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Planning ahead for your finances

Managing your money for the future

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

- Taking stock of your existing finances
- Debt and mortgages
- Building up savings in the BTRSS
- Investing your BTRSS
- Receiving your pension at retirement
- The State Pension
- Other savings and investments
- Estate planning
- Next steps

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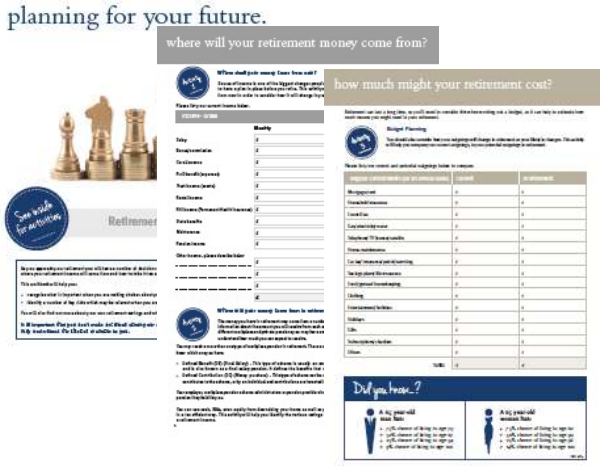
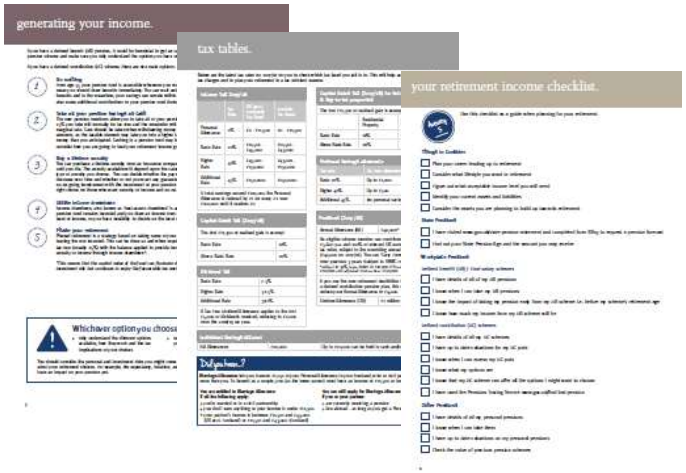
Actions to takeaway

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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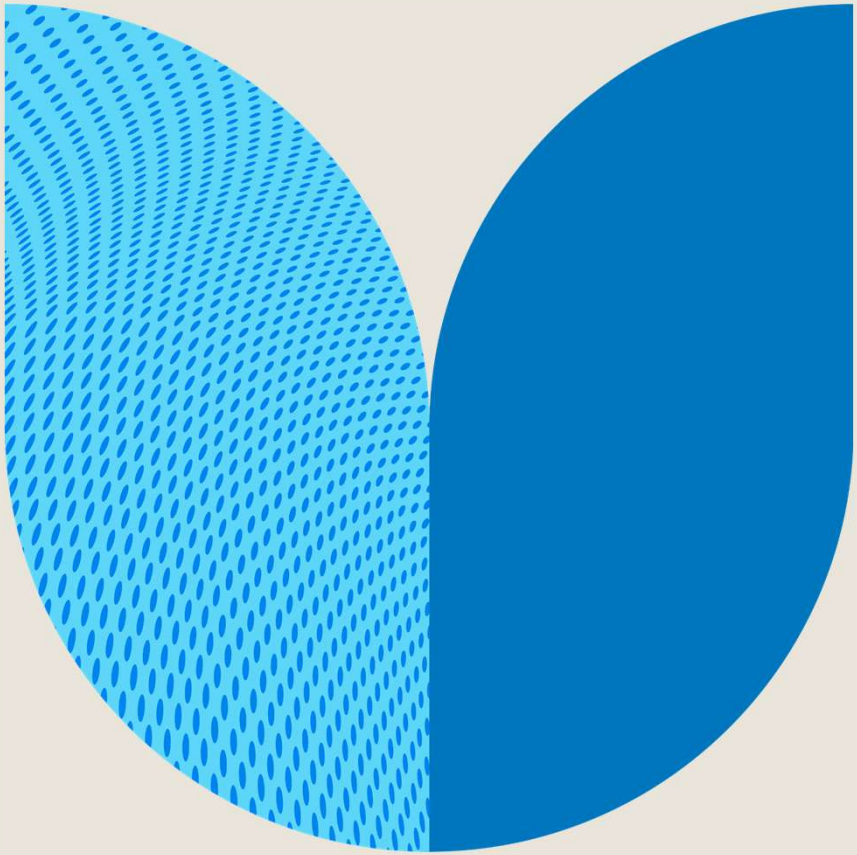
Taking stock of your existing finances



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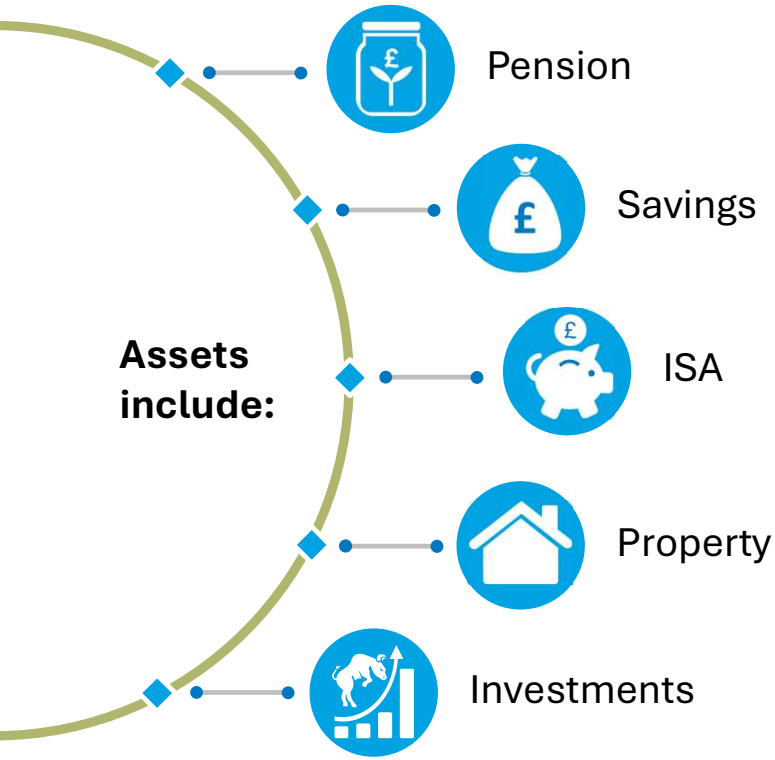
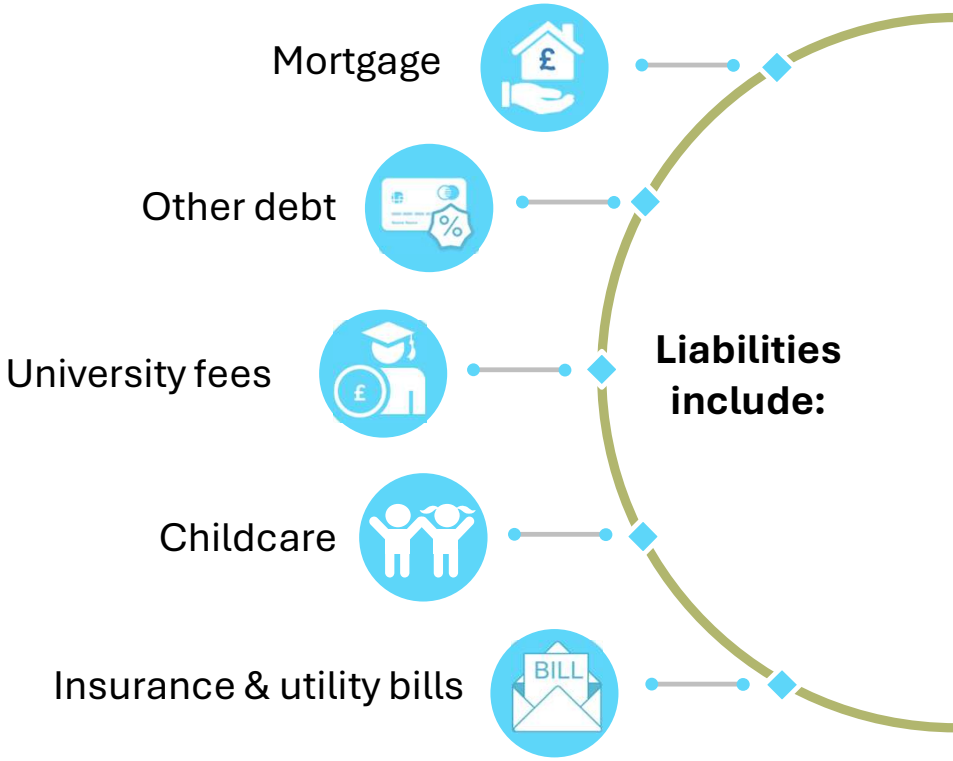
Your assets and liabilities





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Budgeting – 4 steps

Search: ‘MoneyHelper Budget Planner’

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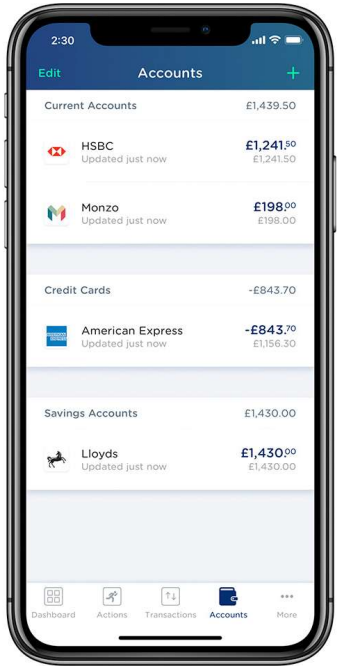
Budget planning

Apps are available that can integrate with your accounts to build a budget in one place.



A clear overview of all accounts

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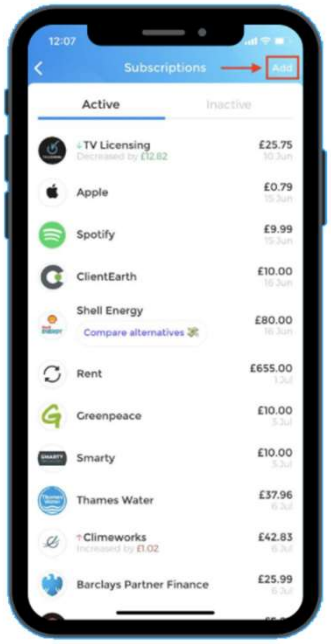
Budget planning

Apps are available that can integrate with your accounts to build a budget in one place.

A clear overview of all accounts

Show all transactions in one place



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Budget planning

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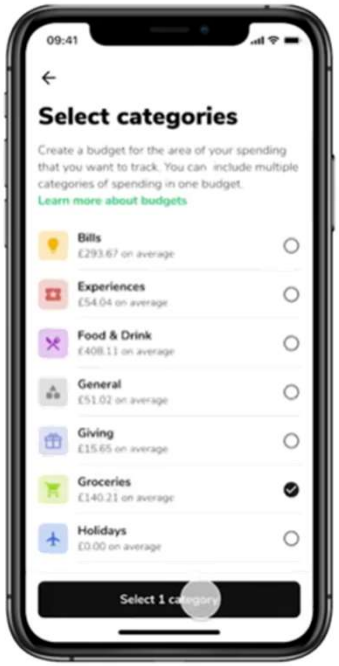

A clear overview of all accounts

Show all transactions in one place

Set multiple budgets

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Budget planning

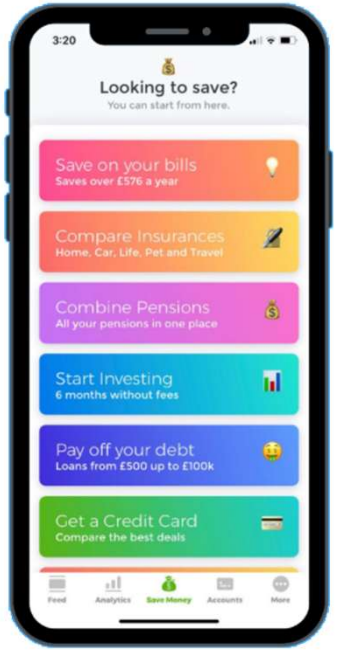
Apps are available that can integrate with your accounts to build a budget in one place.

A clear overview of all accounts

Show all transactions in one place

Set multiple budgets

Set multiple savings goals



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Budget planning

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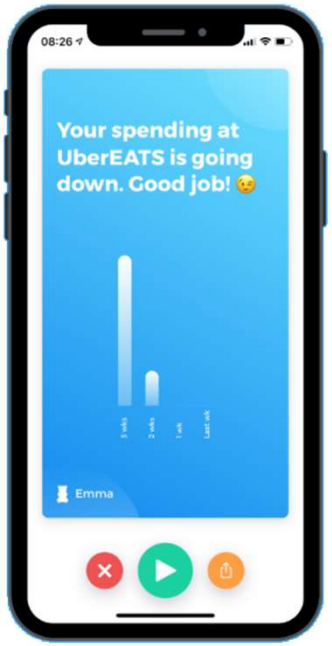

A clear overview of all accounts

Show all transactions in one place

Set multiple budgets

Set multiple savings goals

Keep on track with reminders

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Financial protection

Financial protection is available to you through your employment at BT Group.

Death In Service Cover

- Provided to all employees
- Tax free lump sum if you die whilst employed at BT Group
- Check your level of cover & chosen beneficiaries

Private Medical Insurance

- Access to private medical treatment
- Check if you have cover in place

Critical Illness Cover

- Tax free lump sum if you suffer a specified illness or injury
- Check if you have cover in place

Some benefits are available to select all year round, while others are only available during the annual selection window in March.

For more details log in to Your Rewards: www.therewardhub.com/identity/bt/login

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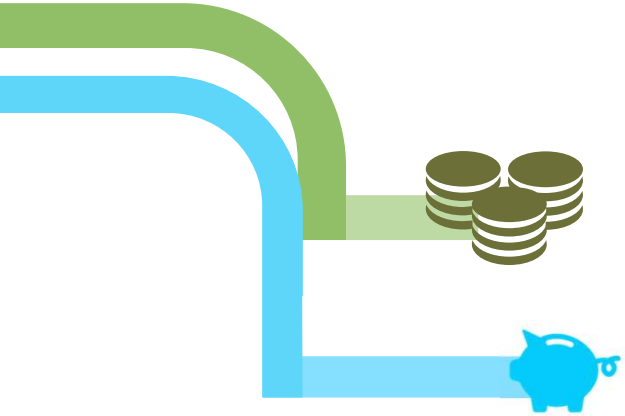
Updating your beneficiaries

You can update your beneficiaries for your death in service and BTRSS pension.



