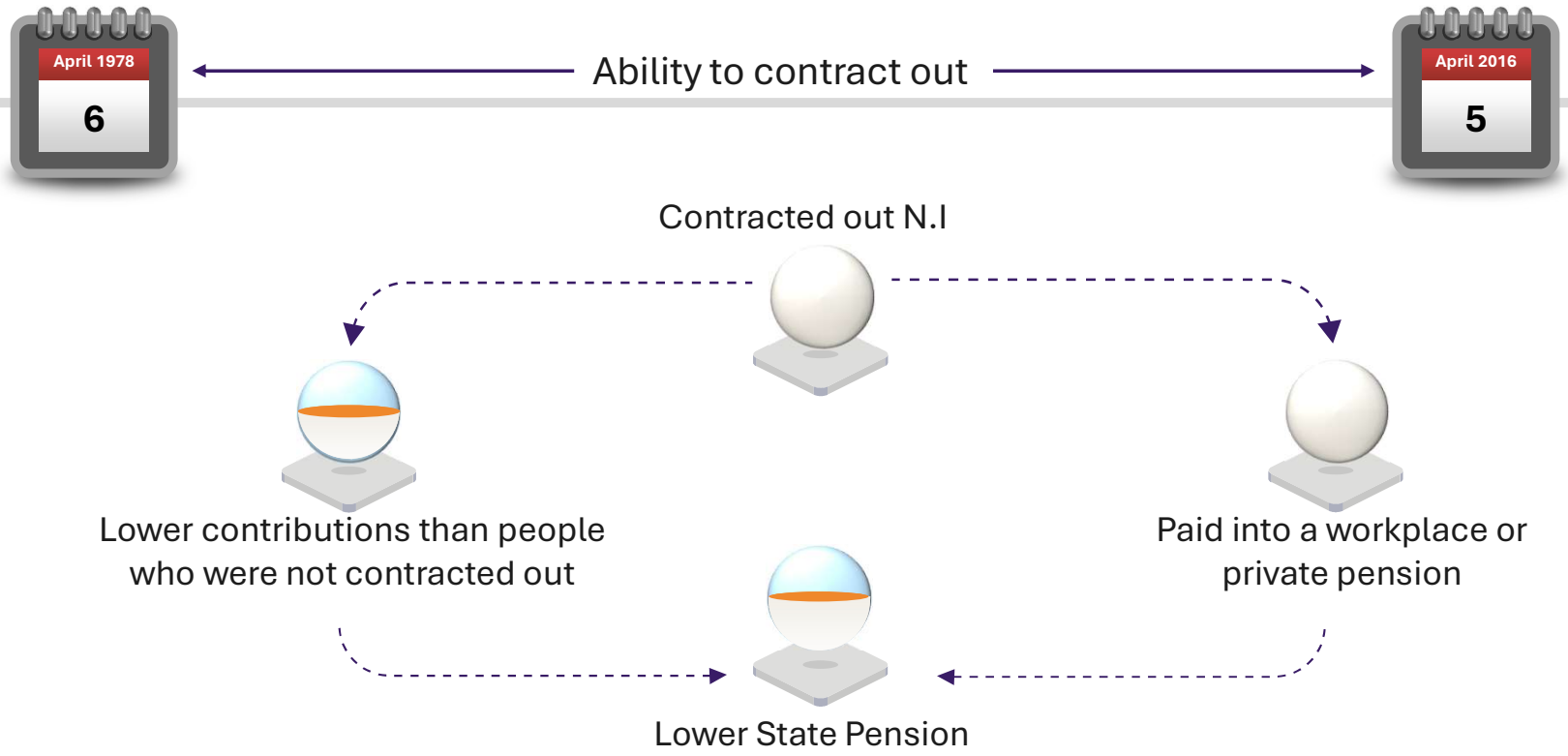
Contracting out

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.



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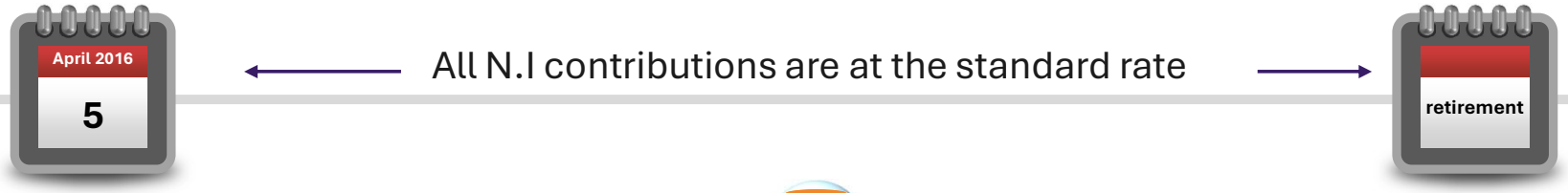
Contracting out

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.



Lower State Pension

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

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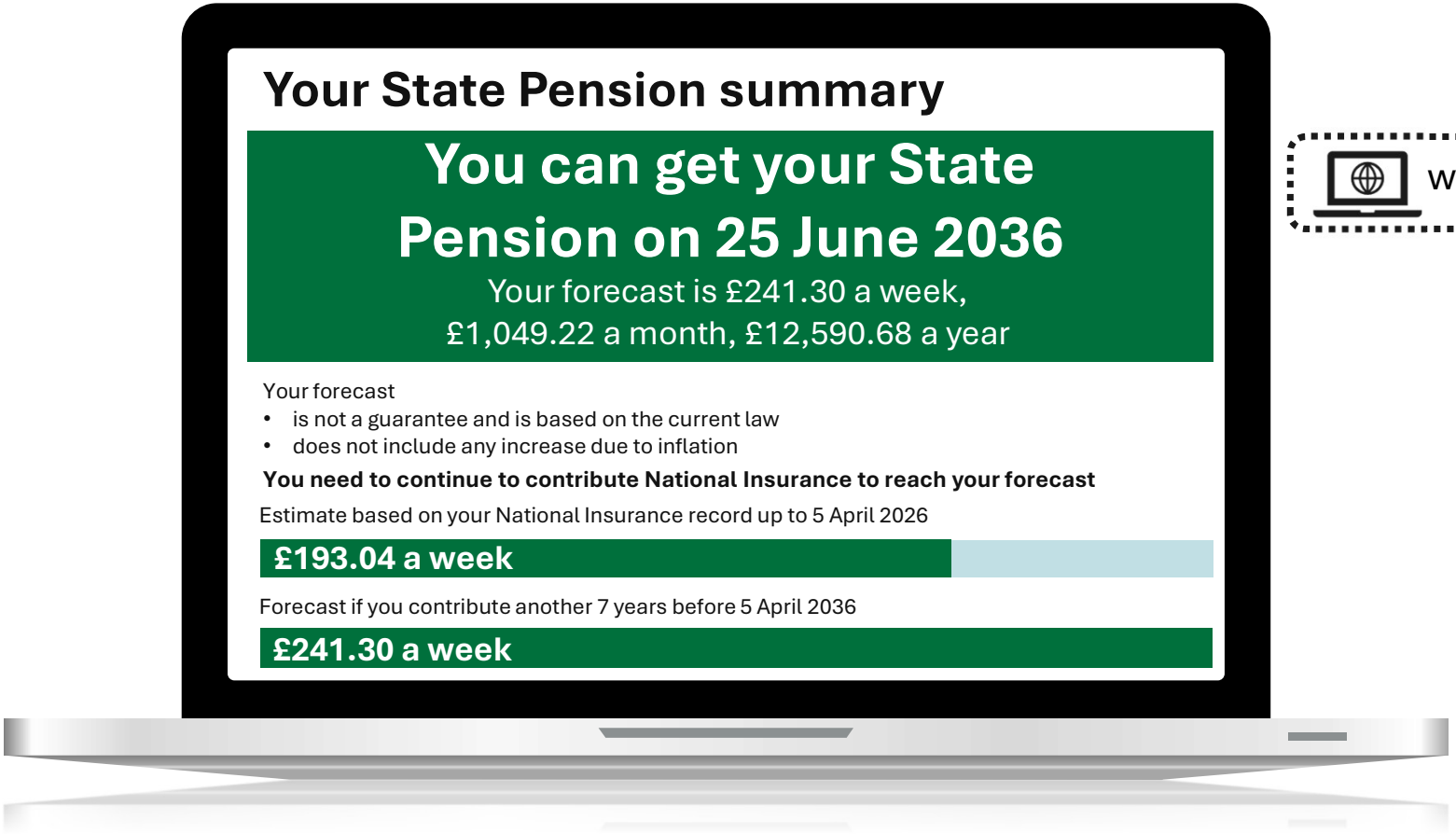
State Pension forecast



www.gov.uk/check-state-pension

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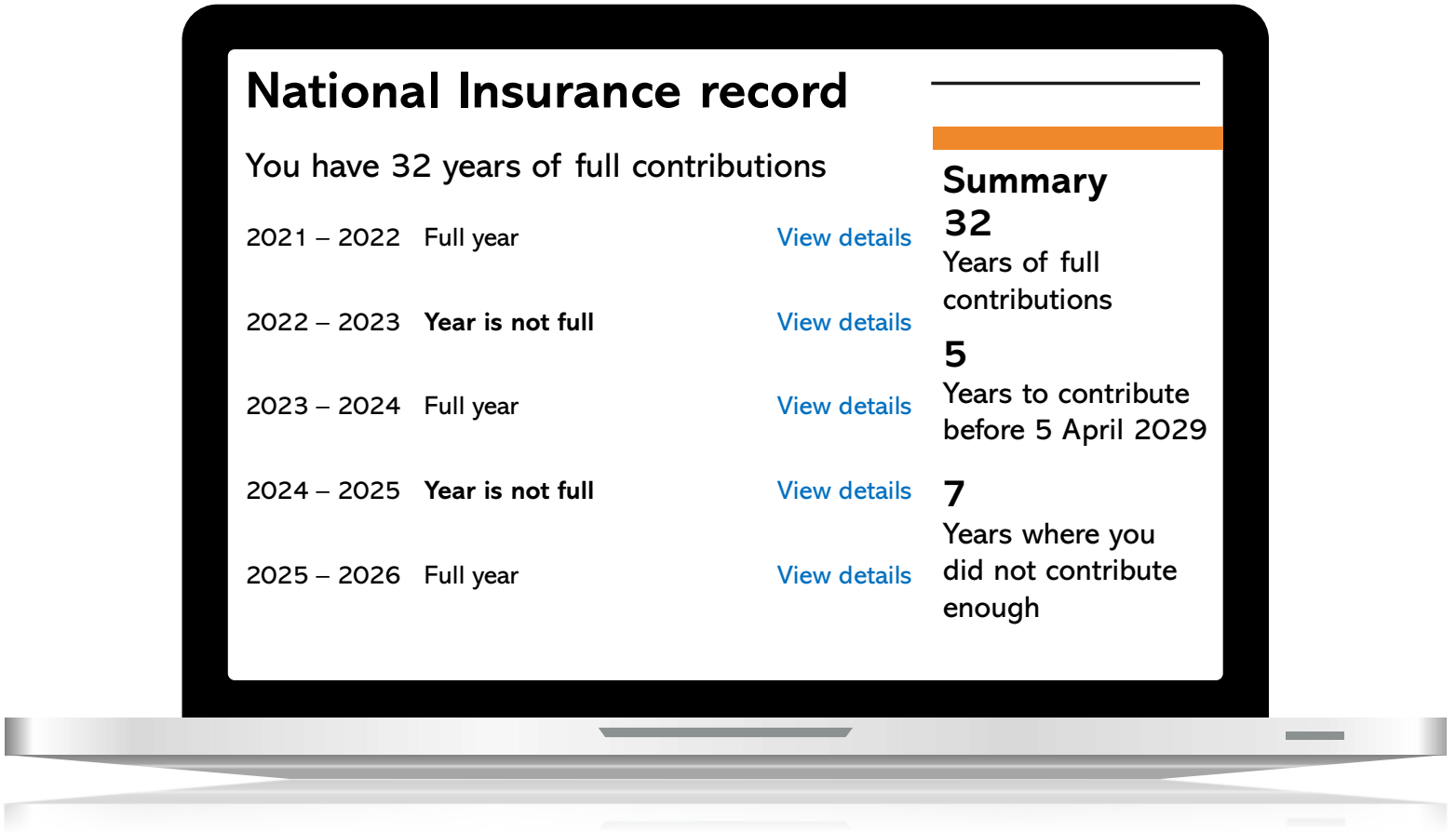
State pension forecast



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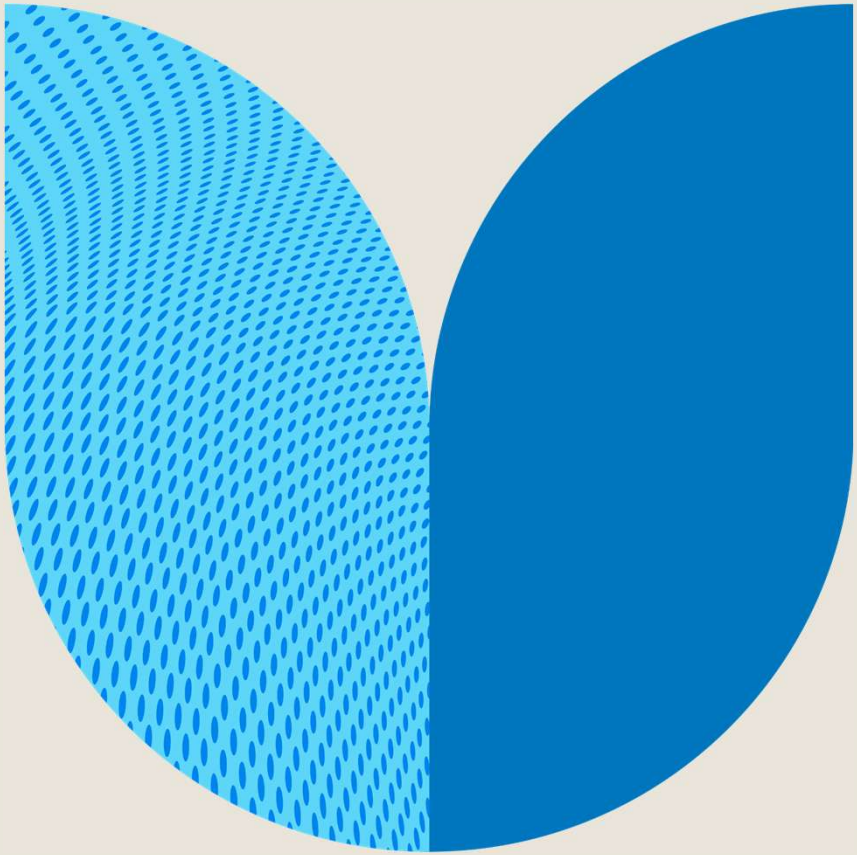
Understanding your workplace pension