Keep your chosen beneficiaries up to date

The lump sum payment is made free of IHT and income tax

Complete your BTRSS nomination form

Death before age 75:

Your pension is usually received tax free by your beneficiaries

---

Death after age 75:

Your pension is taxed at your beneficiaries marginal rate

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

www.btretirementsavingscheme.com

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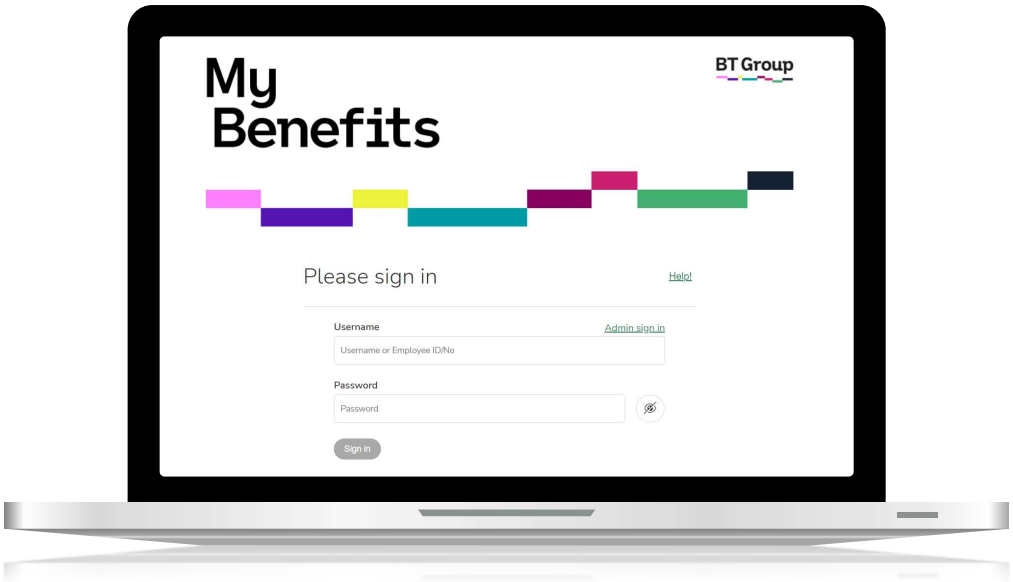
My benefits



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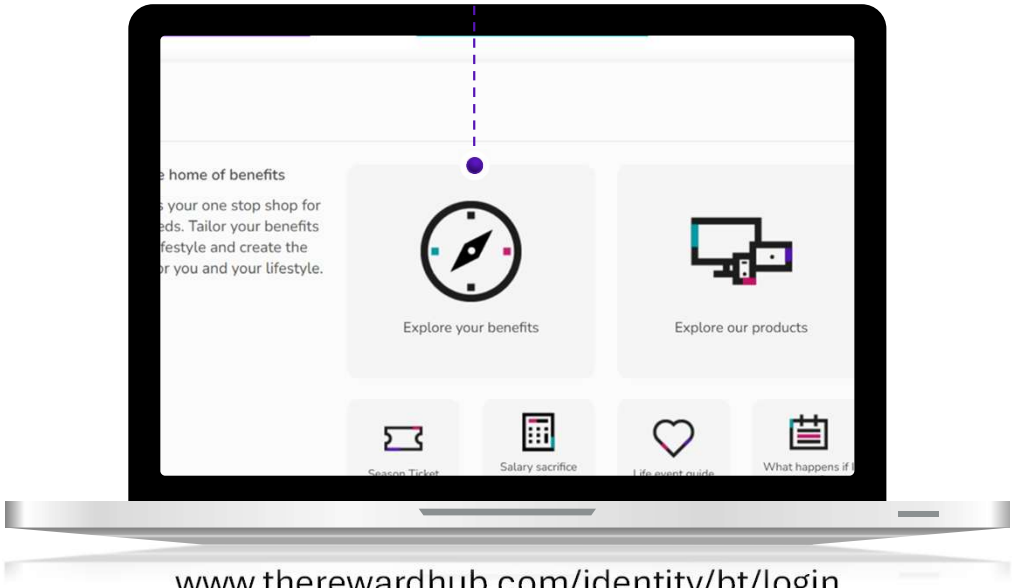
My benefits

‘Explore your benefits’ is a good place to start and links you through to your Expression of Wish form.



www.therewardhub.com/identity/bt/login

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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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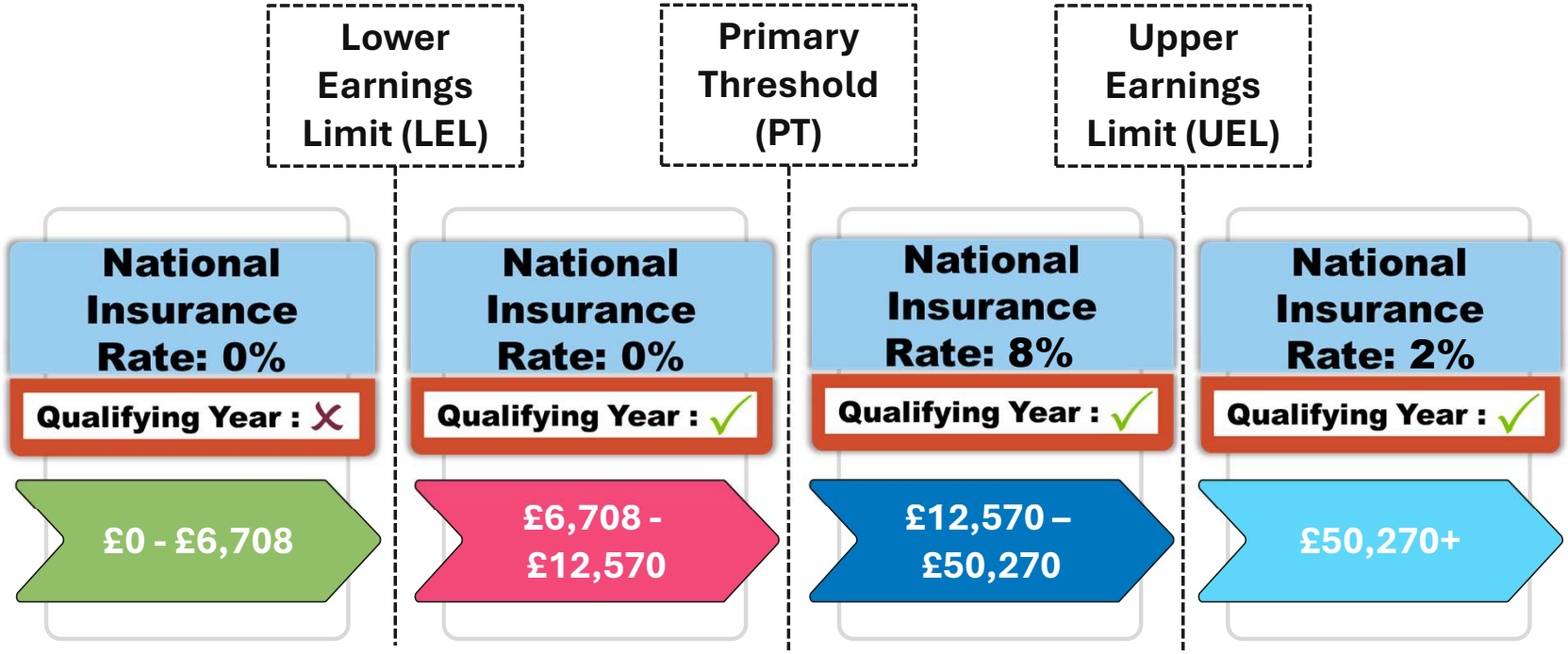
National Insurance



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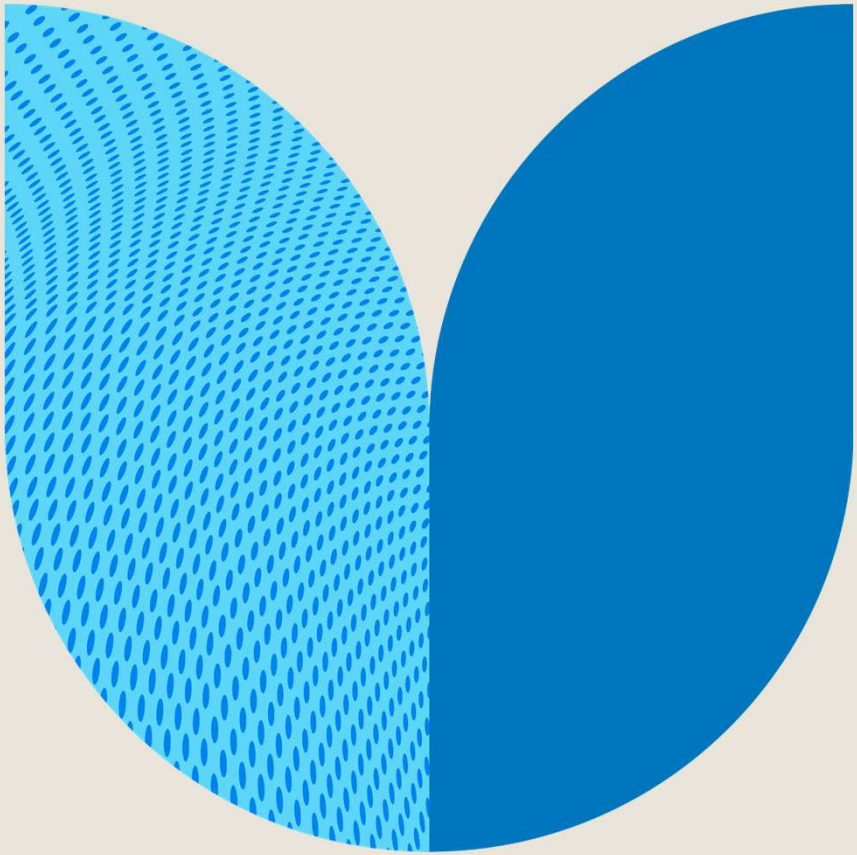
Debt and mortgages



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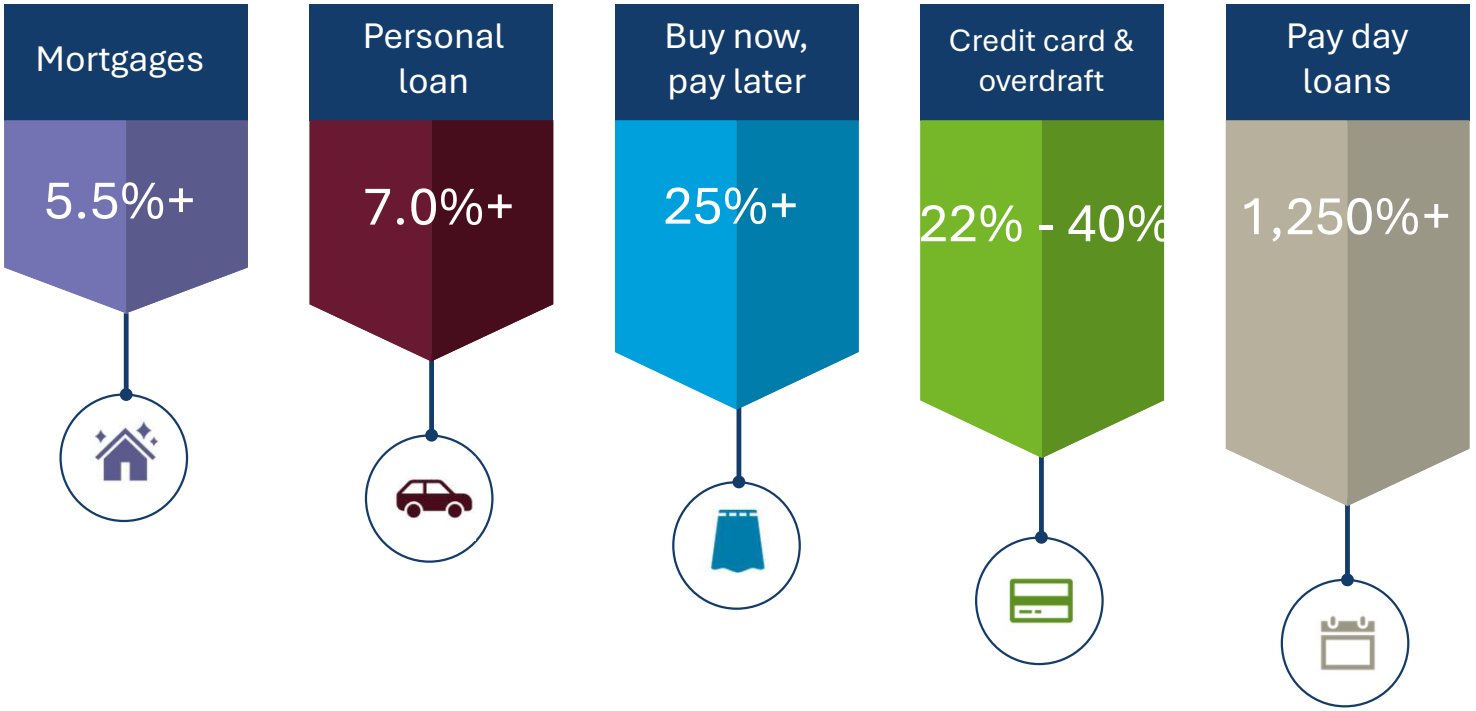
Types of debt



*All rates are approximate examples only.

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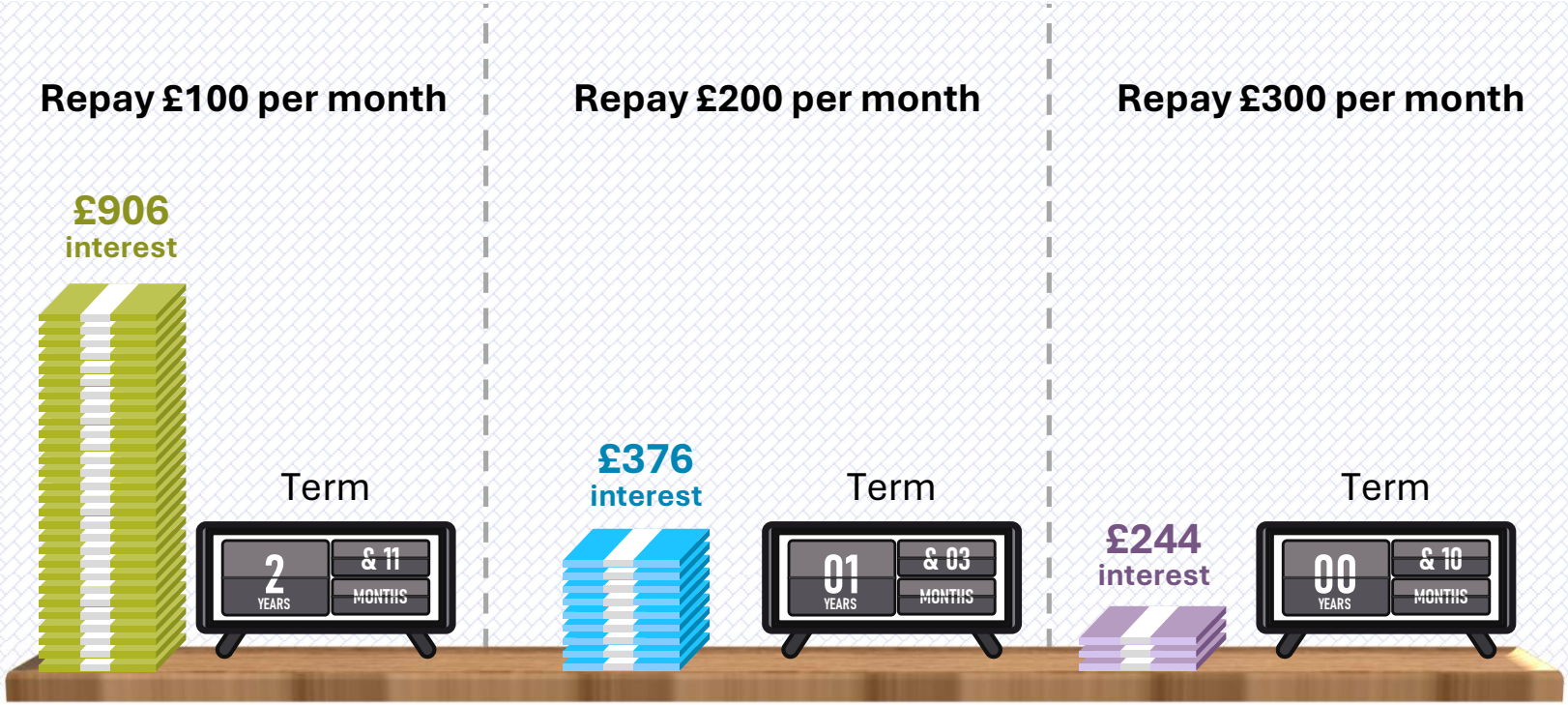
Credit card overpayments

Based on a credit card debt of £2,500 and 25% APR



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Check your credit score for free

ClearScore

uses data from

Equifax

www.clearscore.com

Free account with

Experian

uses data from

Experian

www.experian.co.uk

Credit Karma

uses data from

TransUnion

www.creditkarma.co.uk

It's worth checking your credit score with all three agencies at least once a year

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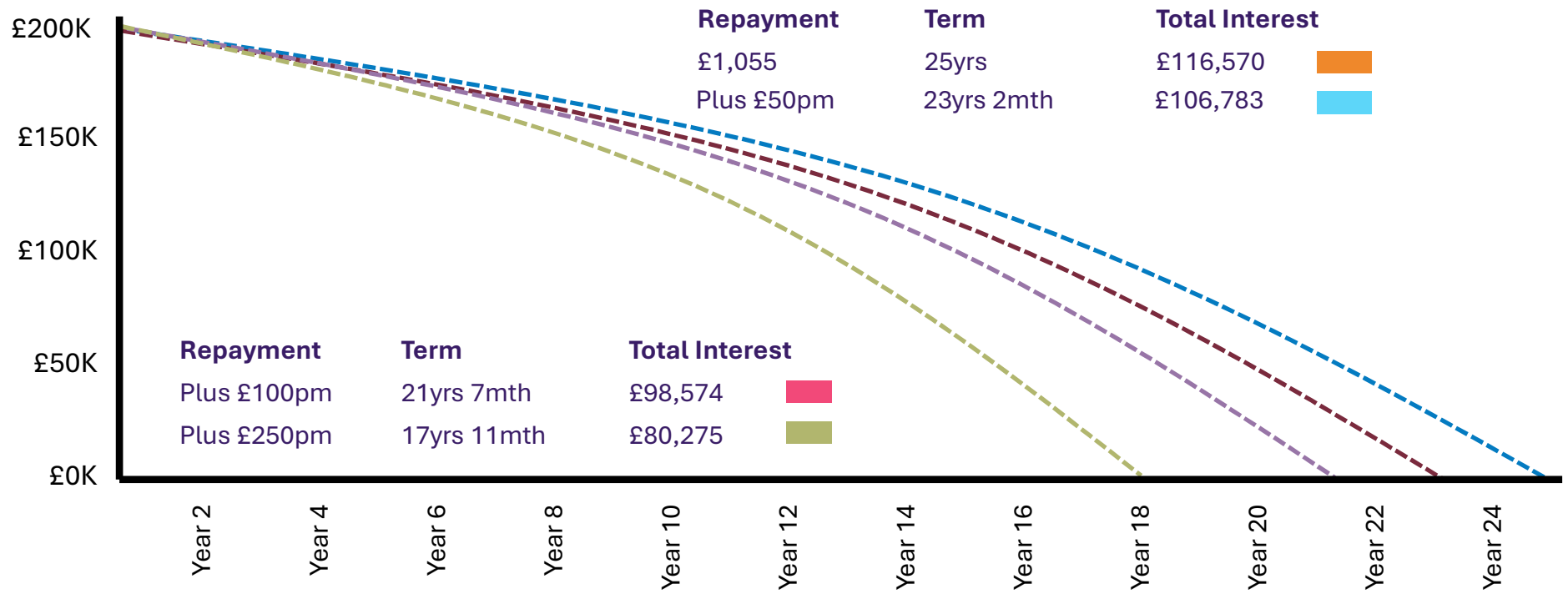
Repaying your mortgage early

Based on a £200,000 repayment mortgage with 25 year term and 4% interest rate



Graph shown for illustrative purposes only. Data provided by Nationwide Building Society. Any early repayment charges or changes in interest rates are not reflected in the figures shown

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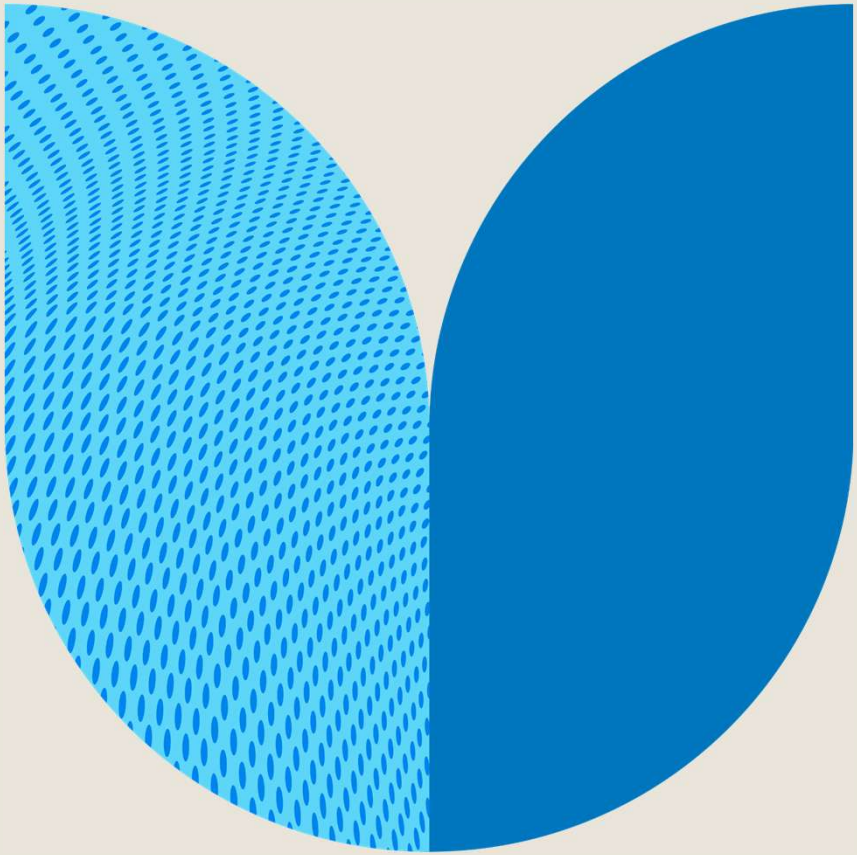
Building up savings in the BTRSS



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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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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%)

*You must contribute at least 5% and BT Group will contribute 10% of pensionable salary.

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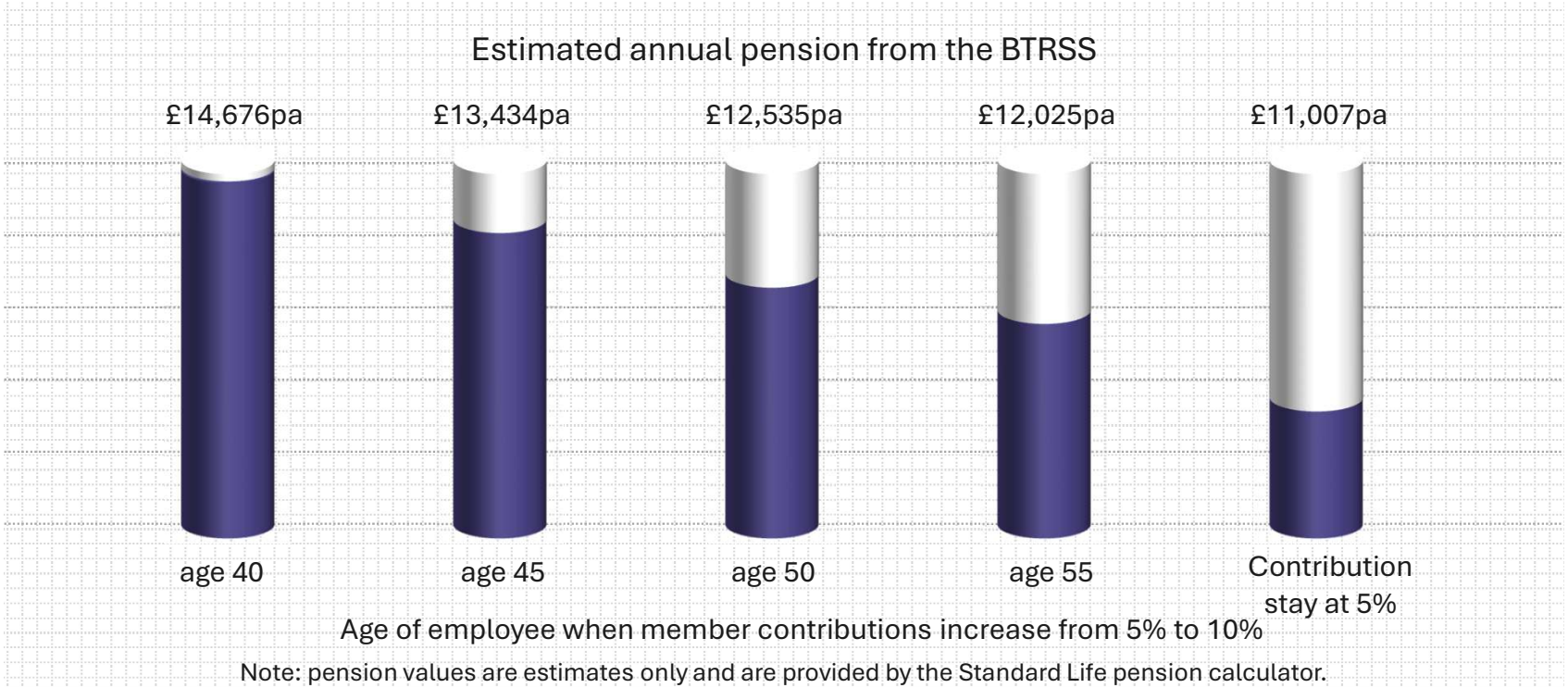
Making the most of your pension

Increasing pension contributions as early as possible is likely to have the biggest impact.

£35,000 salary | Age 40 | Retirement age 65



Note: pension values are estimates only and are provided by the Standard Life pension calculator.
Pension values assume an annuity is purchased at retirement.

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Pension calculator

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

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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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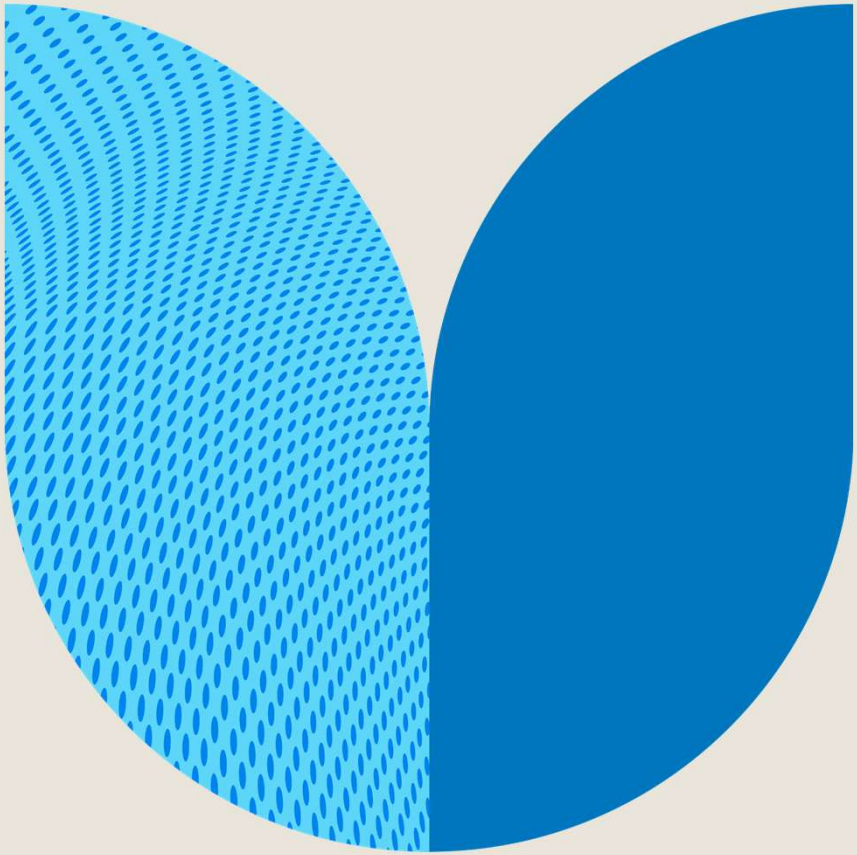
Investing your BTRSS