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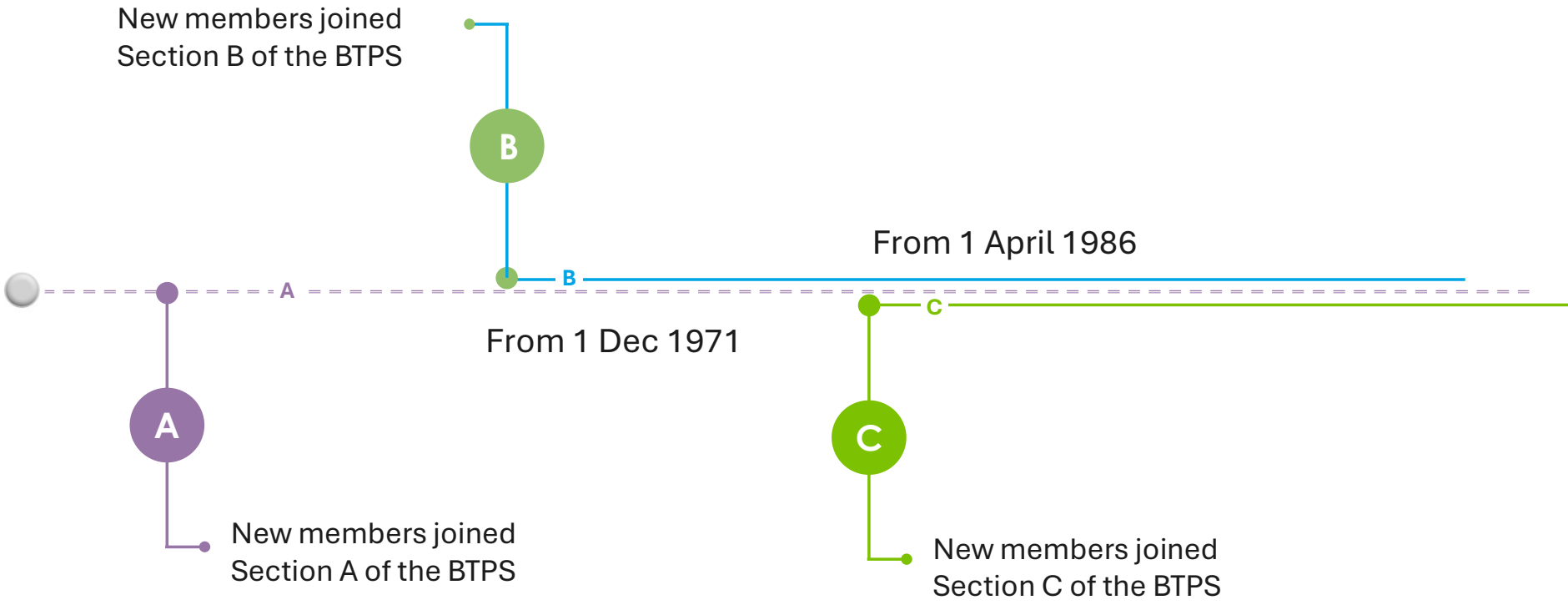
Your Pension Savings – A Timeline



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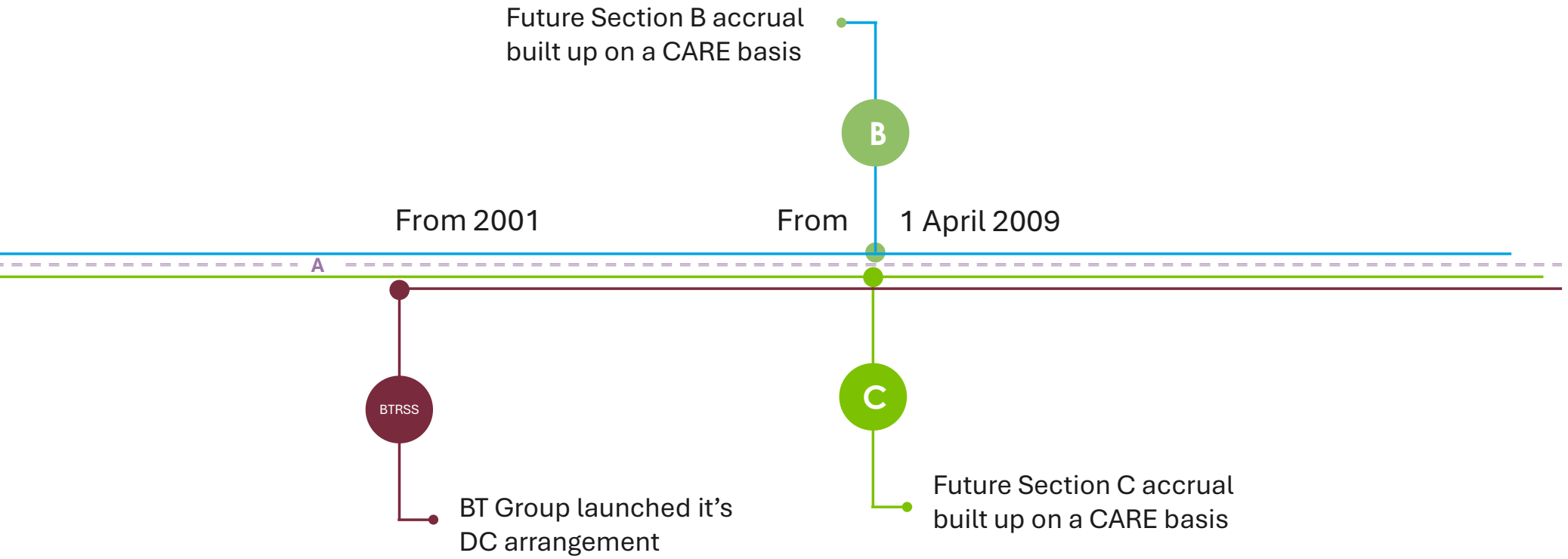
Your Pension Savings – A Timeline



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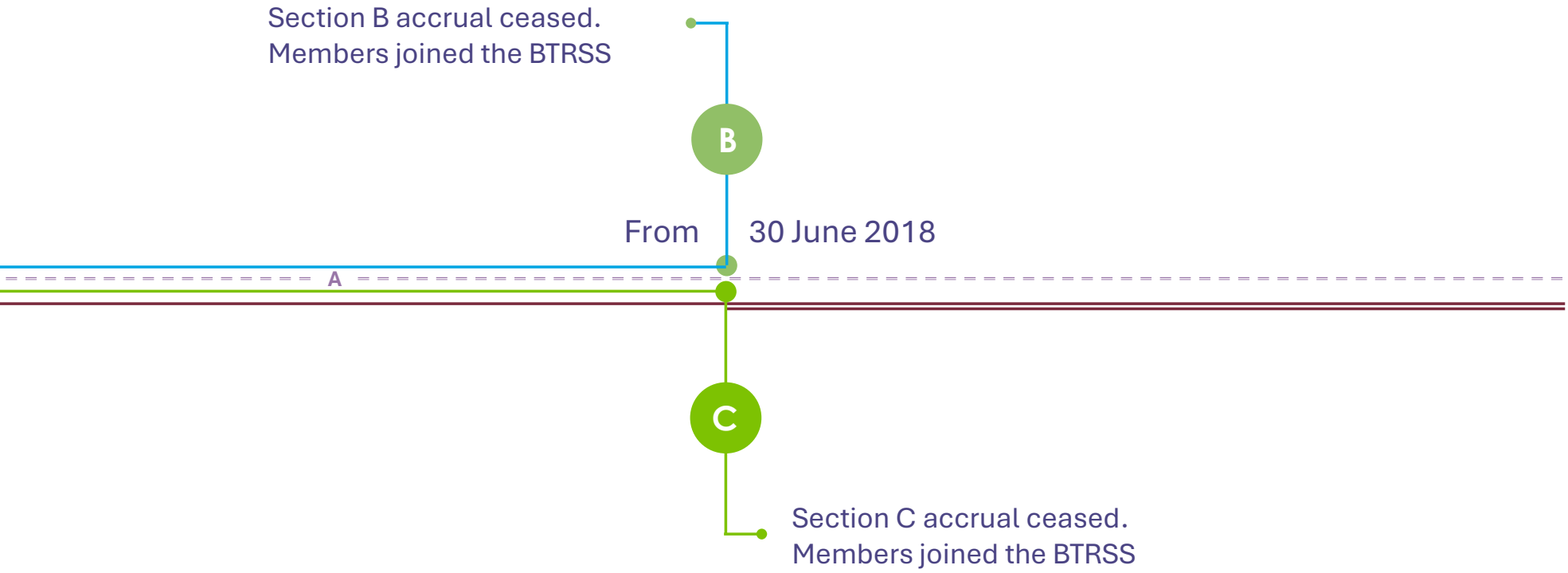
Your Pension Savings – A Timeline



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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

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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

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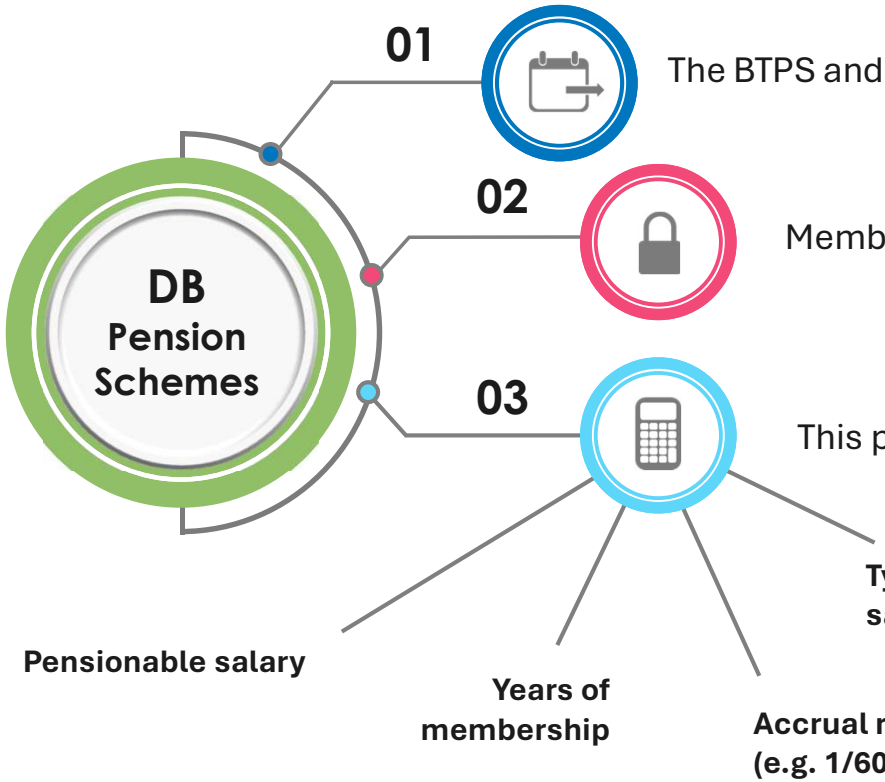
Defined benefit schemes



The BTPS and BTHS are examples of DB scheme

Members build up the right to an income and may have built up a lump sum*

This pension income is normally based on:

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

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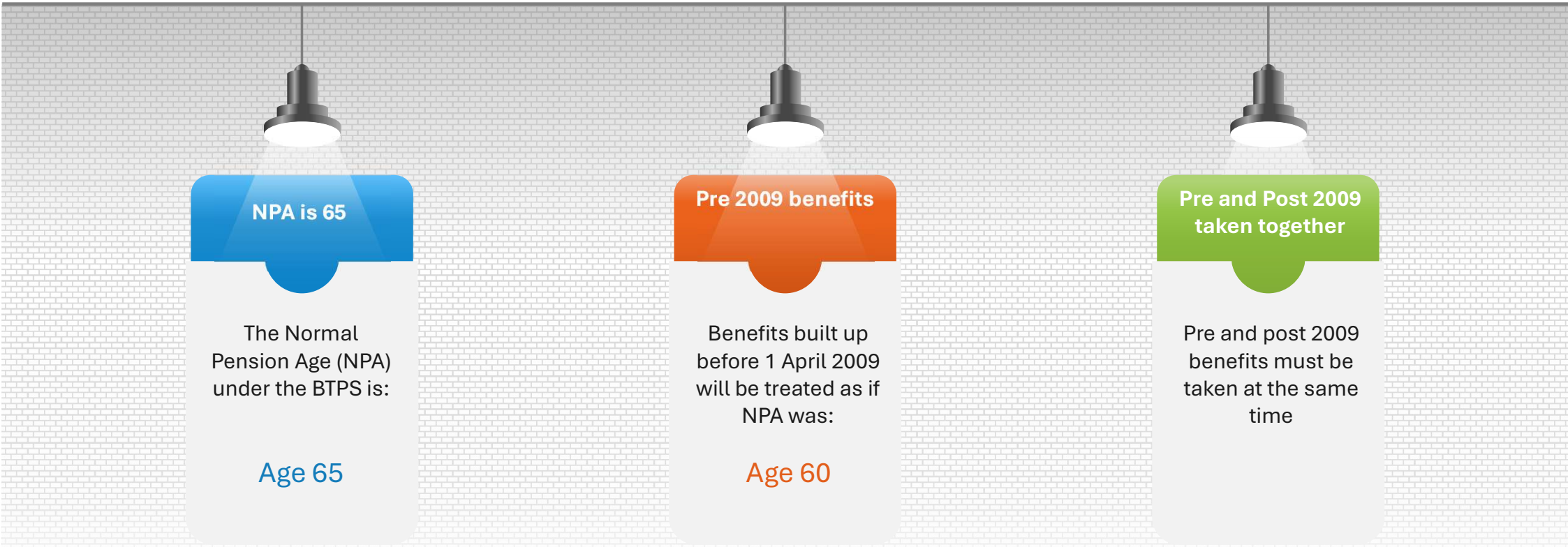
When you can receive your BTPS



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

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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