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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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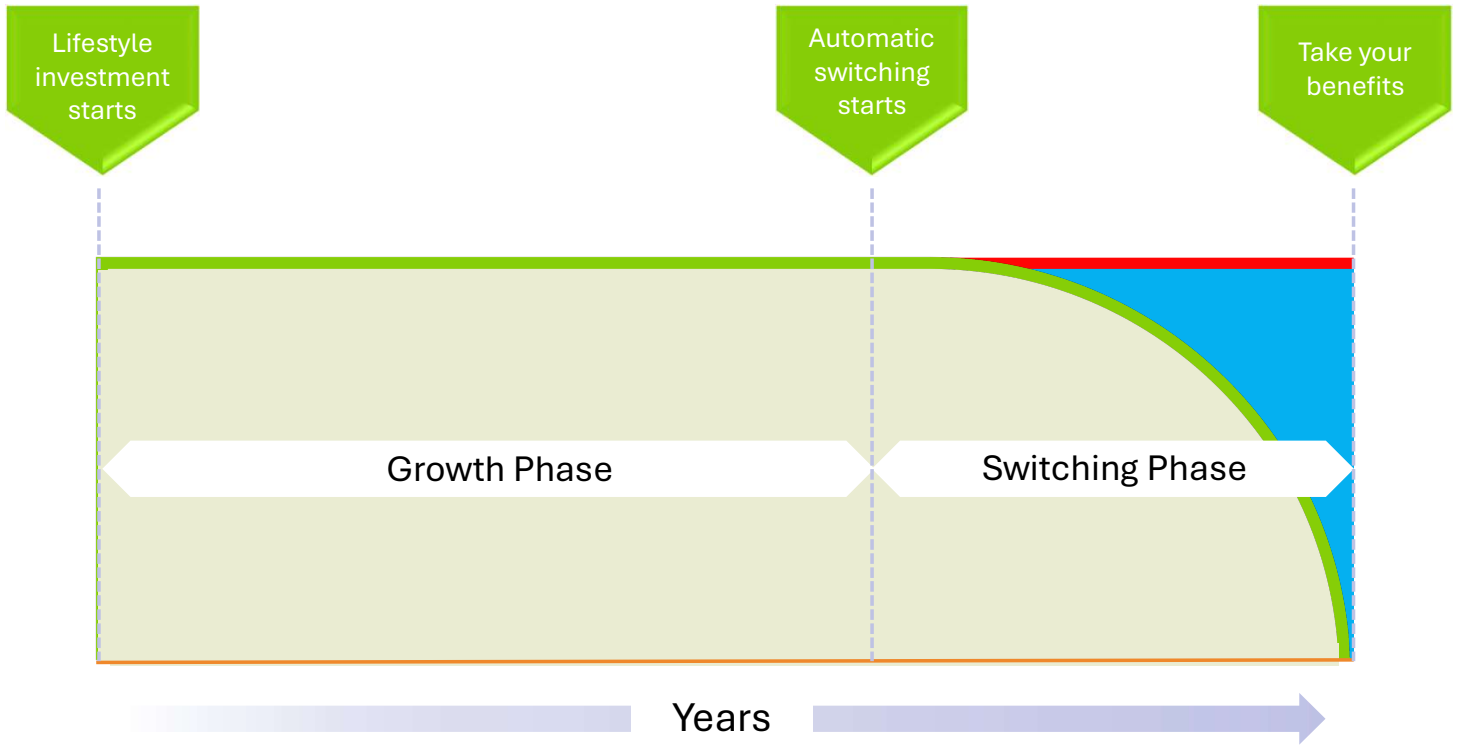
Lifestyle funds



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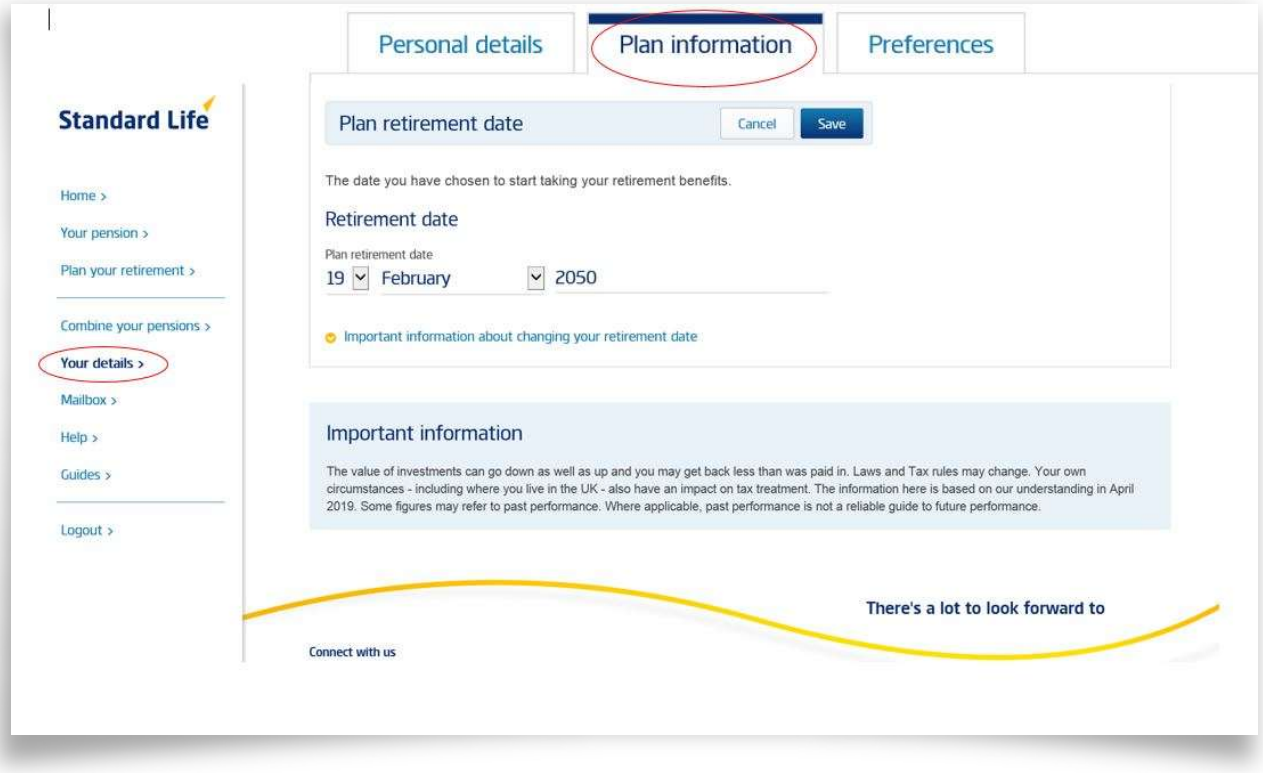
Your selected retirement date



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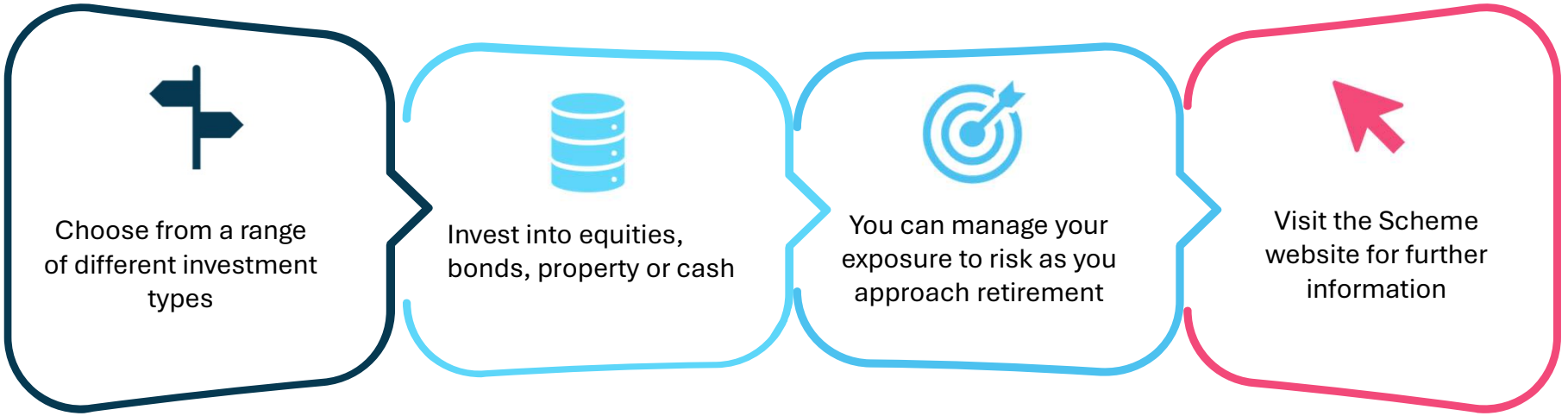
Self-select funds



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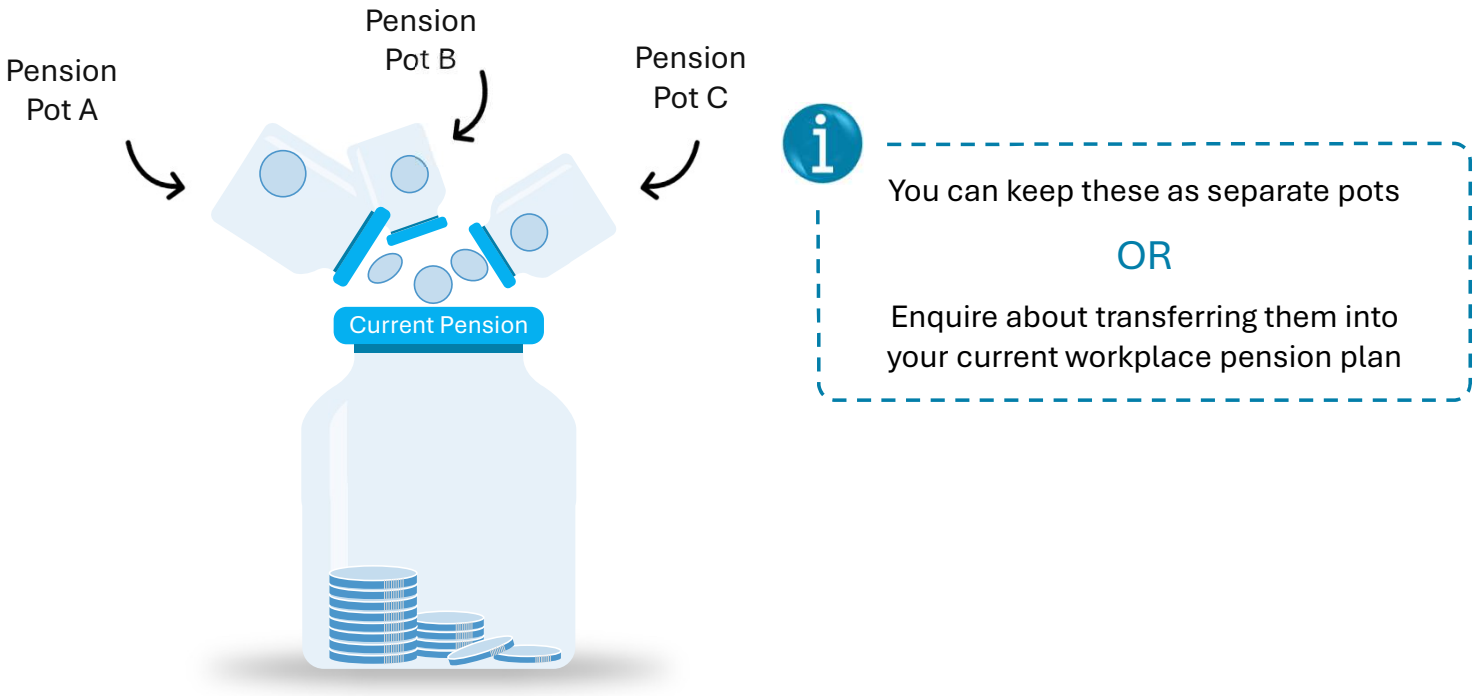
Pension consolidation

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



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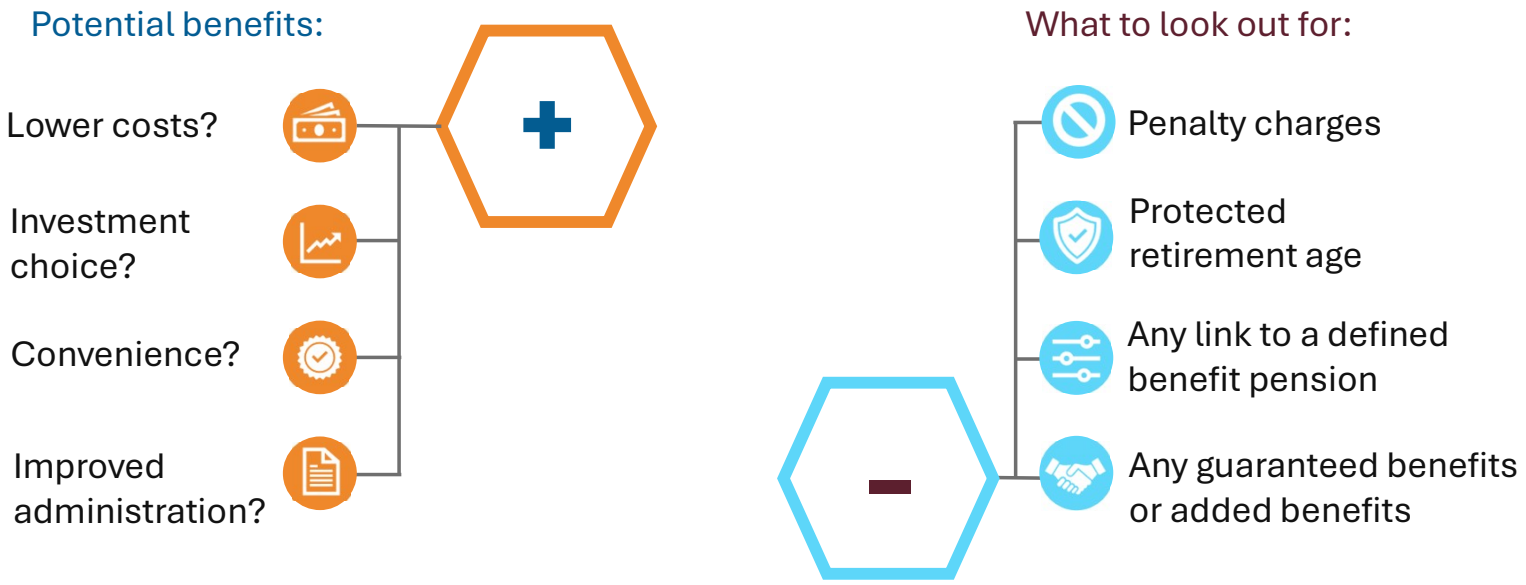
Pension consolidation

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



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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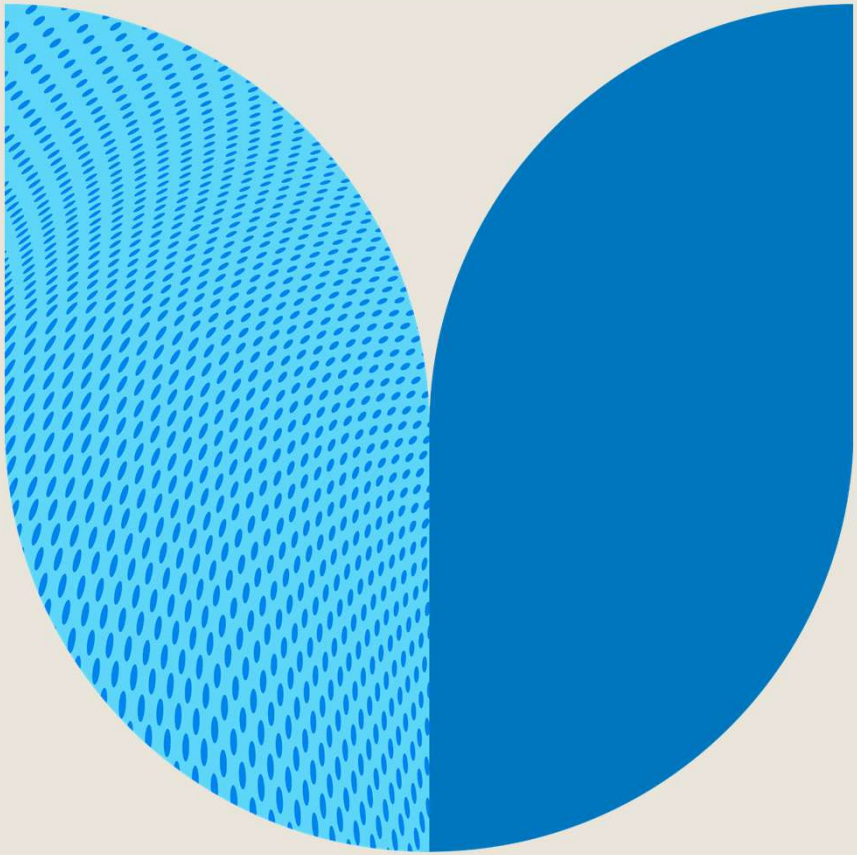
Receiving your pension at retirement



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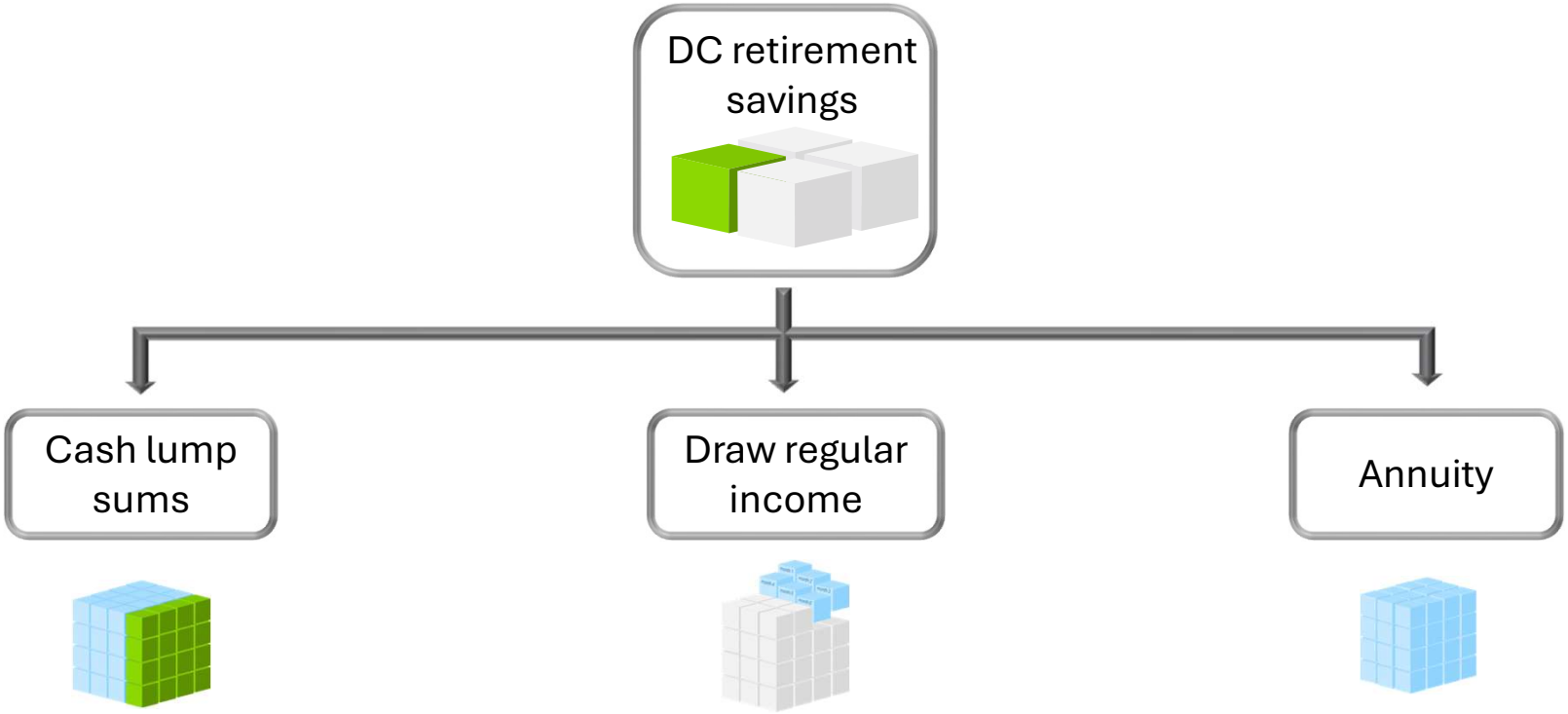
Defined contribution income options



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

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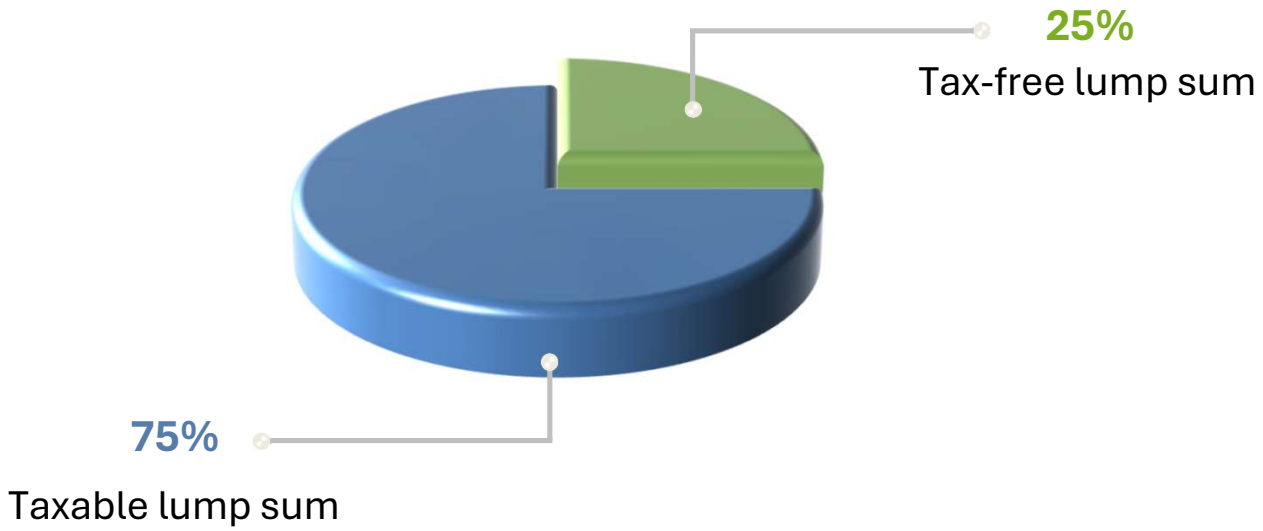
Cash lump sum



- 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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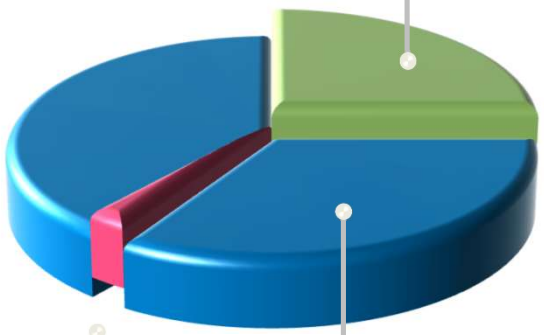
Flexi access drawdown



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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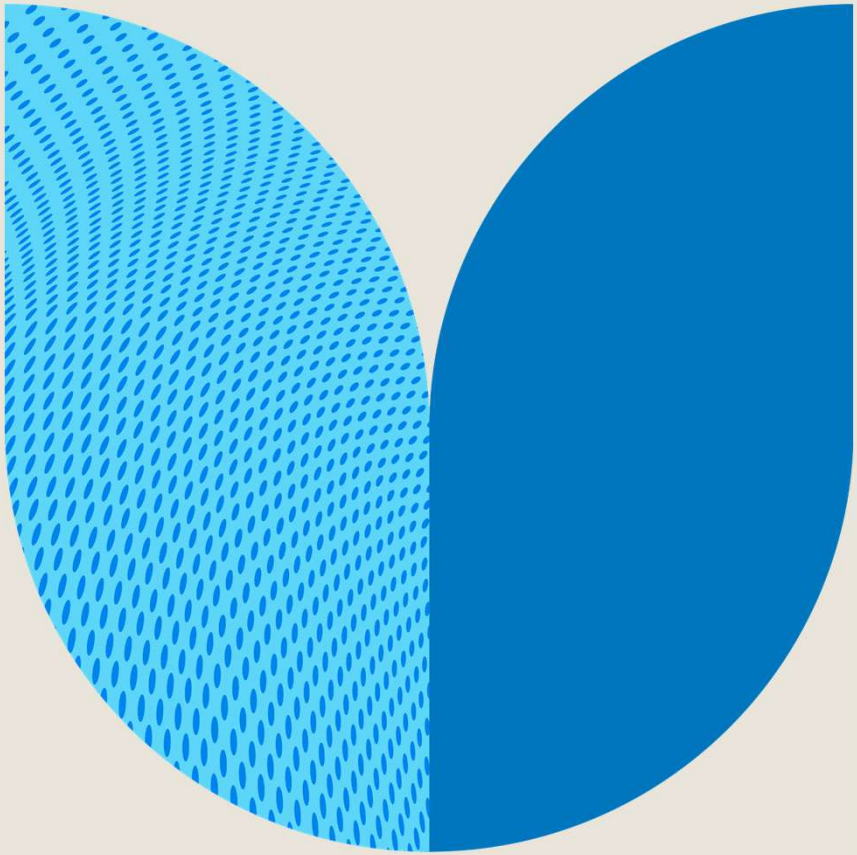
The State Pension



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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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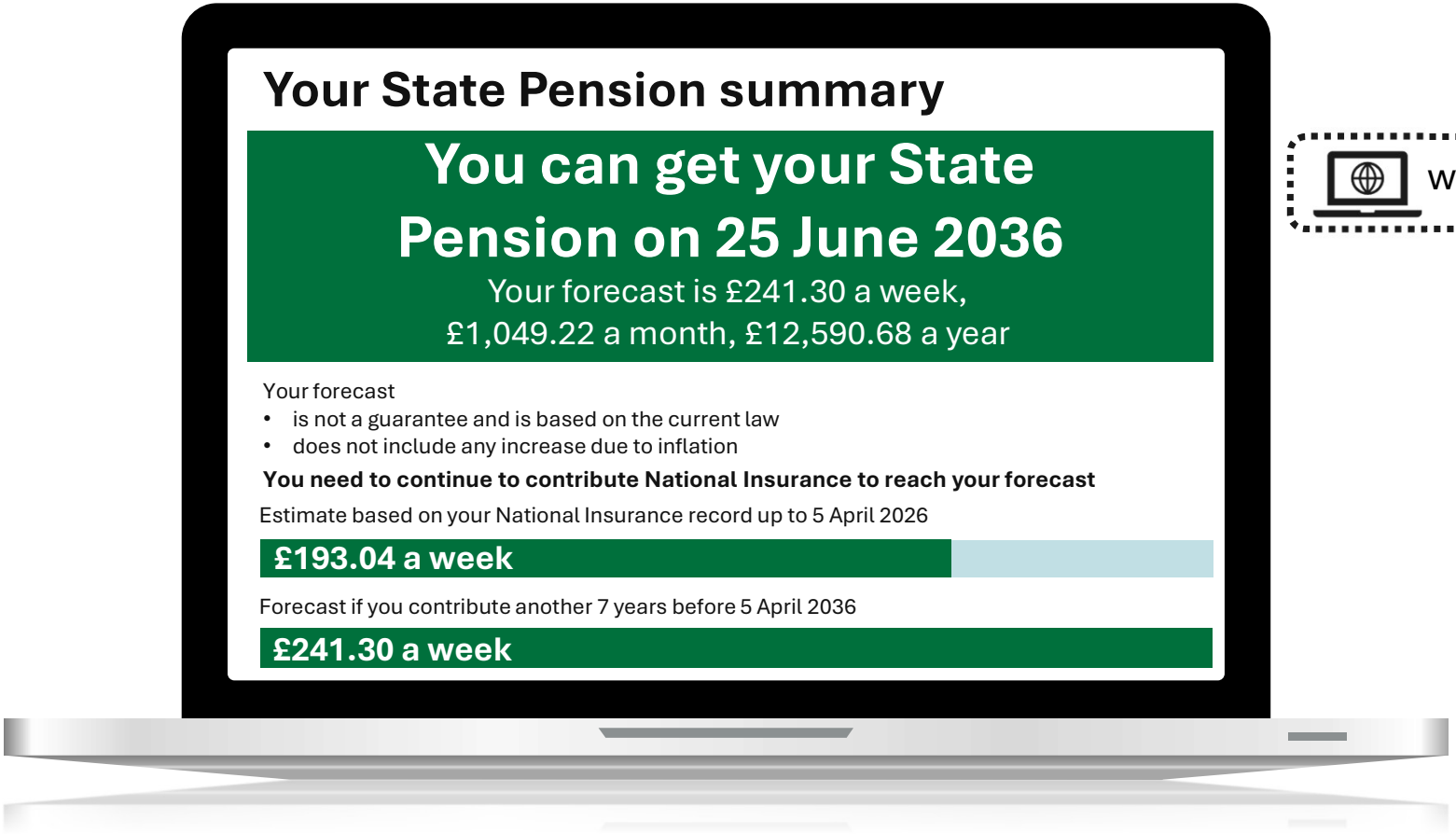
State Pension forecast