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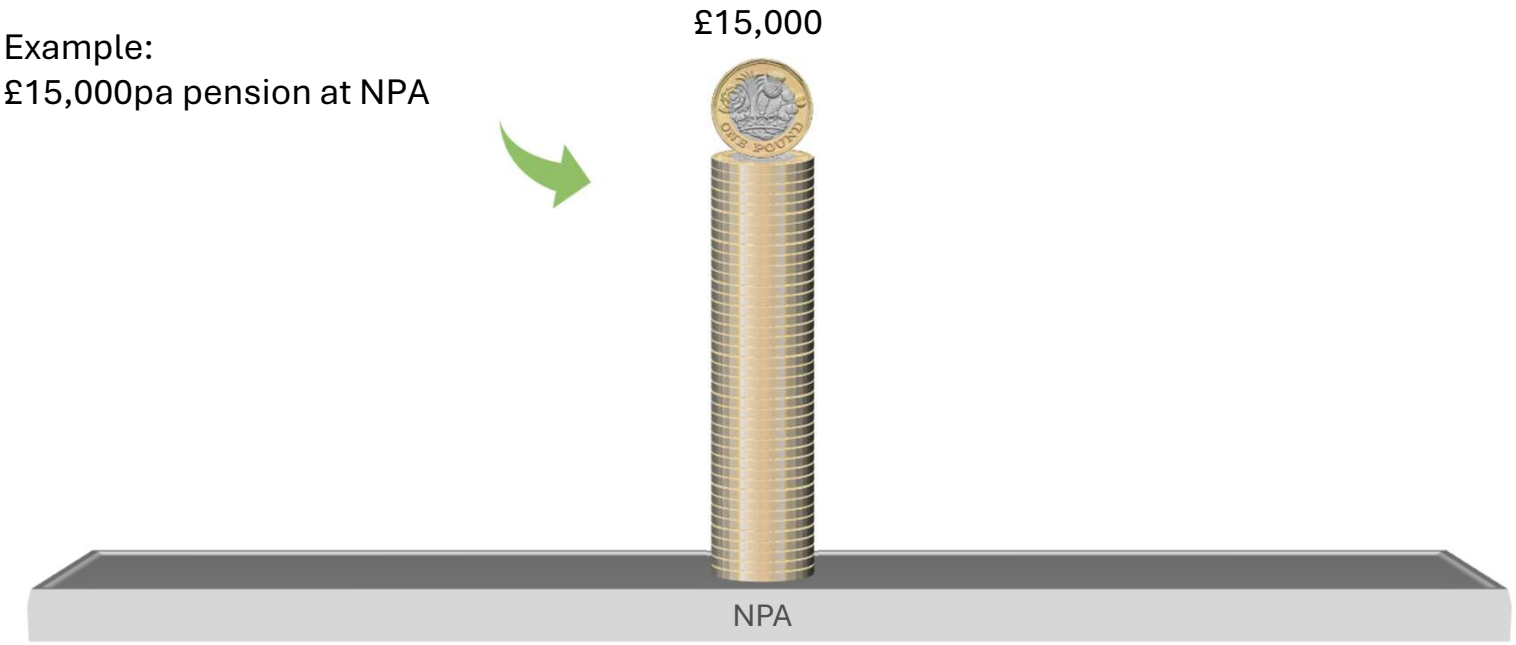
Defined benefit schemes

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

Example:
£15,000pa pension at NPA



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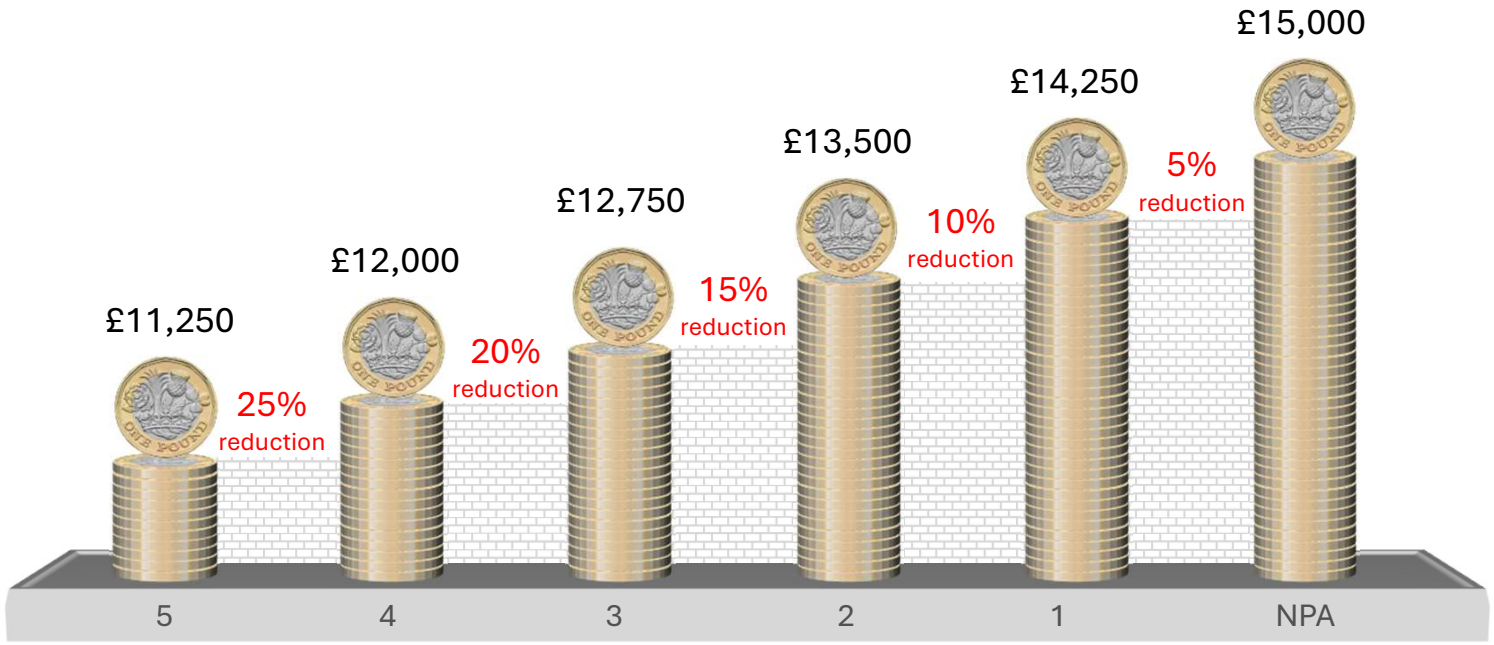
Defined benefit schemes

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



Years before NPA

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

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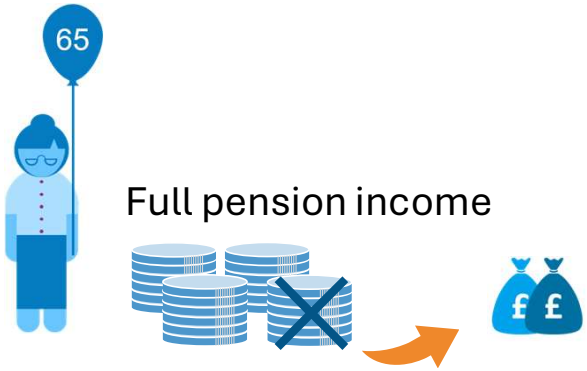
Defined benefit schemes



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

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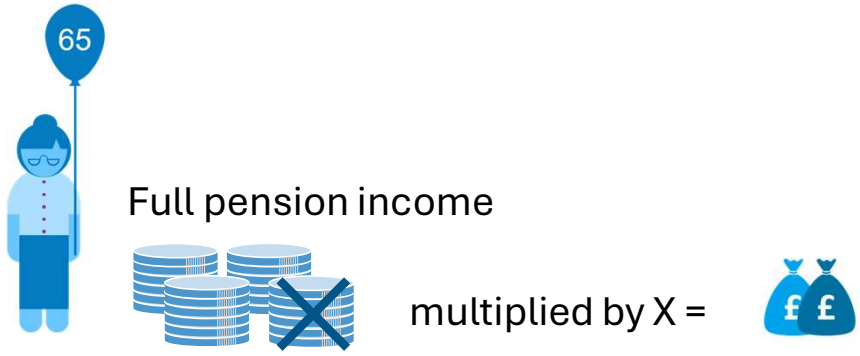
Defined benefit schemes



- 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

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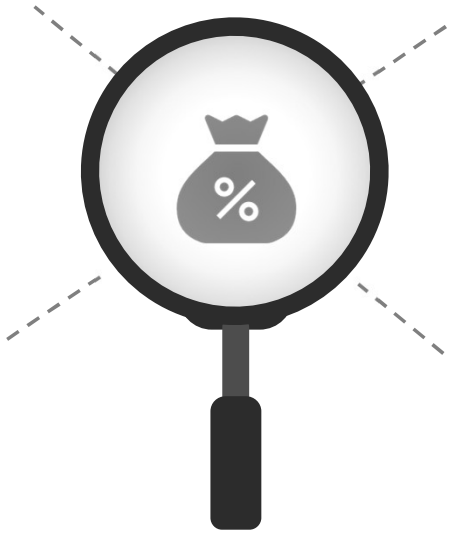
Receiving tax free cash

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



Check your Plan

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

AVCs

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

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.

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How much tax-free cash?

Have a clear plan for how much you need:

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Defined contribution (DC) schemes

Employer and employees contribute (tax-free*)

pension input

Any investment growth is tax-free

You can access your pension from age 55**

Receive up to 25% tax-free

Receive a taxable lump sum or generate a taxable income with remaining pot

*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.

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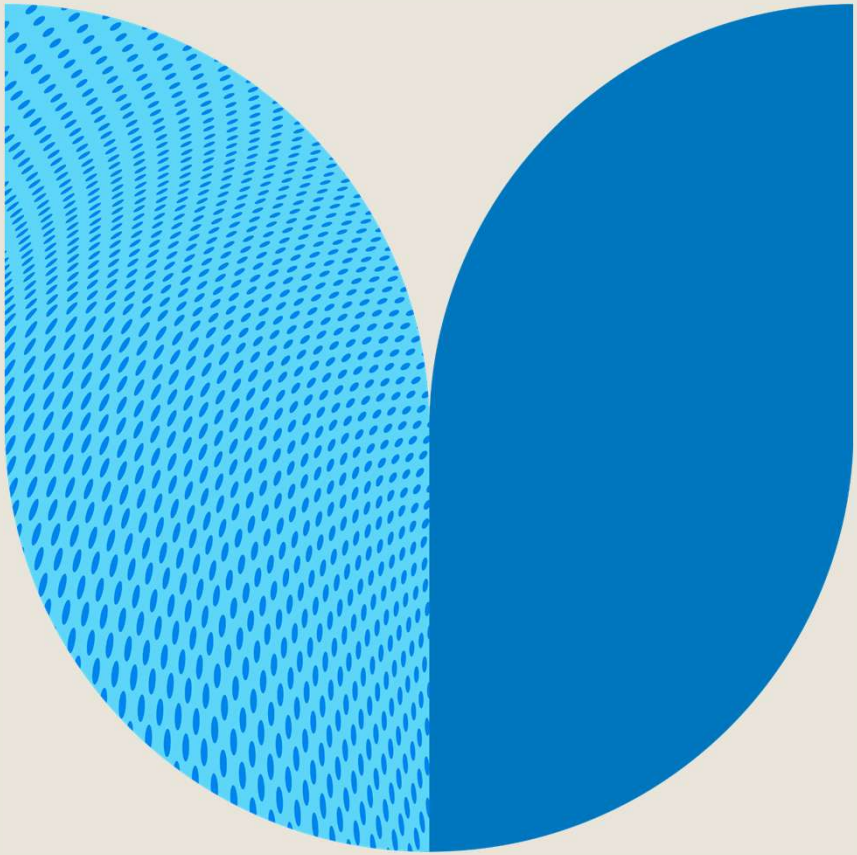
Maximising your workplace pension contributions



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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

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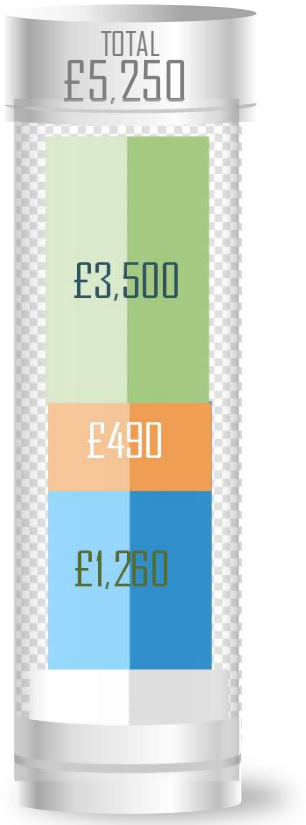
How contributions may add up

- 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%)



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

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How contributions may add up

- Annual Salary £35,000 (salary sacrifice member)
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- Tax Saving = 21%
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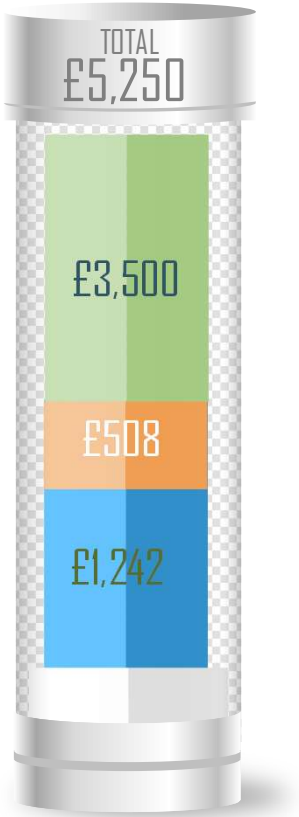
- Personal Cost = £1,242
- BT Group Contribution = £3,500pa (10%)

BT Group contribution (10%)

Tax & NI savings

Employee contribution (5%)



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

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How contributions may add up

Estimating the impact of increasing contributions on future retirement savings.