www.gov.uk/check-state-pension

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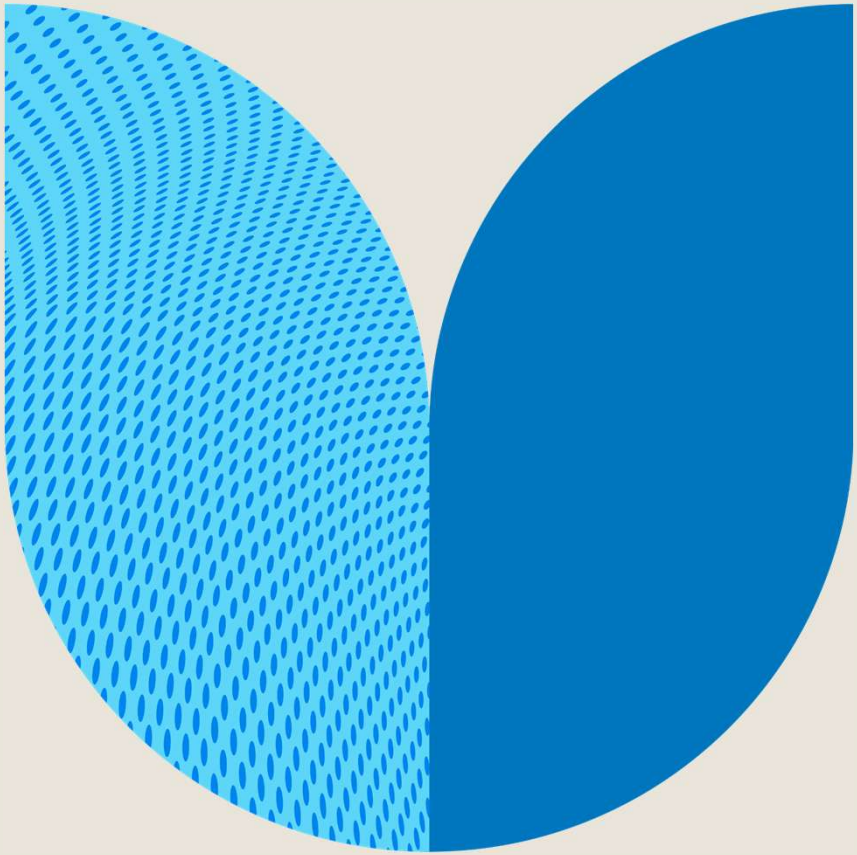
Other savings and investments



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Your goals

Short Term

- 0 to 5 years
- Typically cash holdings

Medium Term

- 5 to 15 years
- Consider your risk / return approach

Long Term

- More than 15 years
- Consider your retirement approach

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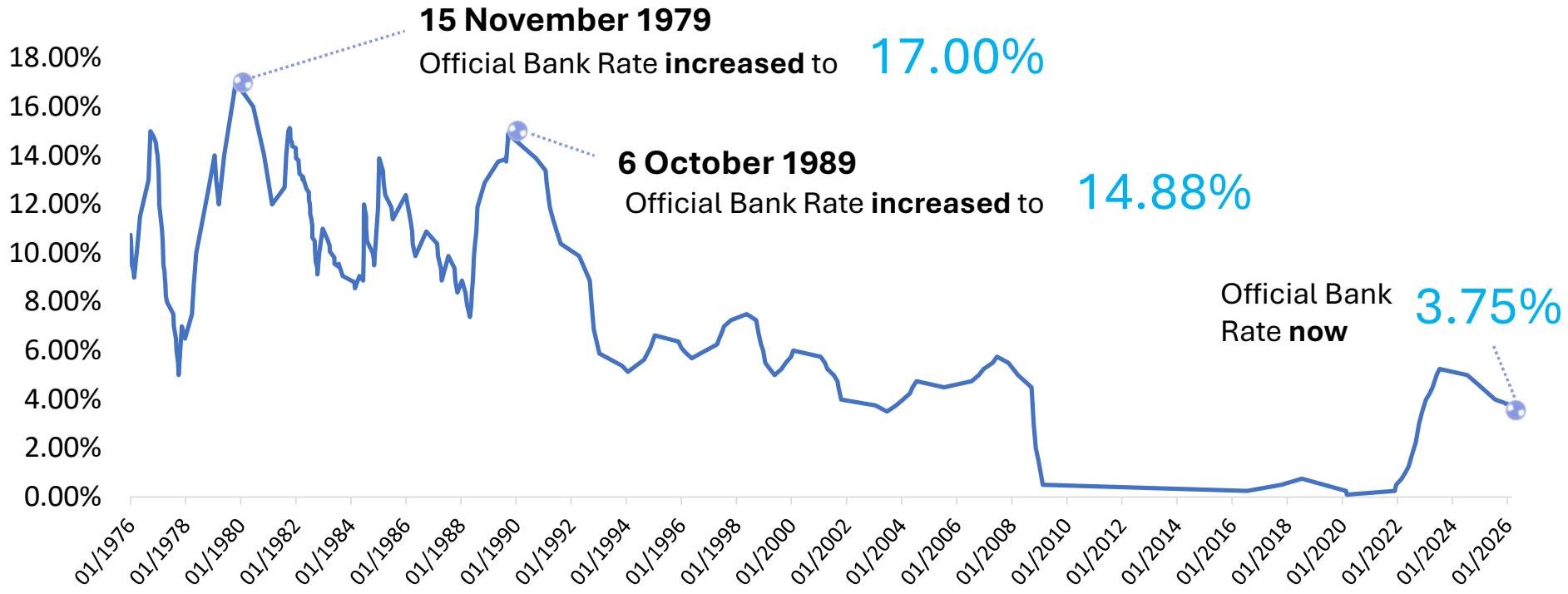
Changing interest rates

If you have longer term savings you may consider investments rather than cash.



www.bankofengland.co.uk/boeapps/database/Bank-Rate.asp

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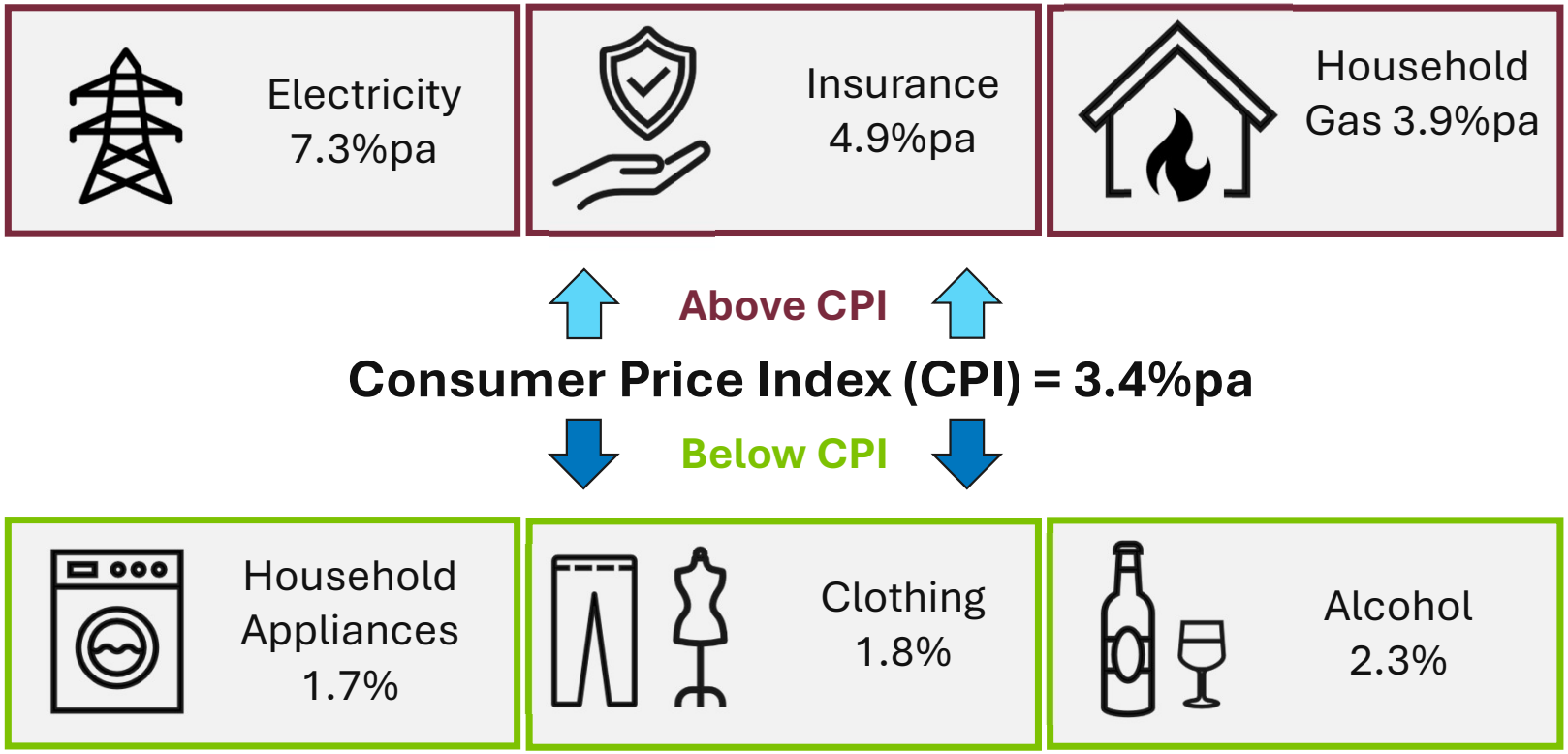
Inflation: average over 10 years



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

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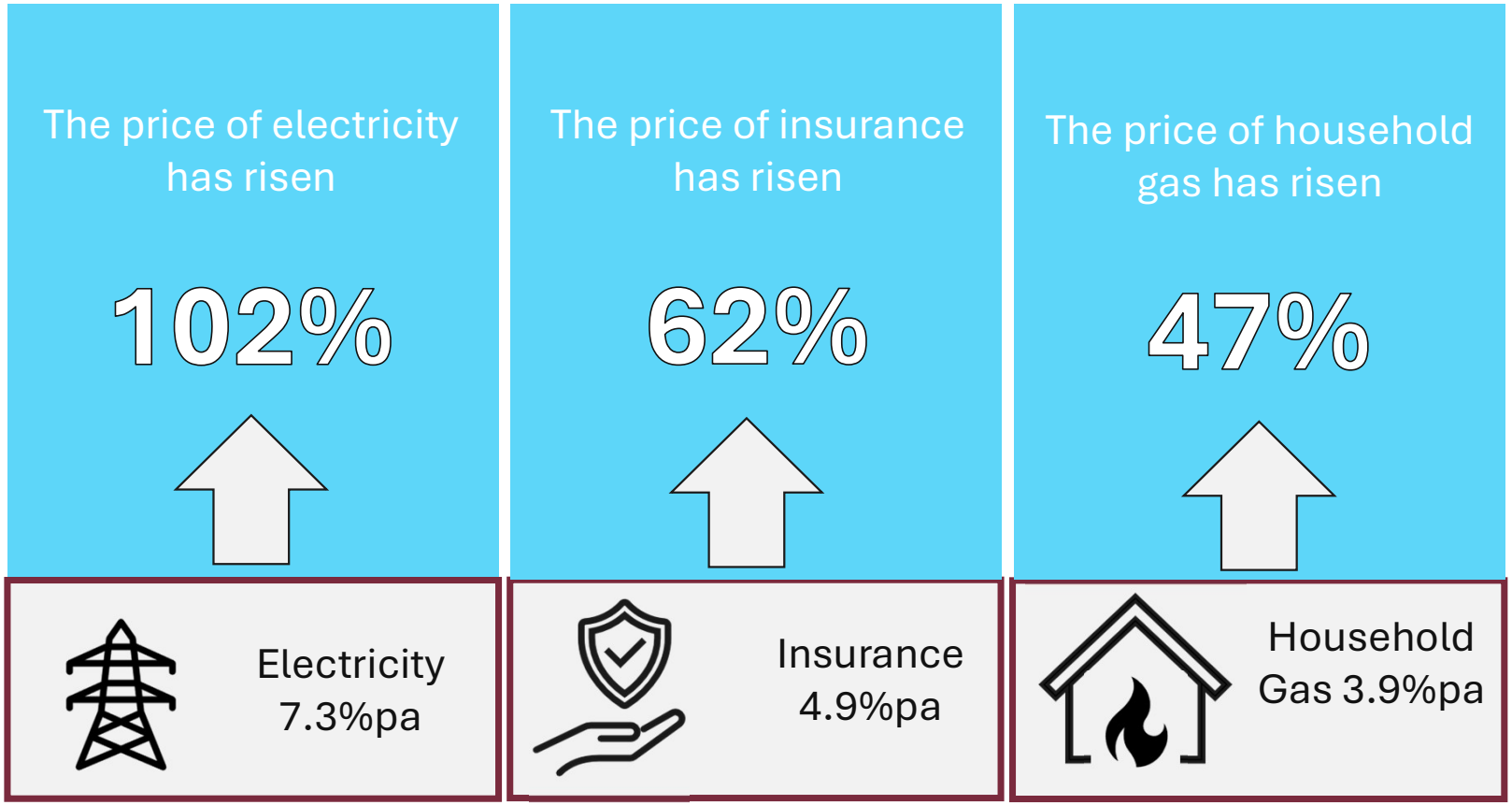
Inflation: over 10 years