Pensionable salary: £35,000 | Time to retirement: 10 years

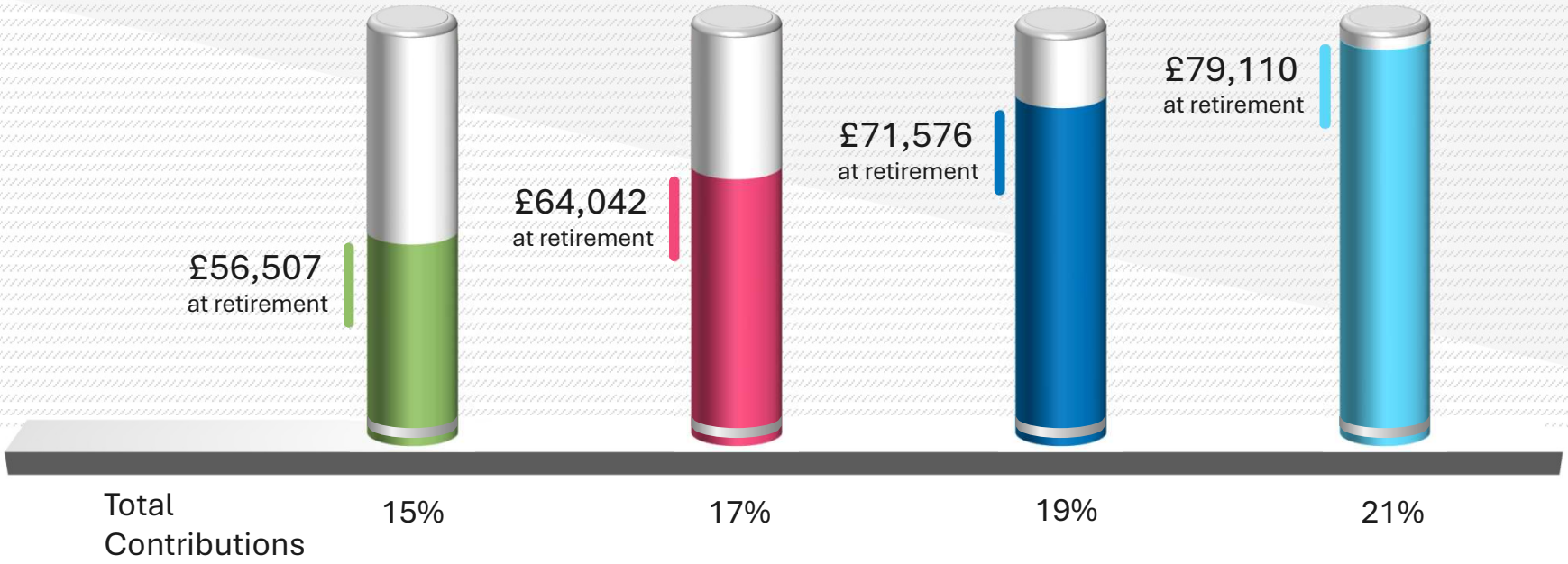

Figure excludes any existing pension savings

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

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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

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

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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

Jacob		Marcia
Keeps contributions unchanged		Increases contributions for 10 years
BT Group Contribution pa £3,500 (10%)		BT Group Contribution pa £3,500 (10%)
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

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

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Boosting your pension

Keeps contributions unchanged

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

Jacob

Marcia

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Boosting your pension

Keeps contributions unchanged

Pension pot in 10 years

£150,312

remaining

£112,734

taxable

up to

£37,578

tax free

Jacob

Pension pot in 10 years

£168,979

Increases contributions for 10 years

remaining

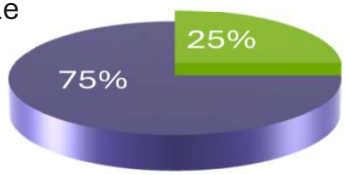
£126,734

taxable

up to

£42,245

tax free



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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		Increases contributions for 10 years
	BT Group Contribution pa £3,500 (10%)	BT Group Contribution pa £3,500 (10%)
	Member contribution pa £1,750 (5%)	Member contribution pa £3,500 (10%)
	Net monthly pay £2,289	Net monthly pay £2,185
	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% pension charges and 5% annual growth

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Boosting your pension

Keeps contributions unchanged

Jacob

Net monthly pay

£2,289

Net monthly pay

£2,185

Increases contributions for 10 years

£104

per month cost

Pension pot in 10 years

£150,312

Pension pot in 10 years

£168,979

£18,667

difference

Marcia

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Boosting your pension

Keeps contributions unchanged

Pension pot in 10 years

£150,312

remaining

£112,734

taxable

up to

£37,578

tax free

Jacob

Pension pot in 10 years

£168,979

Increases contributions for 10 years

remaining

£126,734

taxable

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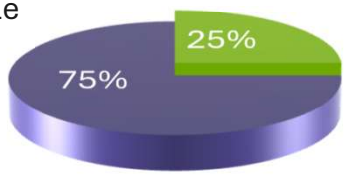
£42,245

tax free



Marcia

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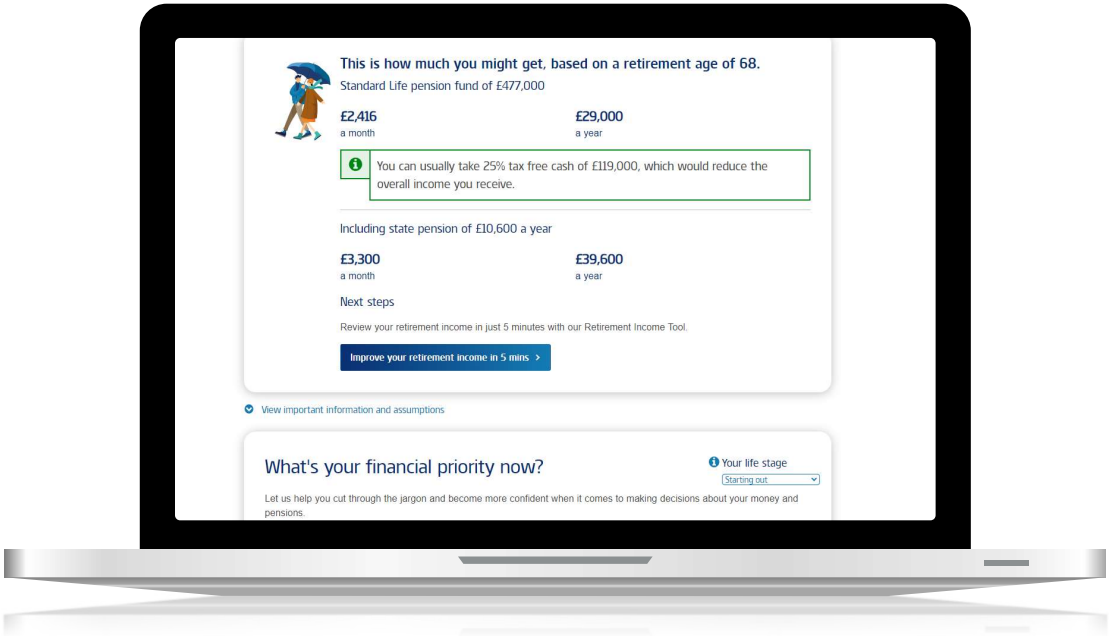
Pension calculator

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)

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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

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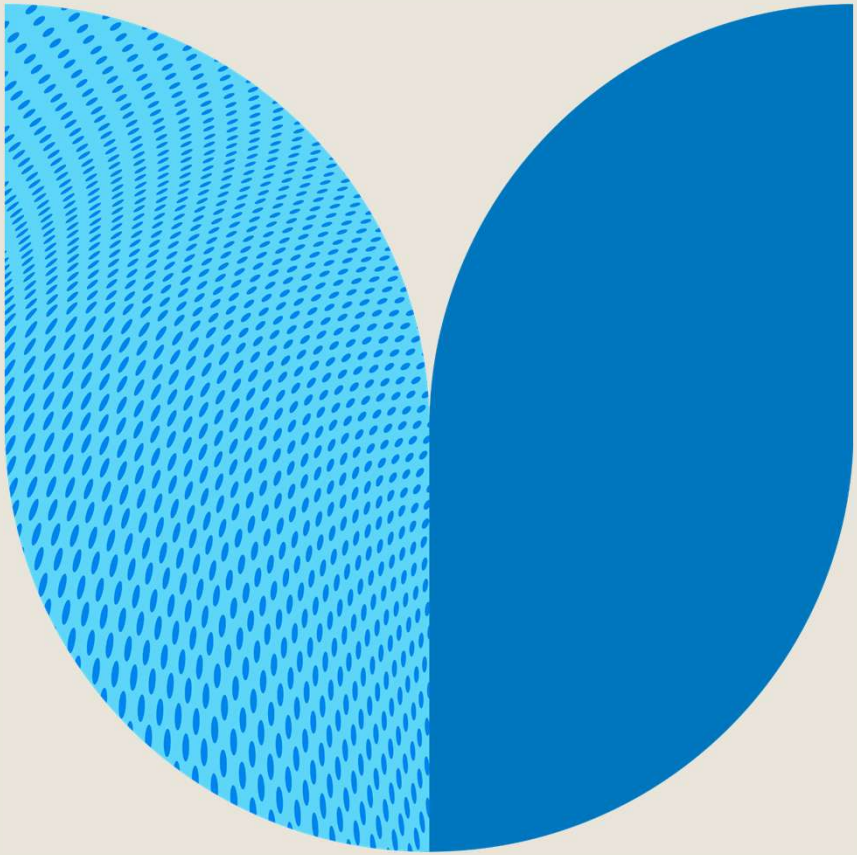
Investing your DC pension



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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

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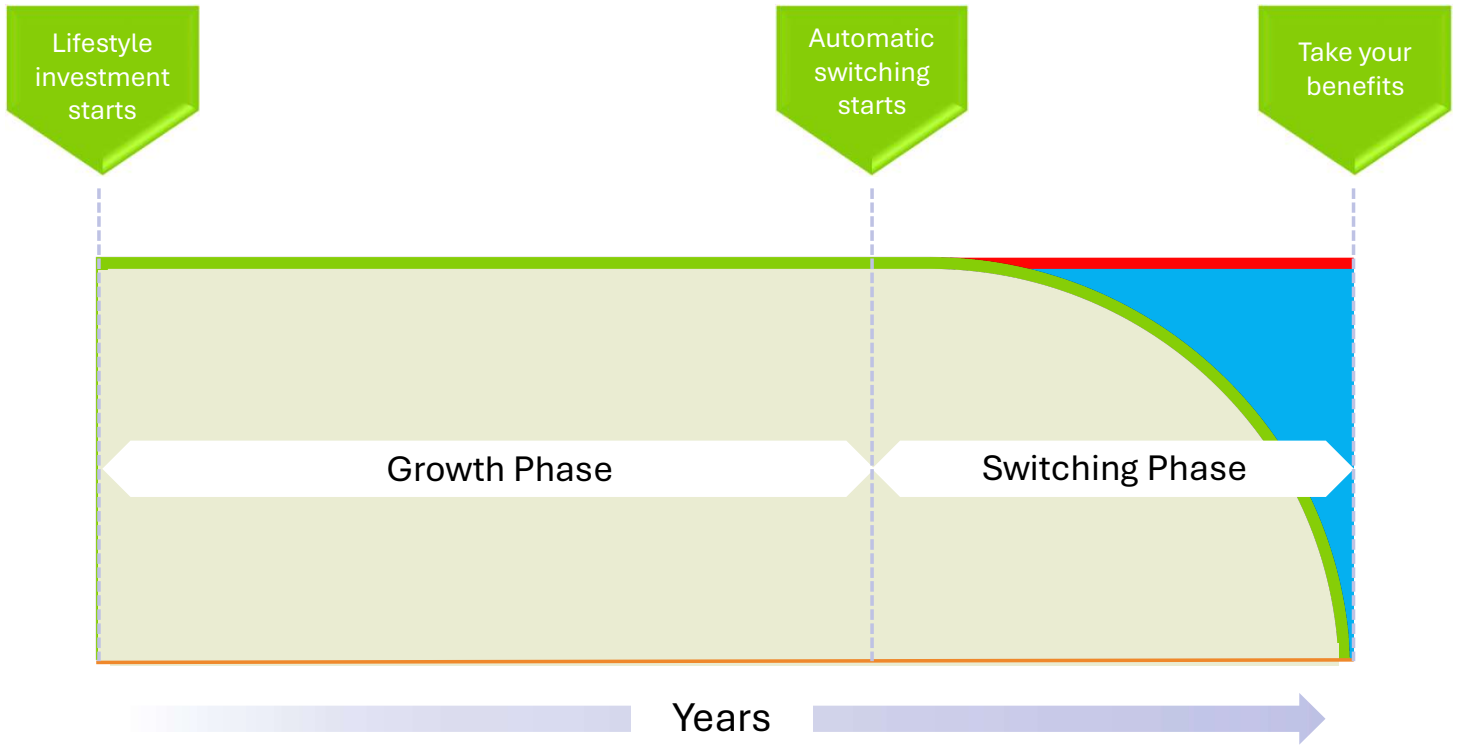
Lifestyle funds



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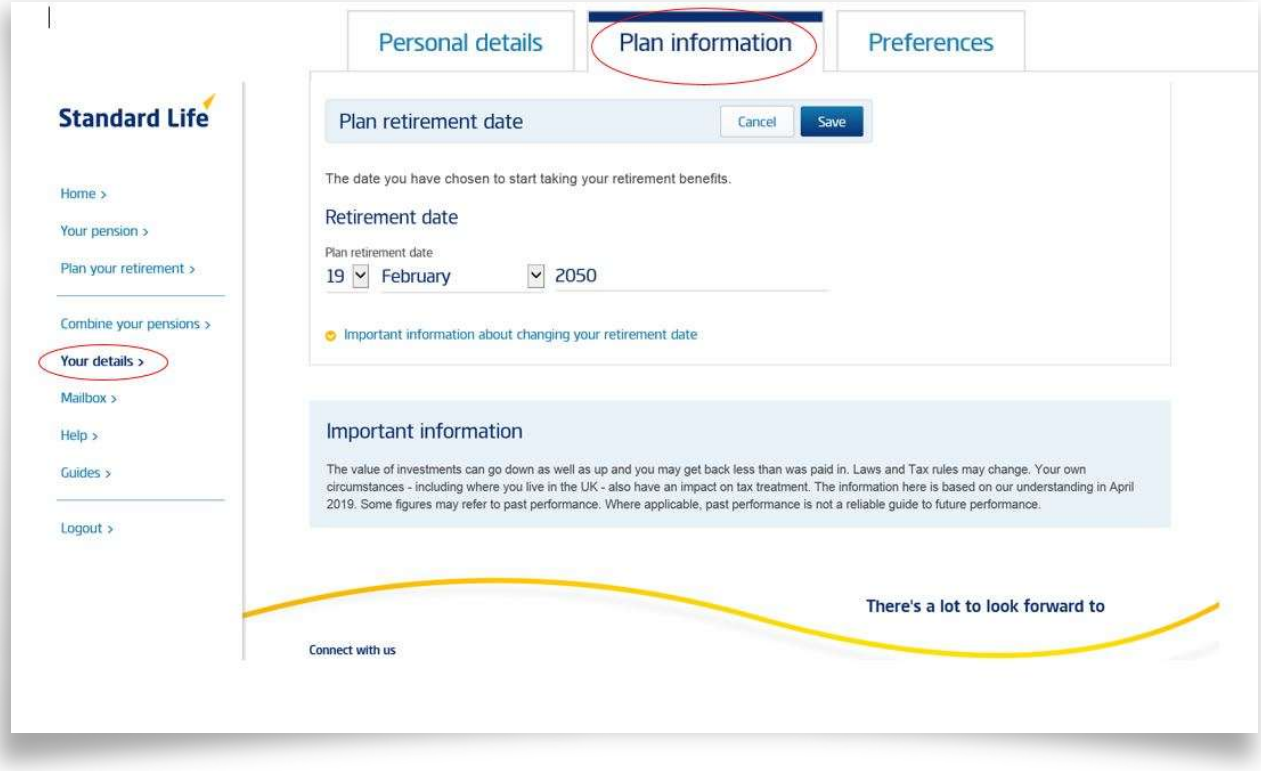
Your selected retirement date



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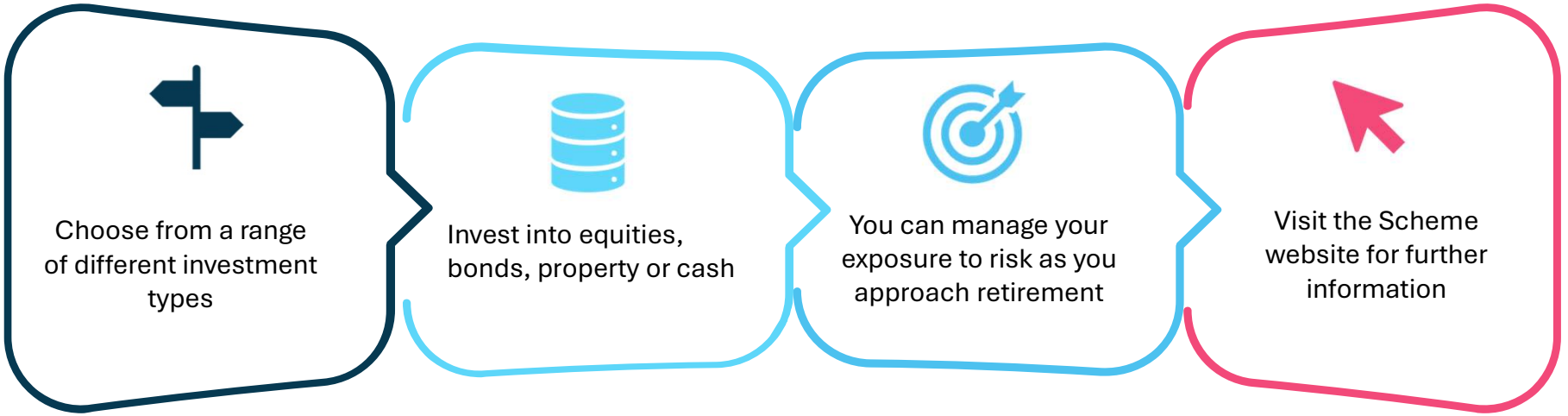
Self-select funds



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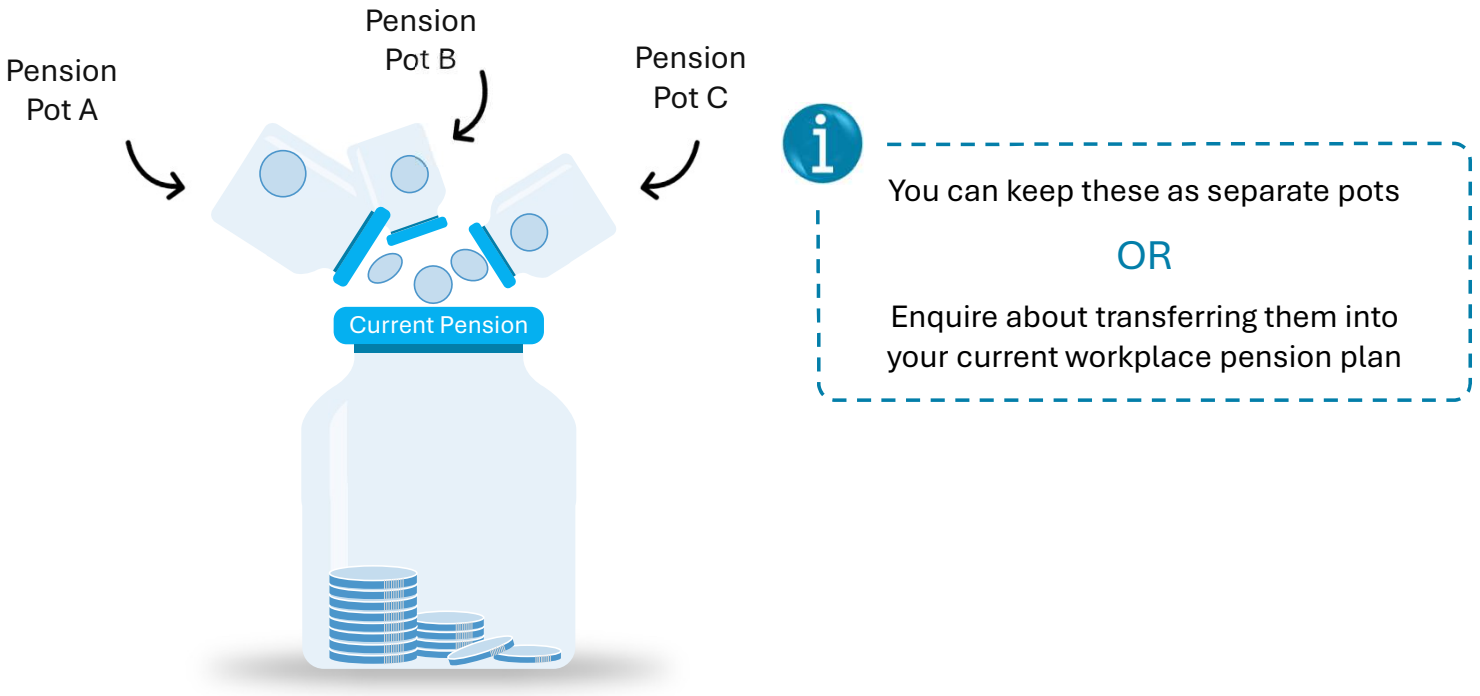
Pension consolidation

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



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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

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Transferring from DB to DC

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

FCA

FCA require adviser firms to start from the position that a transfer will not be suitable

£30,000

Regulated advice must be received before transferring benefits over £30,000

IRREVERSIBLE

A transfer is usually irreversible

ADVANTAGES & DISADVANTAGES

You should consider the advantages and disadvantages of a transfer before deciding whether or not to take advice

RISK

Certainty is replaced with risk

COST

The cost of advice must be disclosed at the outset

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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

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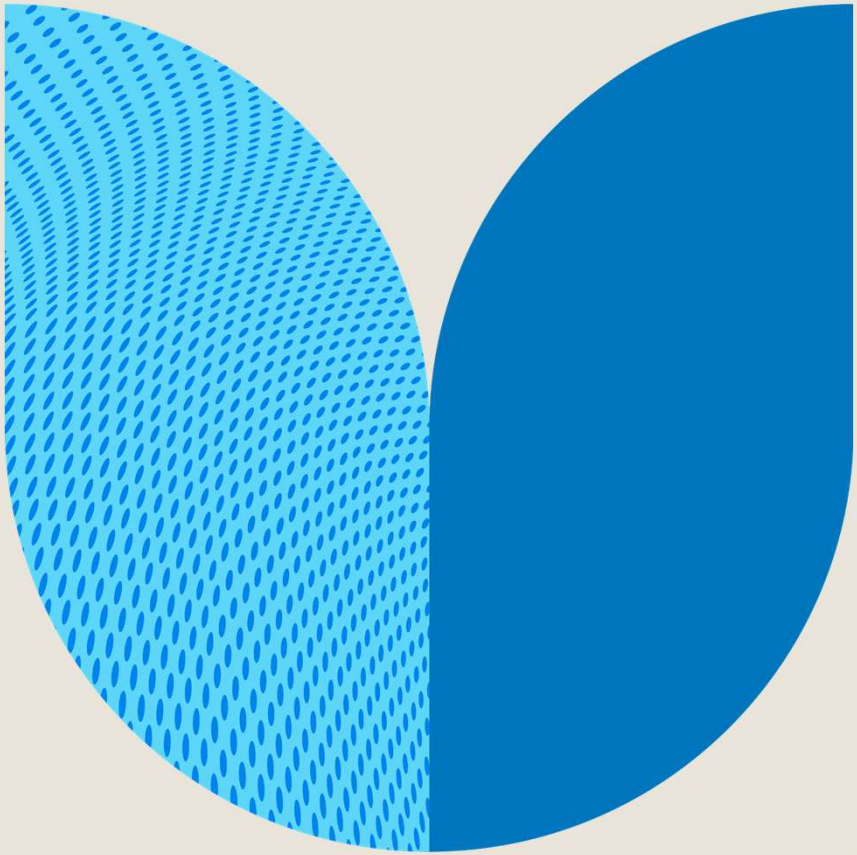
Generating a retirement income



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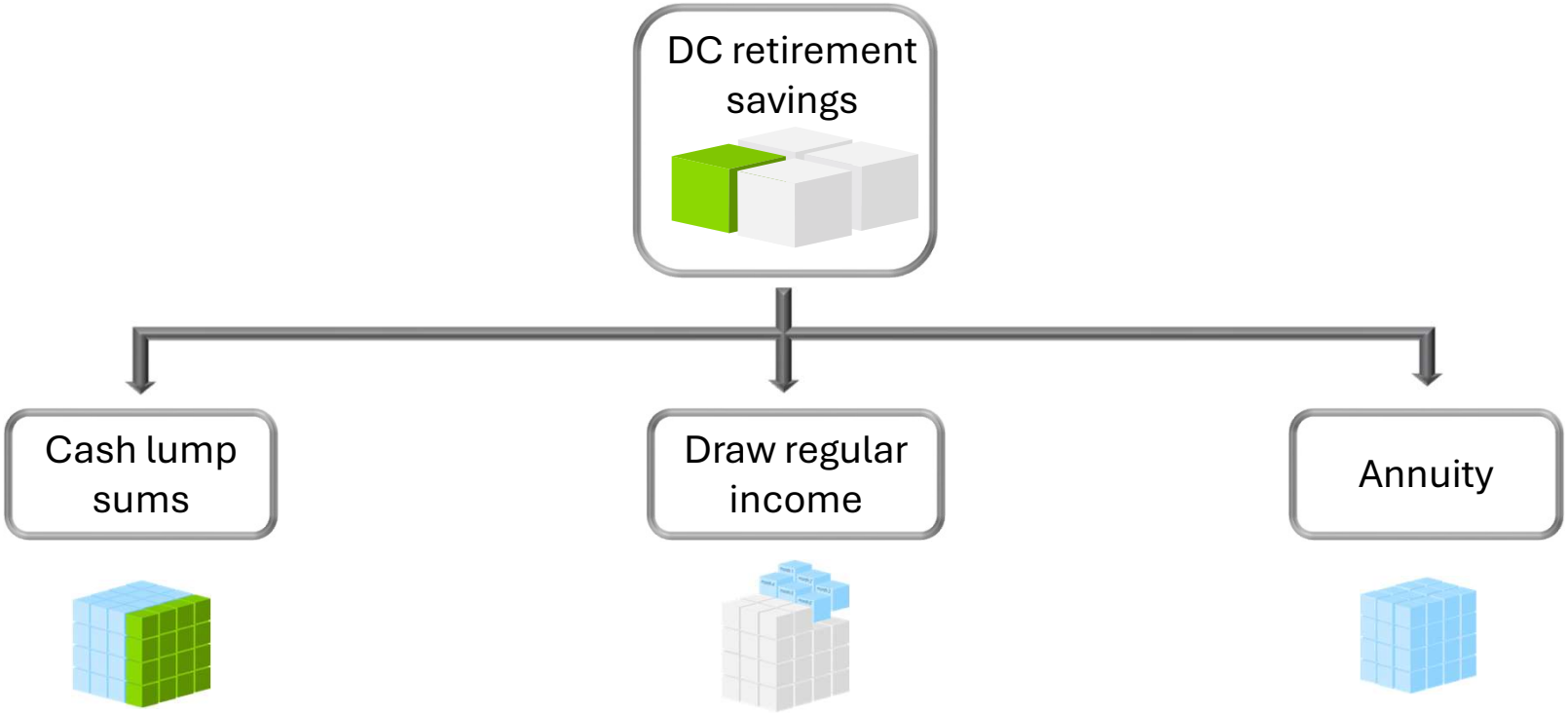
Defined contribution income options



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

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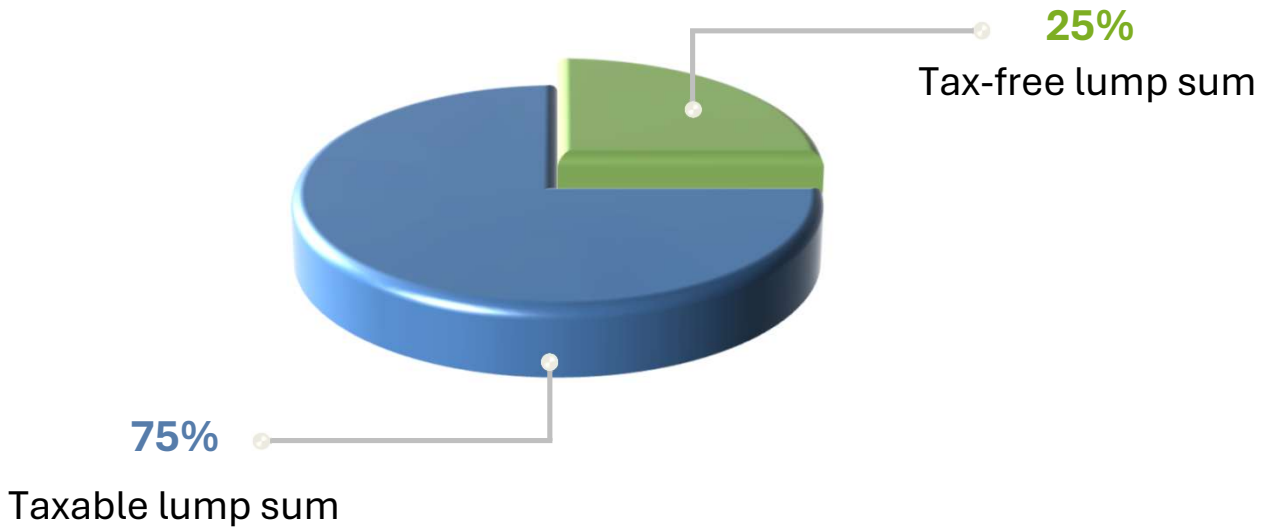
Cash lump sum



- 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

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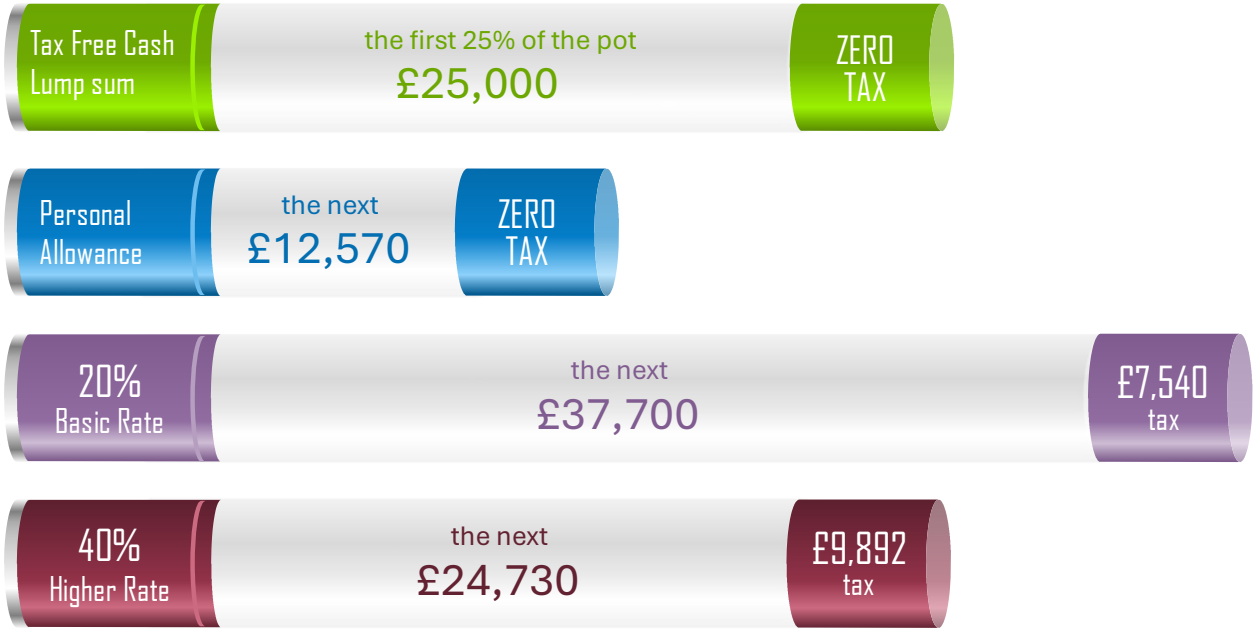
Receiving a cash lump sum

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.