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

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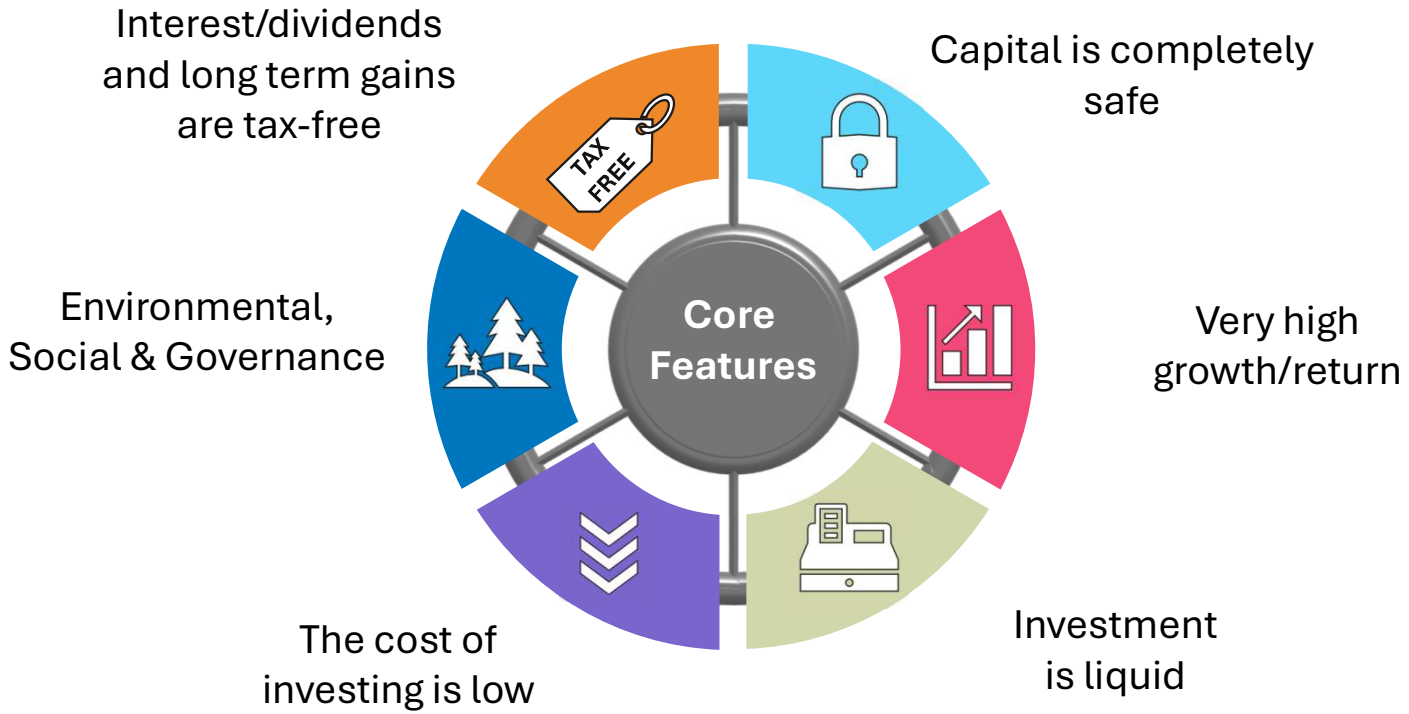
Investment principles



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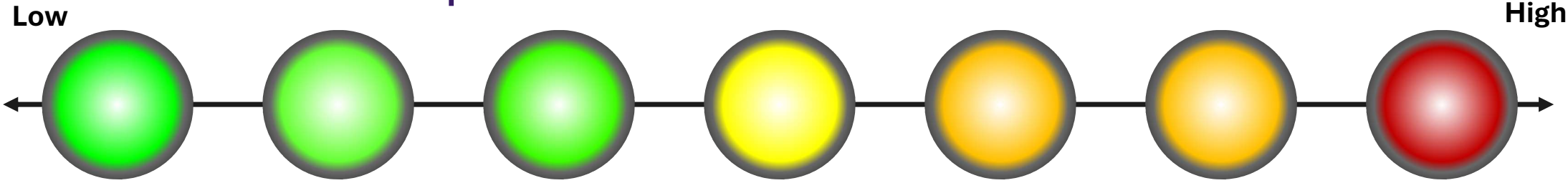
The relationship between risk and return



Bonds

Gilts

Shares

Cryptocurrency

Commodities

Property

Cash

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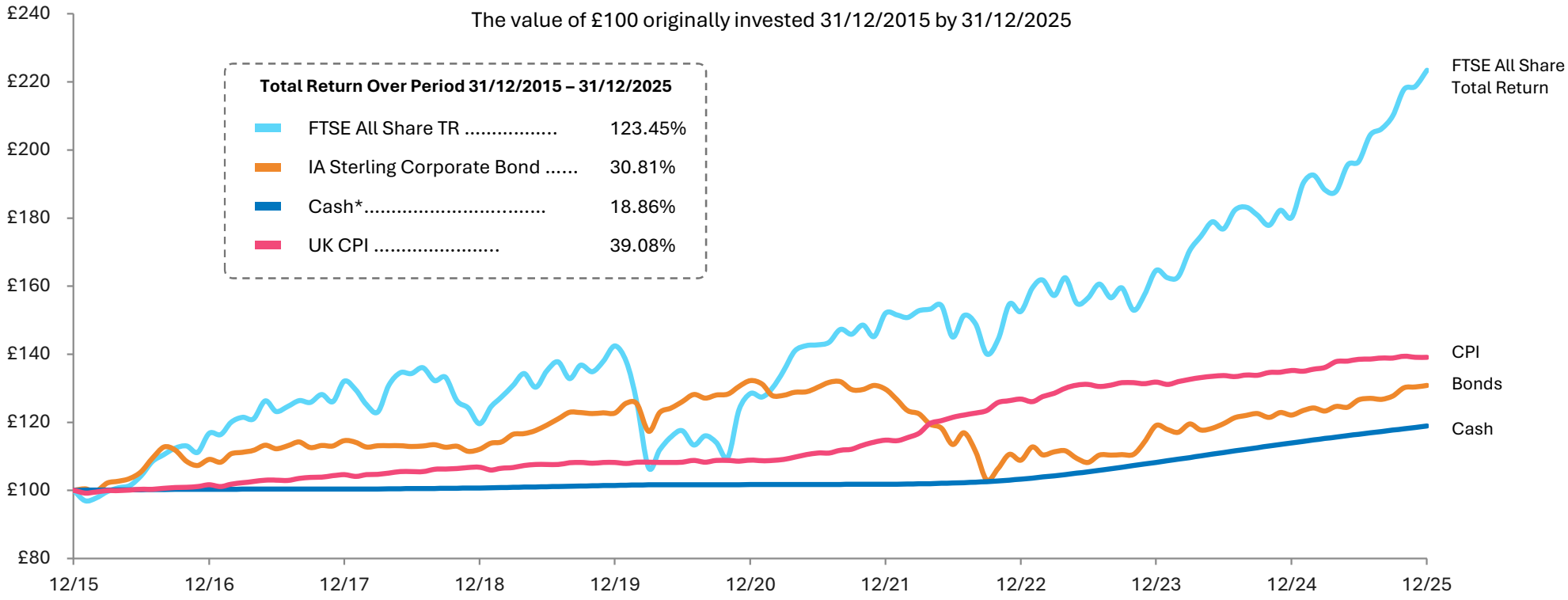
Risk and returns: the real world



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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Directshare

- Invest between £10 and £1,800 in a tax year (or 10% of your salary if lower)
- Pay monthly or make lump sum contributions if you'd prefer
- Contributions taken from your gross salary
- No income tax or National Insurance providing you:
  - Keep the shares in the plan for at least 5 years, or
  - Leave employment due to retirement, redundancy or ill-health
- After 5 years, you can keep the shares in the plan and any growth will not be subject to CGT when they are sold
- If you retire or leave employment the shares must be removed from the plan

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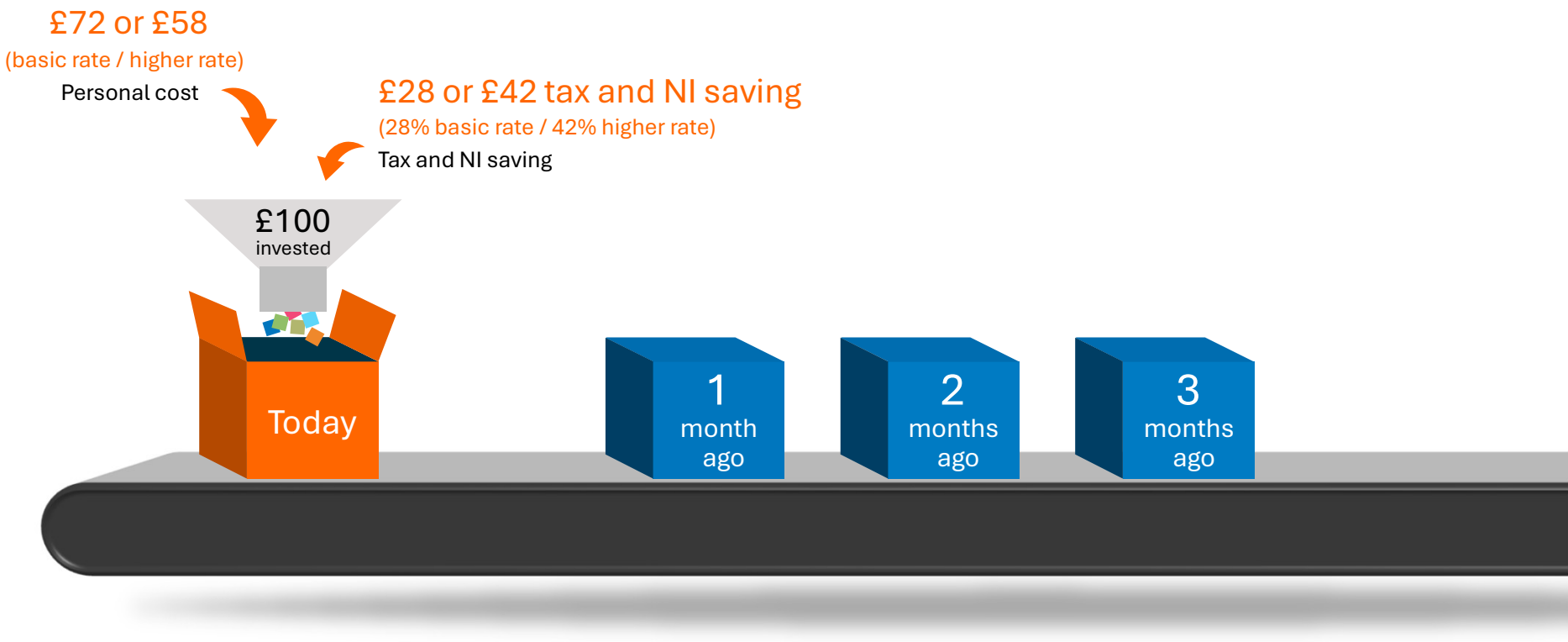
Directshare



A basic rate tax payer making a £100 monthly investment into Directshare.

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Directshare

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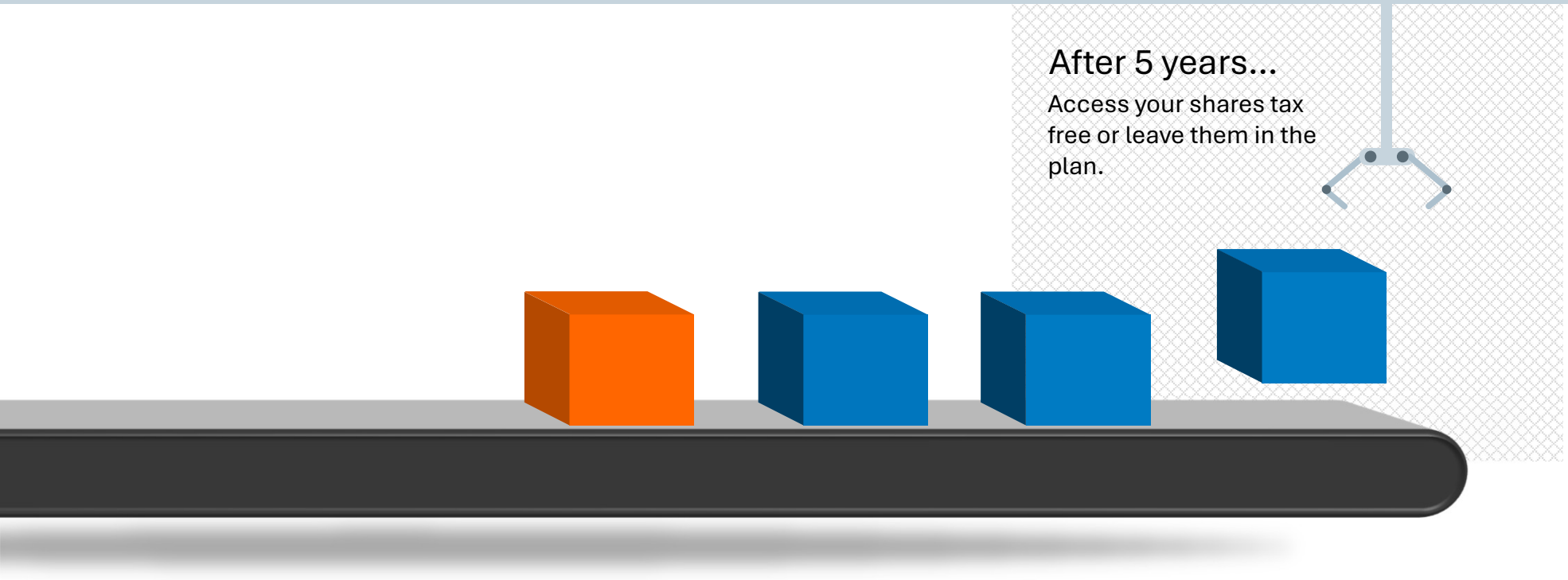
Directshare



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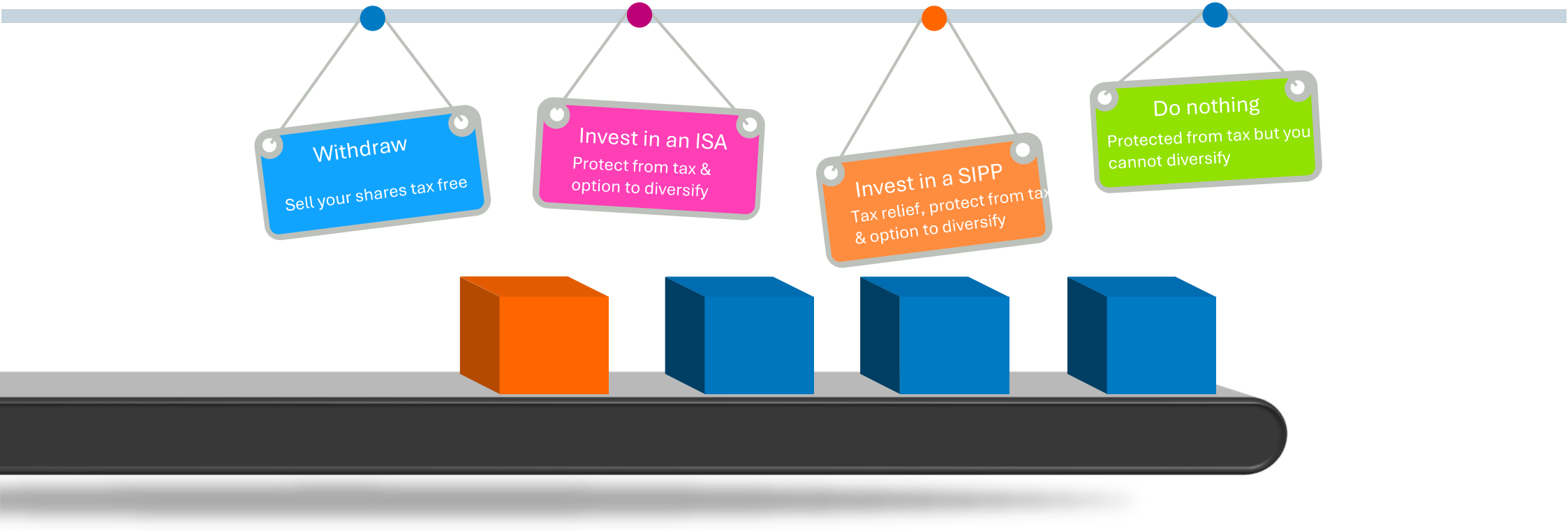
Directshare



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Capital gains tax (CGT)

A tax on the profit when you sell (or 'dispose of') an asset that's increased in value.