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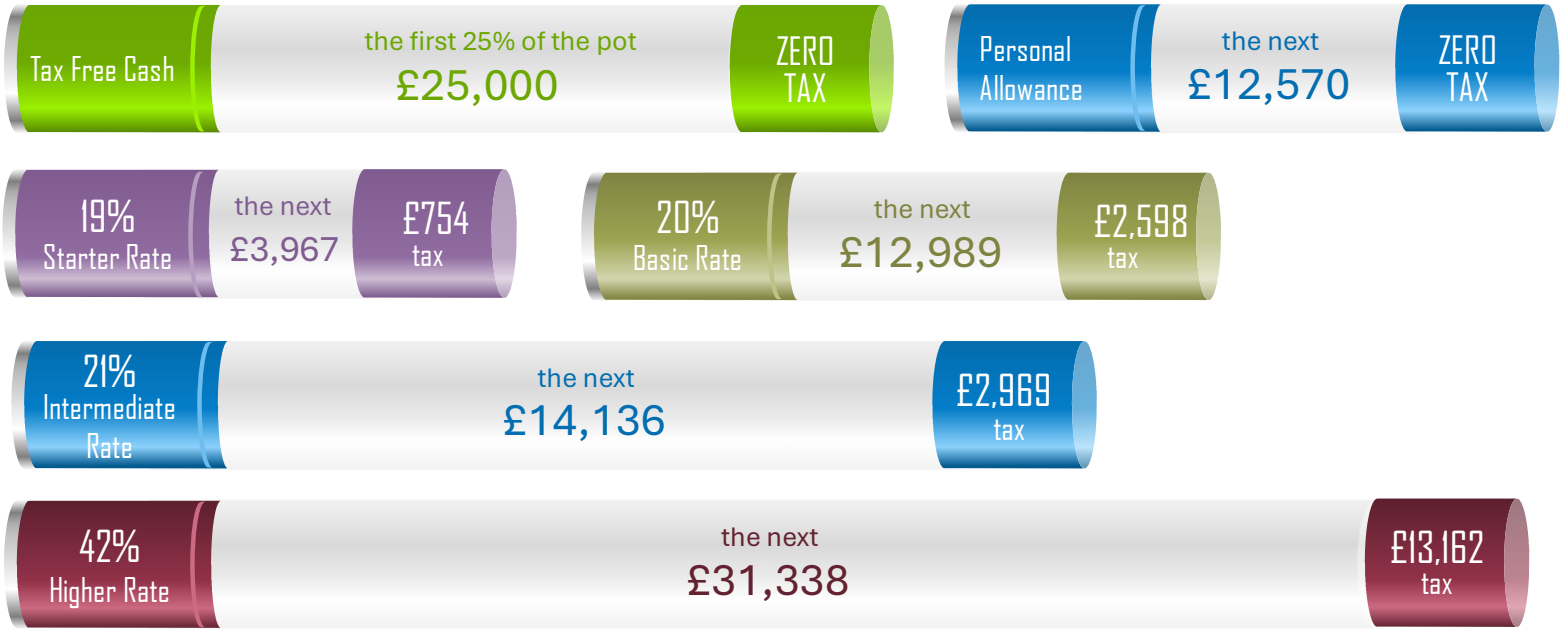
Receiving A Cash Lump Sum



Total tax charge of £19,482

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

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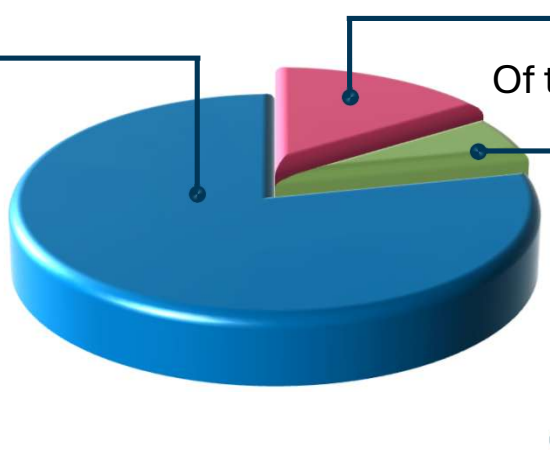
Phased cash lump sums

Invested

Remaining amount is invested and can be drawn in the future



75%

Of this withdrawal is taxable

25%

Of this withdrawal is tax-free

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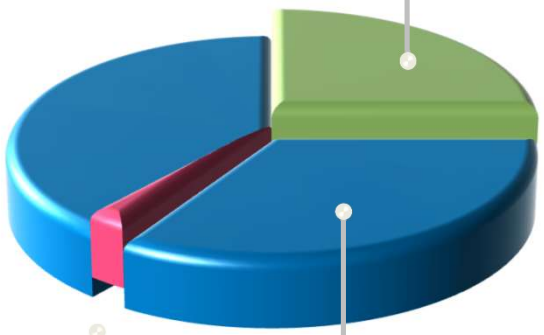
Flexi access drawdown



Up to 25%

Tax-free cash or opt to receive tax-free cash gradually

Invested

Remaining amount is invested and can be drawn in the future as a taxable ‘income’

Flexible

Make flexible withdrawals to create a taxable 'income’

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

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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

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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

Source: Money Helper – rates correct as at 23.01.2025

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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.

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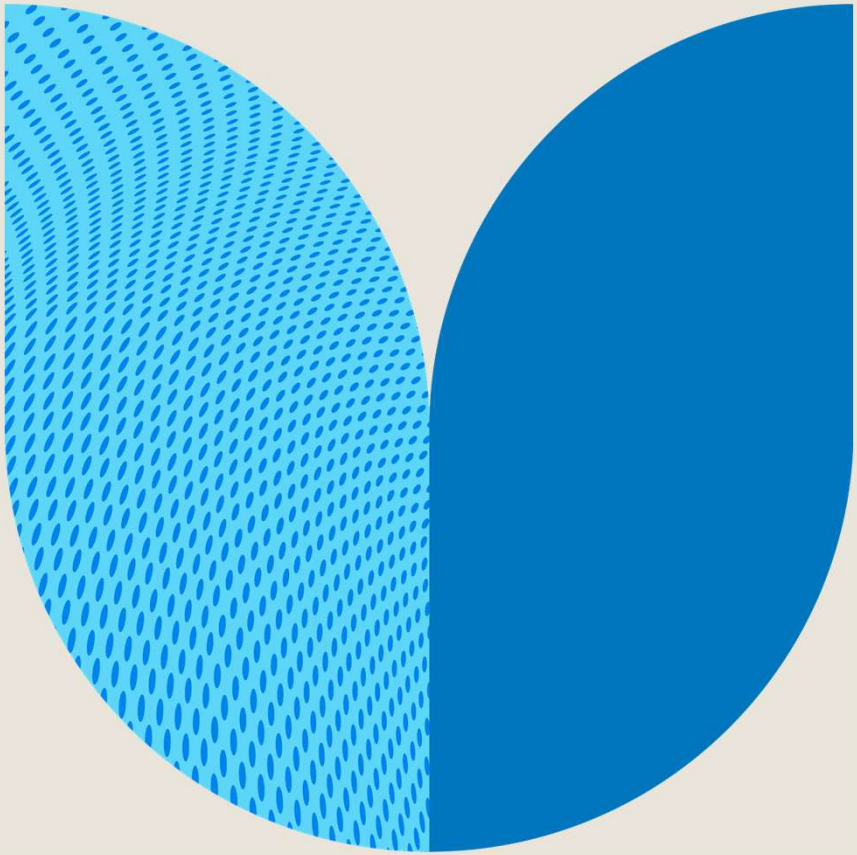
Bringing it all together



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Generating a retirement income

DB pension

£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

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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

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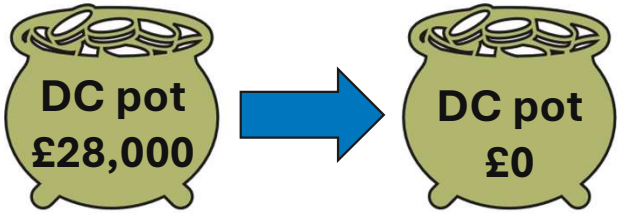
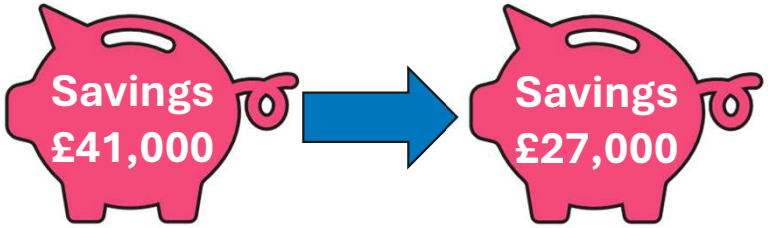
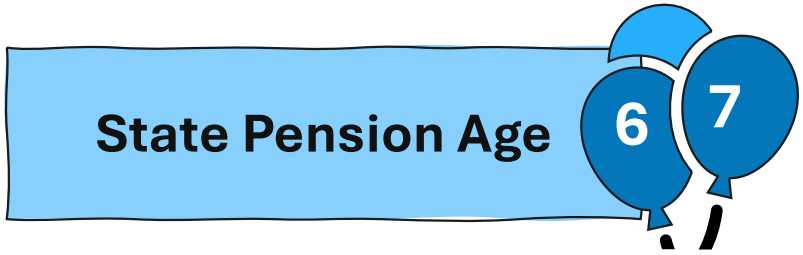
After seven years...



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

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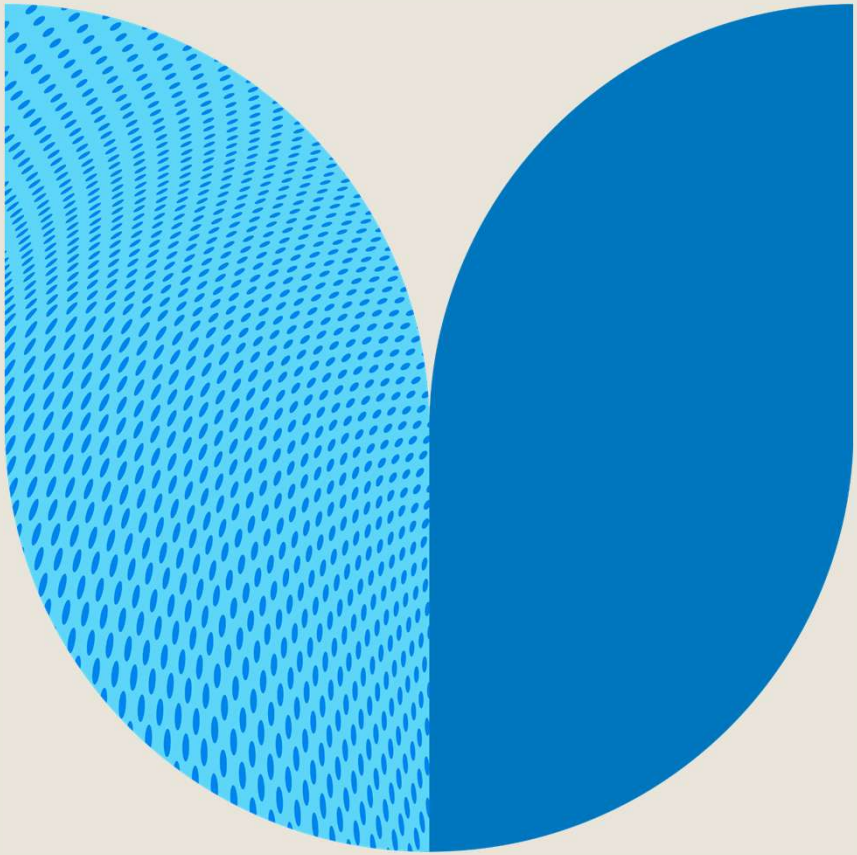
Inflation in retirement



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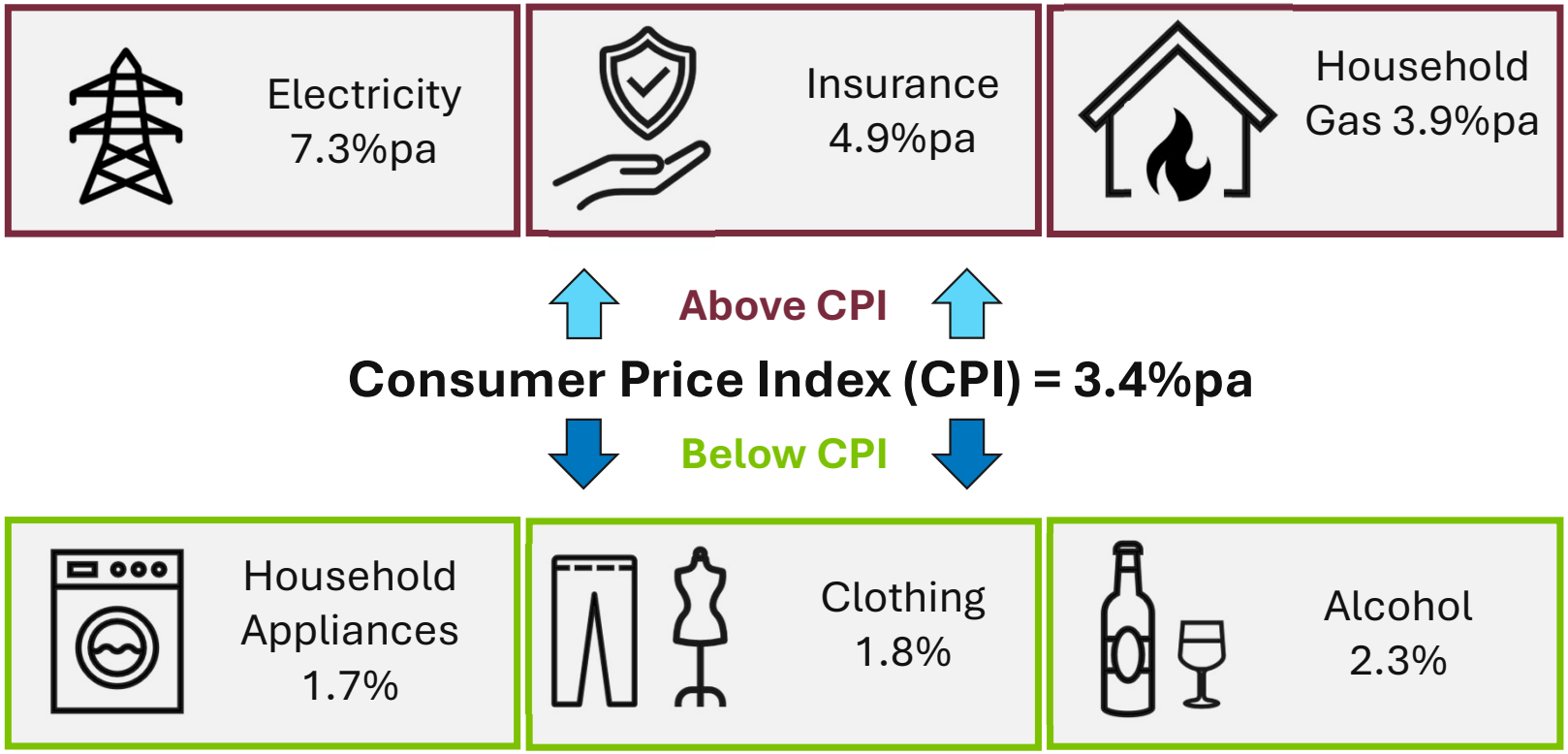
Inflation: average over 10 years



Source: Office for National Statistics – January 2016 vs January 2026

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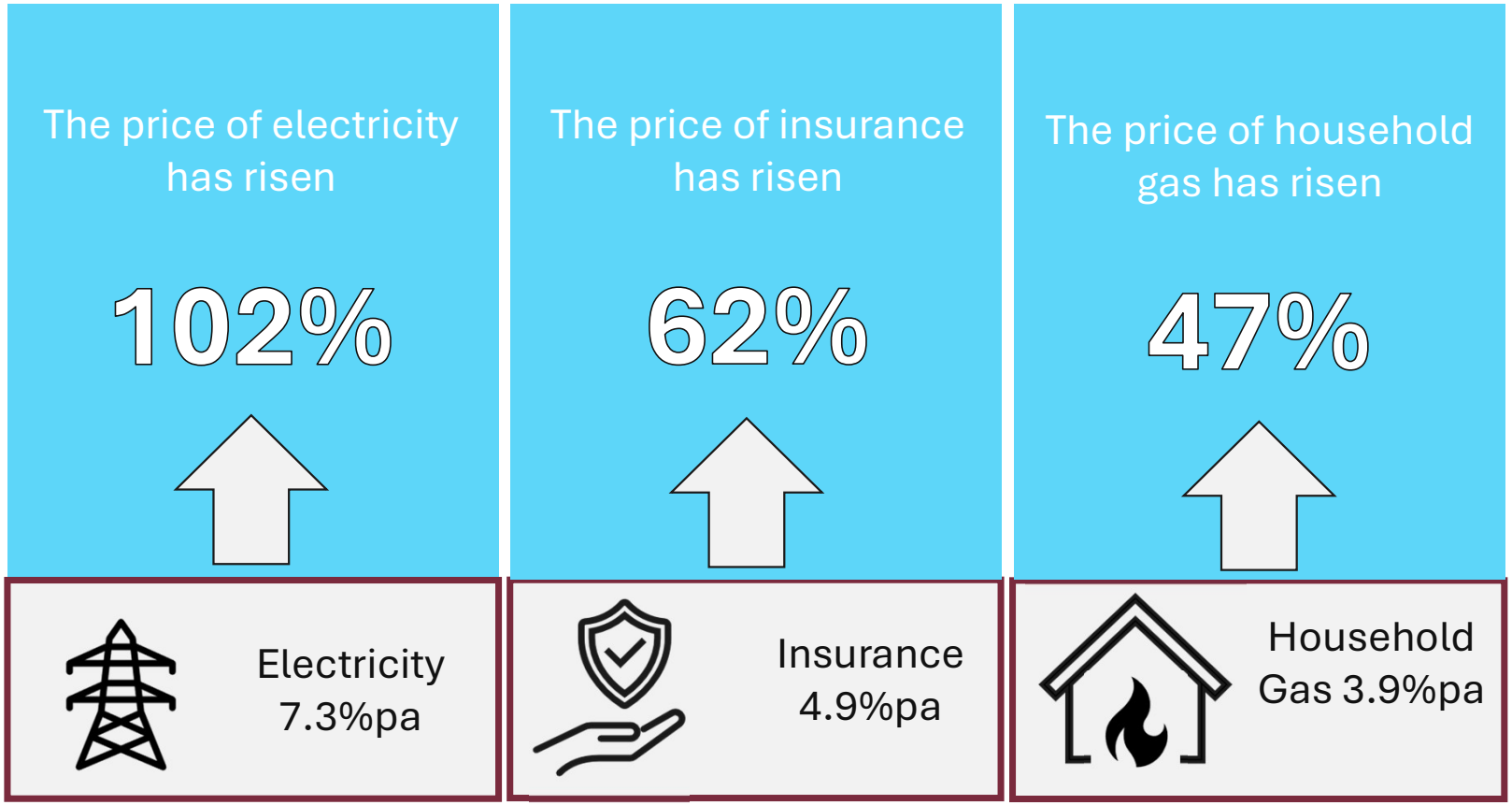
Inflation: over 10 years



Source: Office for National Statistics – January 2016 vs January 2026

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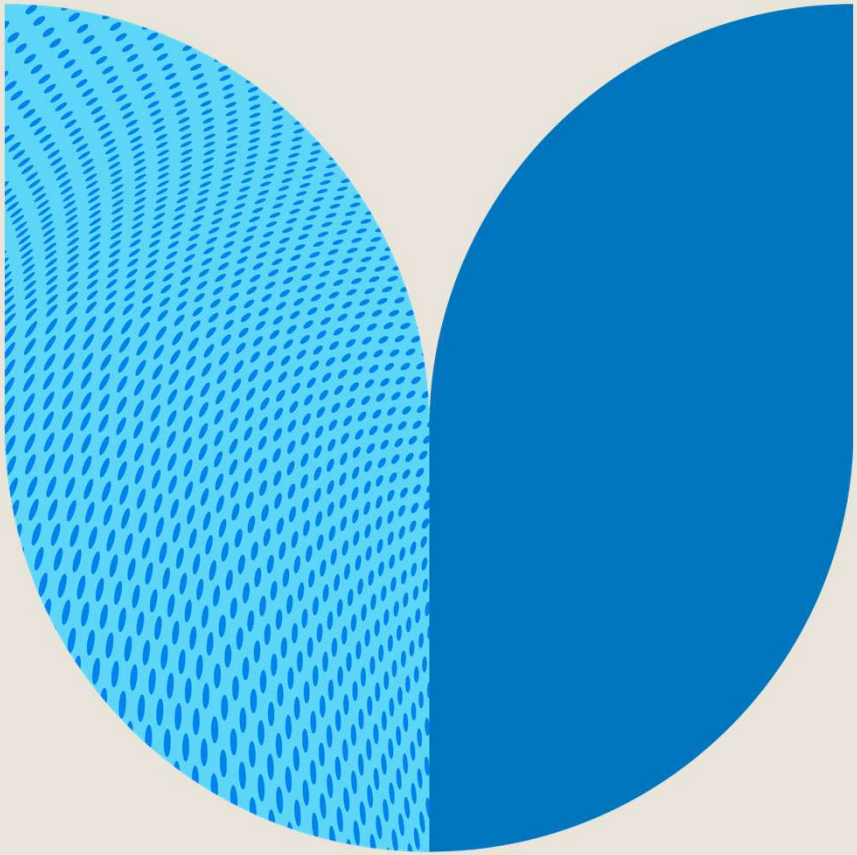
Other savings and investments



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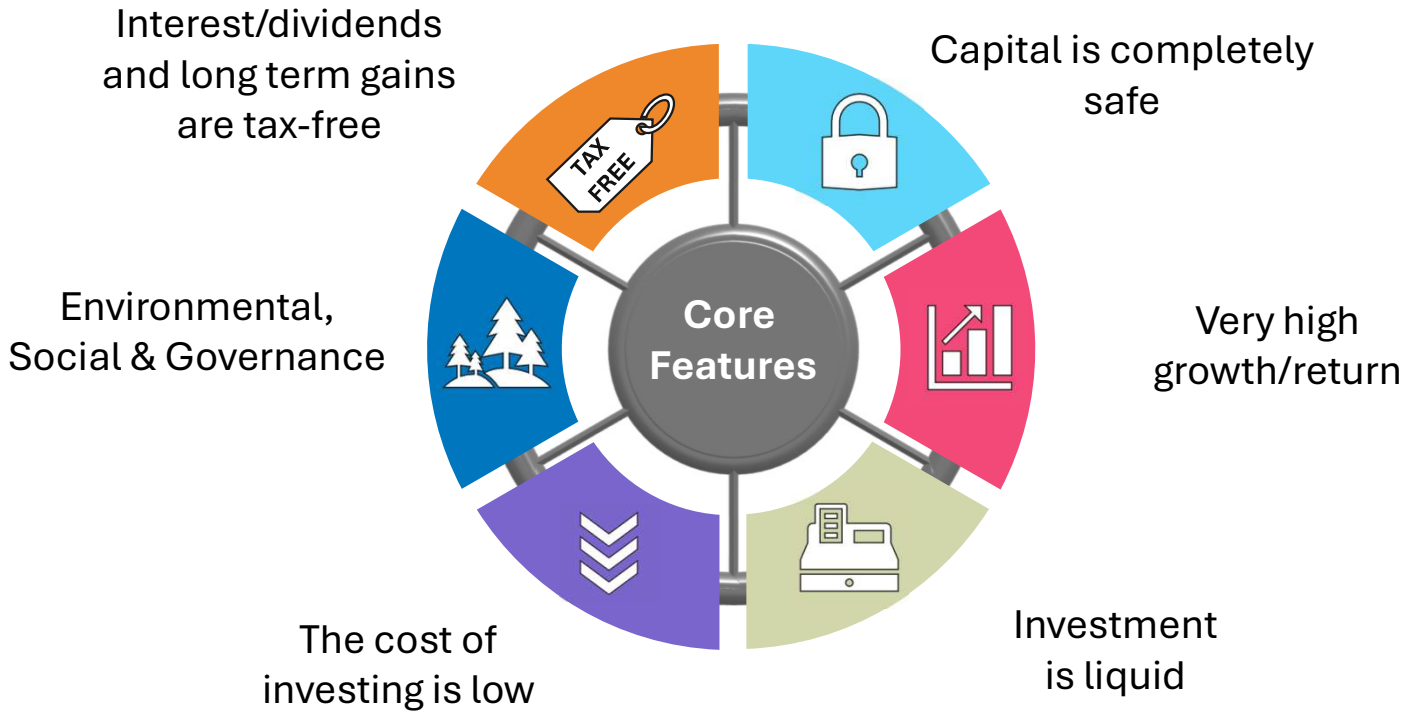
Investment principles



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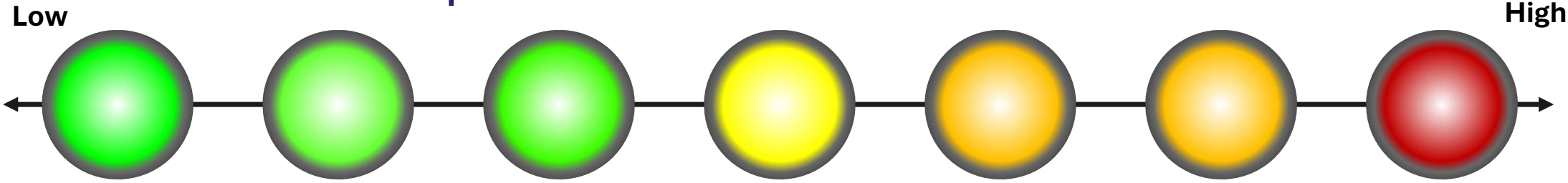
The relationship between risk and return



Bonds

Gilts

Shares

Cryptocurrency

Commodities

Property

Cash

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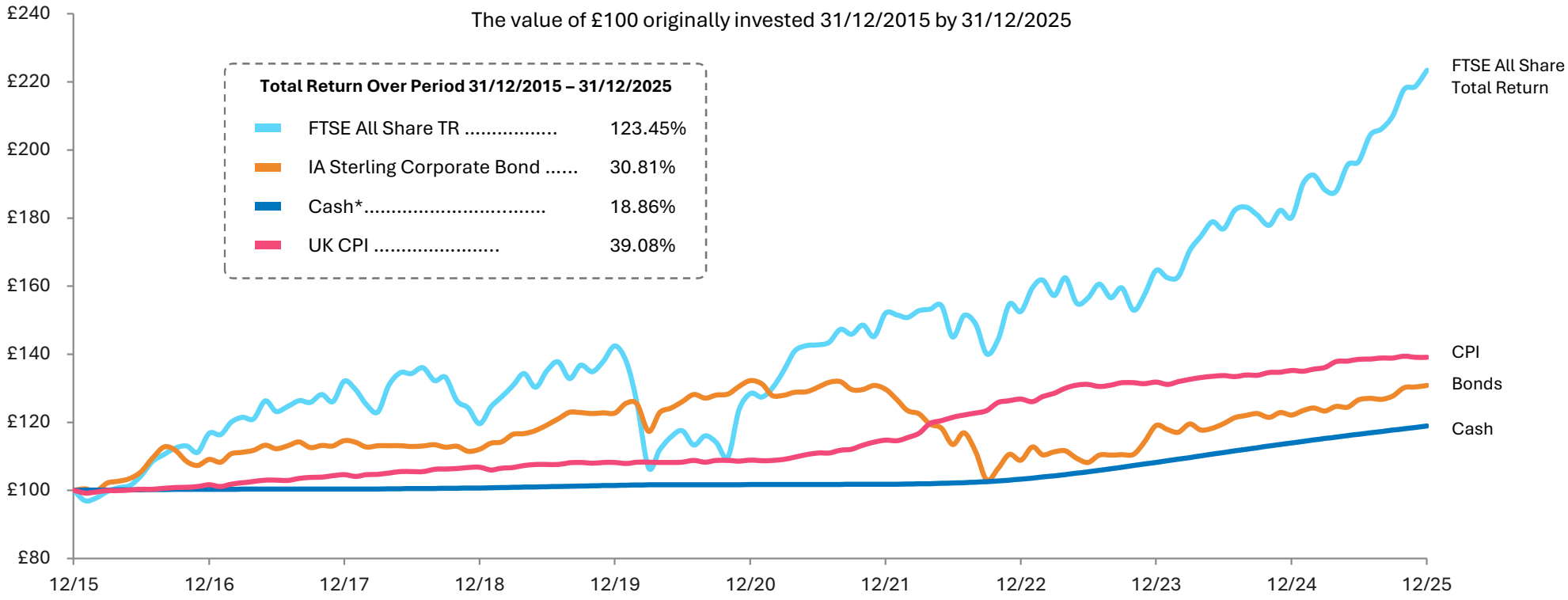
Risk and returns: the real world



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 31/12/2015 to 31/12/2018 and the UK Bank of England Base rate from 31/12/2018 to 31/12/2025.

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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.

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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.

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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.

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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

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

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

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.

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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

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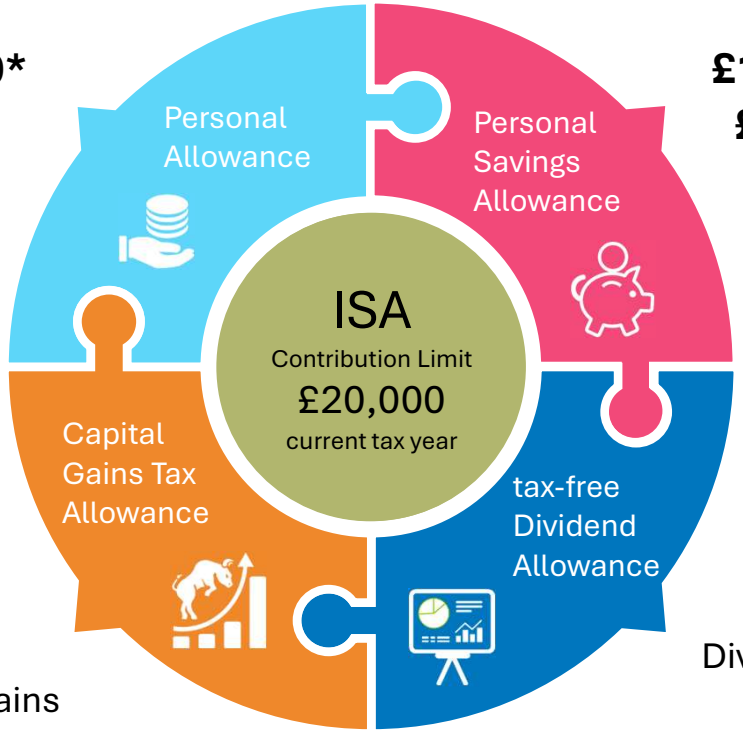
Tax allowances summary

£12,570*
Salary & pension income

£1,000 / £500**
Savings interest



£3,000
Realised Capital Gains

£500
Dividends

*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

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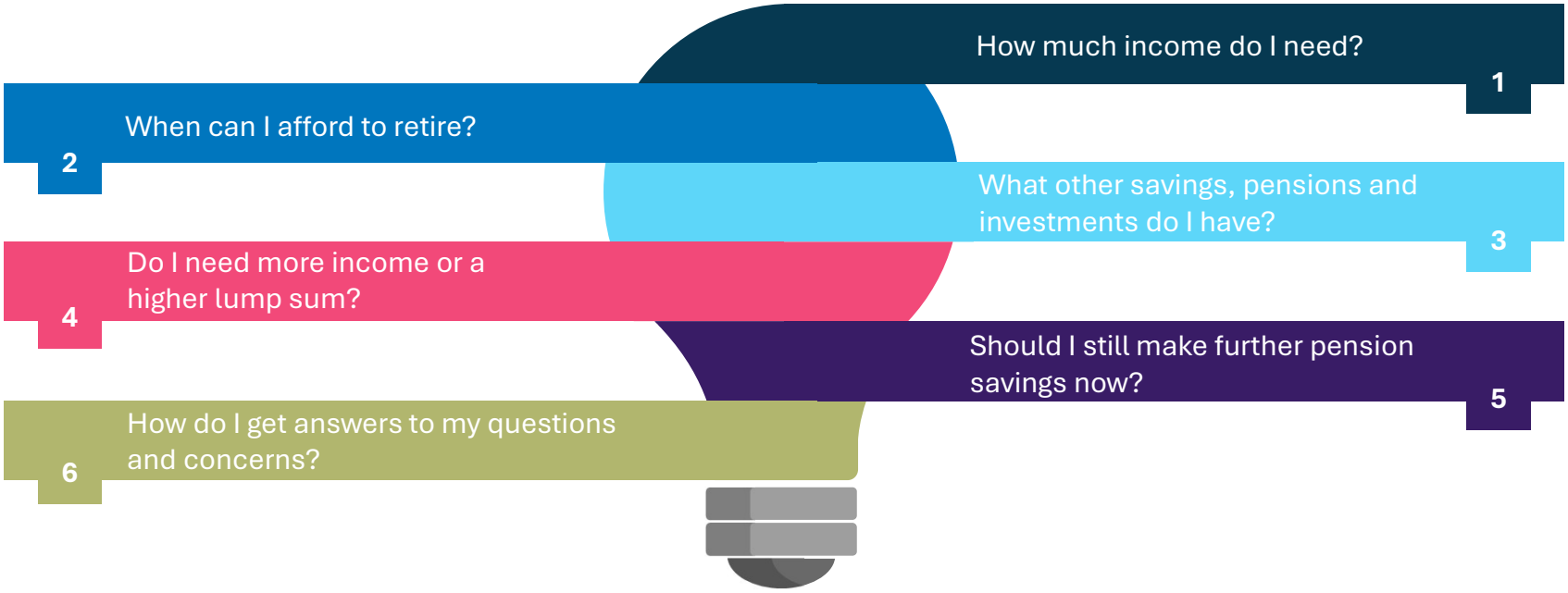
Making the right decisions



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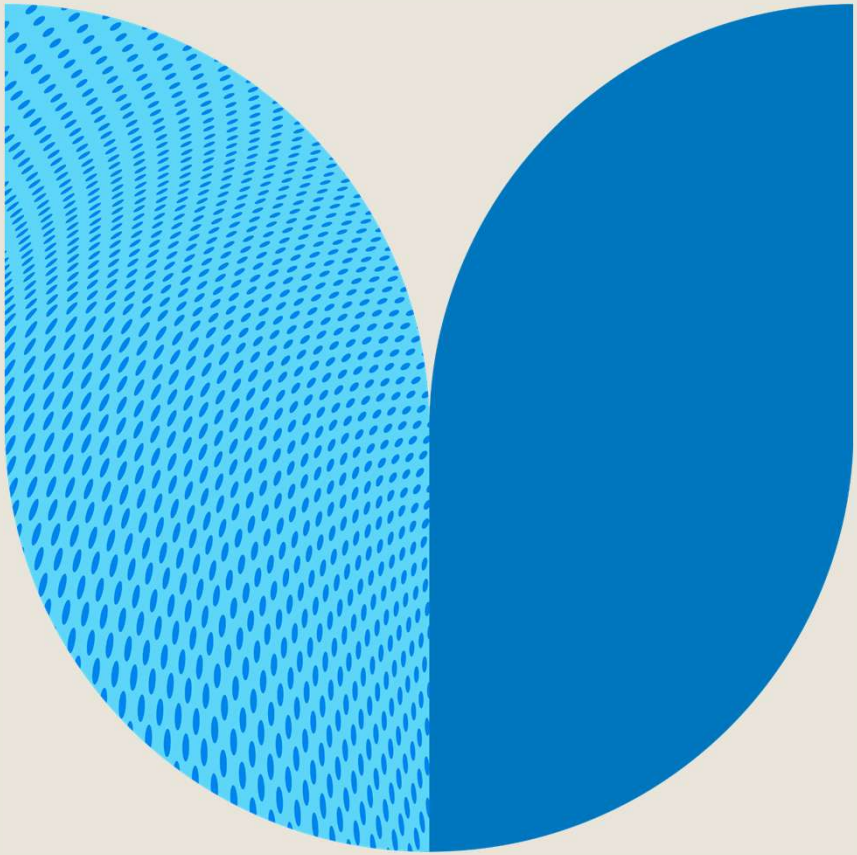
Next steps



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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

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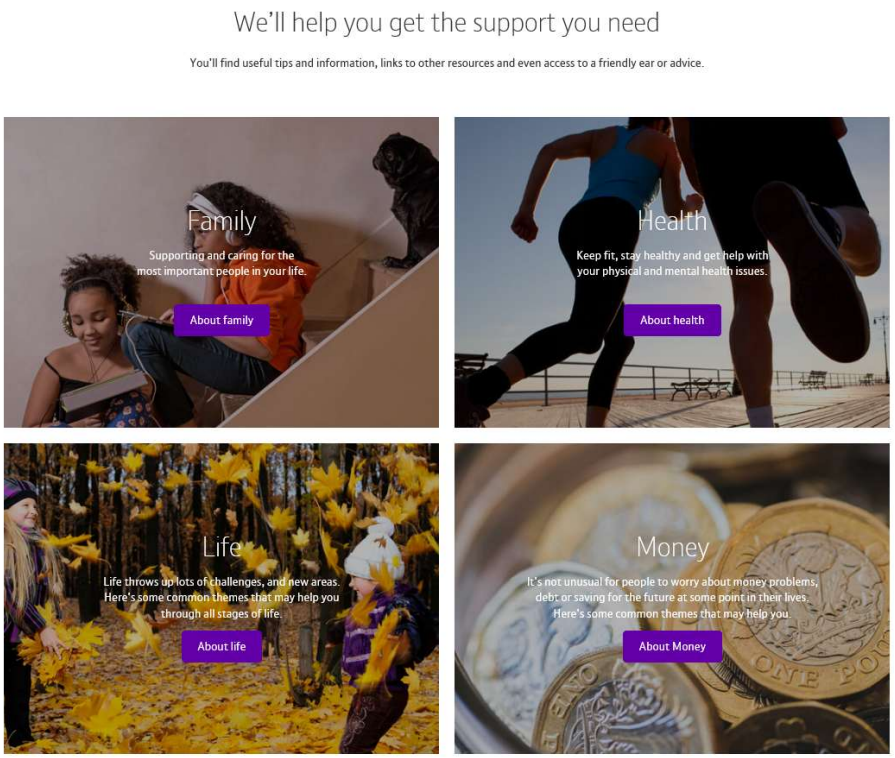
Your wellbeing



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!

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Financial wellbeing

Your Core life Assurance:

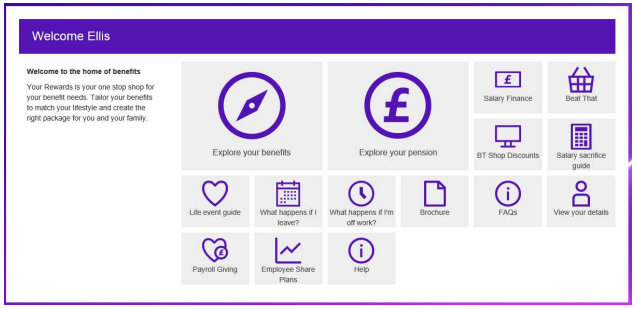
A key benefit provided by BT, EE and Openreach. It helps you protect your loved ones by providing them with a lump sum if something happens to you.

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



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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

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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**

my wealth

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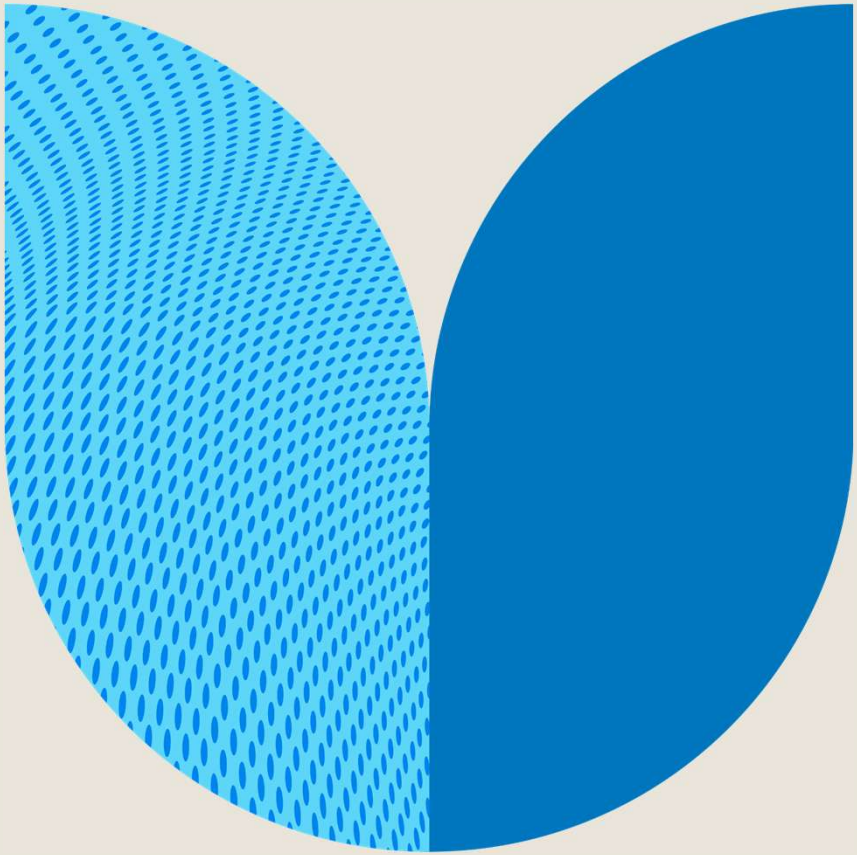
Thank you

0800 028 3200

www.wealthatwork.co.uk/mywealth