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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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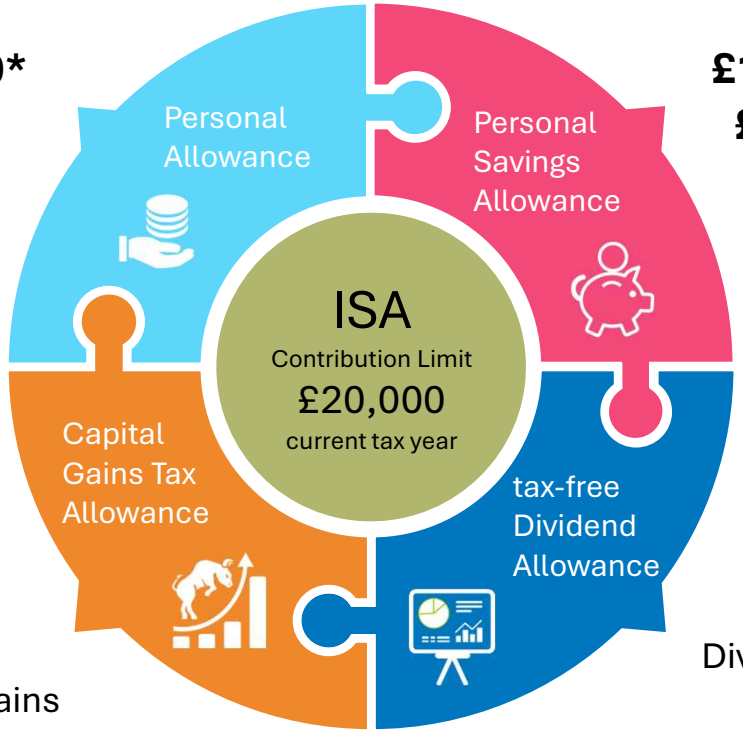
Tax allowances summary

£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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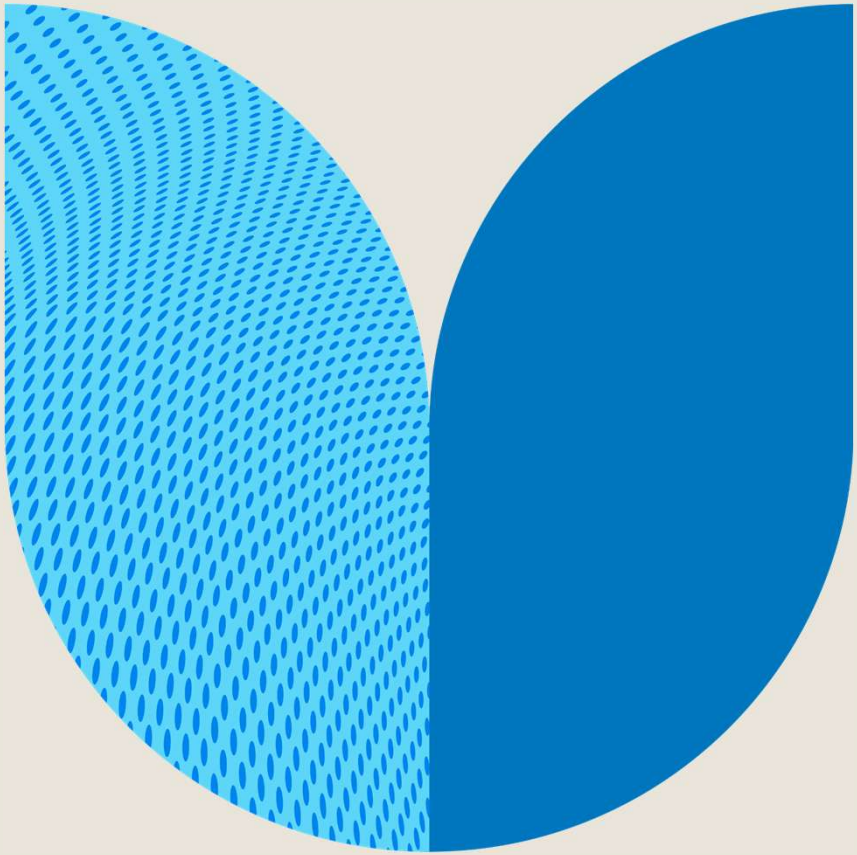
Estate planning



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Estate planning

Your estate is everything you own

Estate planning helps you protect it and pass it on safely

It's an evolving process and may include:

Creating a will

Gifting money during your lifetime

Updating beneficiaries on life assurance and pension plans

Setting up a Power of Attorney

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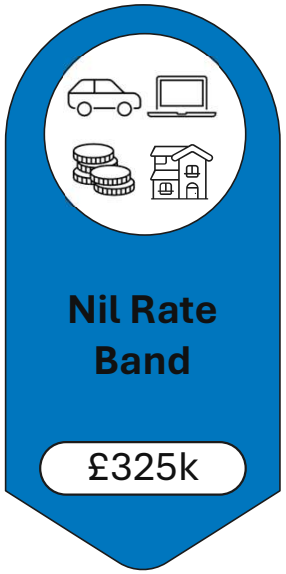
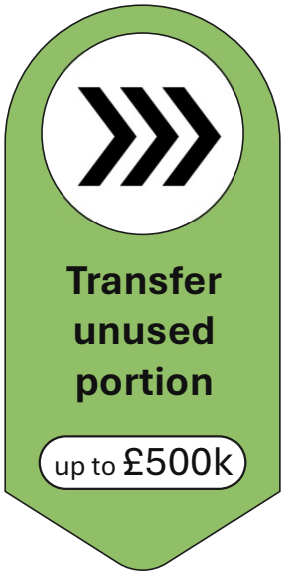
Inheritance tax (IHT)

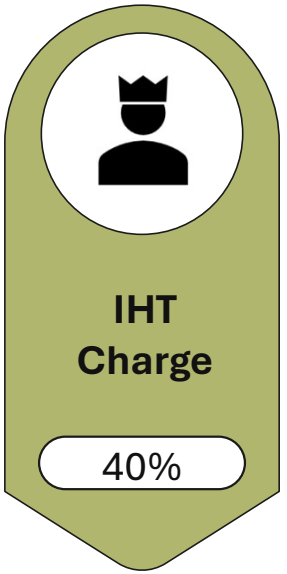


Applied to any part of an estate that is chargeable to IHT

Only applied to a home that is left to a direct descendant



A couple could potentially pass on up to £1m before IHT becomes due*



* A couple in this context is a spouse or civil partner

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Inheritance tax (IHT) – example one

Dorothy dies leaving everything to her niece

Estate value: £500,000
(including a home worth £450,000)

Nil-rate band (NRB): £325,000

Residence nil rate band (RNRB): £0

Relationship	Direct Descendants
Children (birth/adopted/step/foster/guardian)	✓ Yes
Grandchildren & further descendants	✓ Yes
Spouses/civil partners of descendants	✓ Yes
Nieces, nephews, siblings, parents	✗ No

1 Calculate the taxable estate

Estate value:	£500,000
Less nil-rate bands:	£325,000
Taxable amount:	£175,000

2 Apply Inheritance Tax

£175,000 x 40% = **£70,000**

3 Amount payable to beneficiary

£325,000 + £105,000 = **£430,000**

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Inheritance tax (IHT) – example two

First death

Mo dies leaving everything to his spouse, Tina

Estate value: £700,000
(including a home worth £550,000)

All assets, NRB & RNRB are transferred to Tina

Second death

Tina leaves everything to her children

Estate value: £1,100,000
(including a home worth £750,000)

NRB: £650,000 (£325,000 + £325,000)

RNRB: £350,000 (£175,000 + £175,000)

1 Calculate the taxable estate

Estate value:	£1,100,000
Less nil-rate bands:	£1,000,000
Taxable amount:	£100,000

2 Apply Inheritance Tax

£100,000 x 40% = **£40,000**

3 Amount payable to beneficiaries

£1,000,000 + £60,000 = **£1,060,000**

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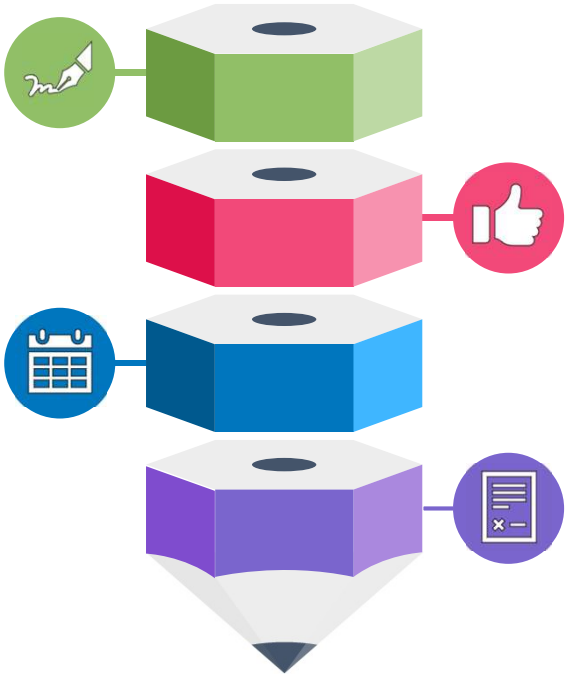
Writing a will

A solicitor will write a Will that reflects your wishes or intentions



Only consider writing a Will yourself if you're confident that it reflects your wishes or intentions

Keep your Will up to date

Divorce automatically removes any entitlement to the ex-spouse*

A Will is automatically revoked on marriage*

Regularly review your nomination forms for life assurance and pensions

*Unless your Will specifically states otherwise

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Writing A will - red apple law

A will writing service is available from Red Apple Law through My Benefit provided by BT Group

Choose either a single or couple's will

You can access this service at anytime

Payment is a one-off deduction in the month of selection

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Lasting power of attorney

- Paying bills
- Buying & selling property, paying the rent or mortgage
- Investing money

- Where you live
- Medical care & what you should eat
- Who you should have contact with

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Power of attorney (POA)

- Paying bills
- Buying & selling property, paying the rent or mortgage
- Investing money

- Where you live
- Medical care & what you should eat
- Who you should have contact with

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Taking action

1. Carry out a budget plan and look for where you could reduce costs
2. Check that you have sufficient financial protection
3. Review any debt you have and consider making overpayments
4. Check the value of your pensions savings and consider increasing contributions
5. Review the way your BTRSS is invested
6. Check your State Pension entitlement
7. Consider if DirectShare could be part of your other savings and investments
8. Check your IHT position and make sure your DIS and pension nomination forms are up to date

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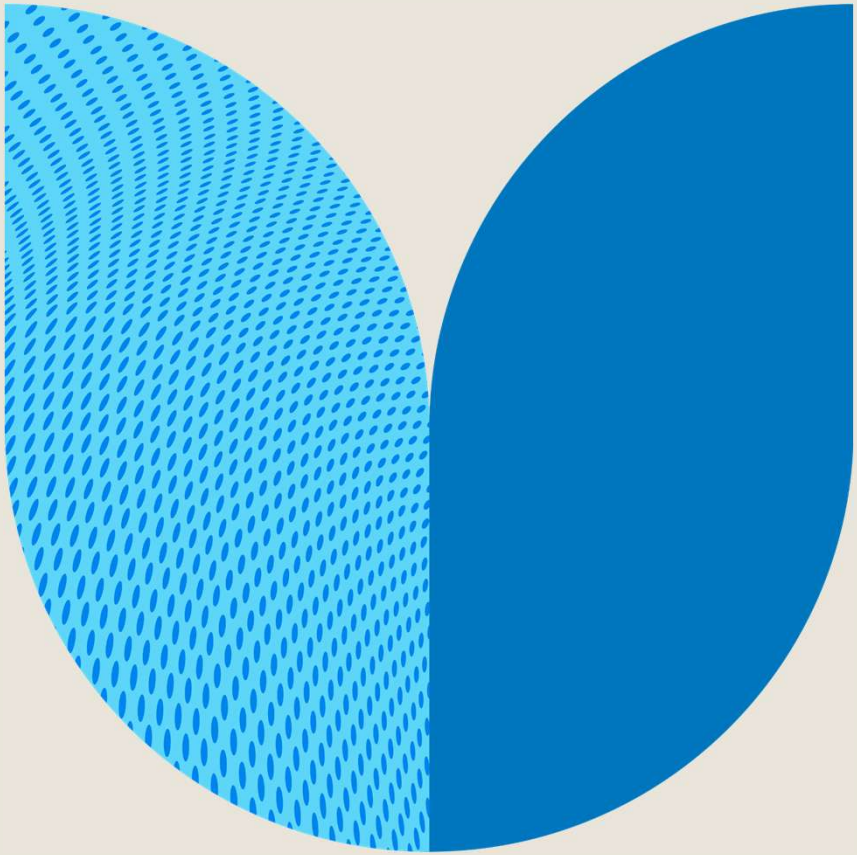
Next steps



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Useful contacts

01

BT Retirement Saving Scheme (BTRSS)

www.btretirementsavingscheme.com

02

General tax and National Insurance information

www.hmrc.gov.uk

03

Pension Tracing Service

www.gov.uk/find-pension-contact-details

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Seeking advice

An adviser will assess your circumstances, objectives and risk profile and provide you with a personal recommendation to meet your objectives.

All regulated firms are listed on the Financial Services Register, this provides confirmation that the firm is authorised, the specific services they are authorised to provide and details of the advisers who work for them.

Financial Services Register link:

- 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**

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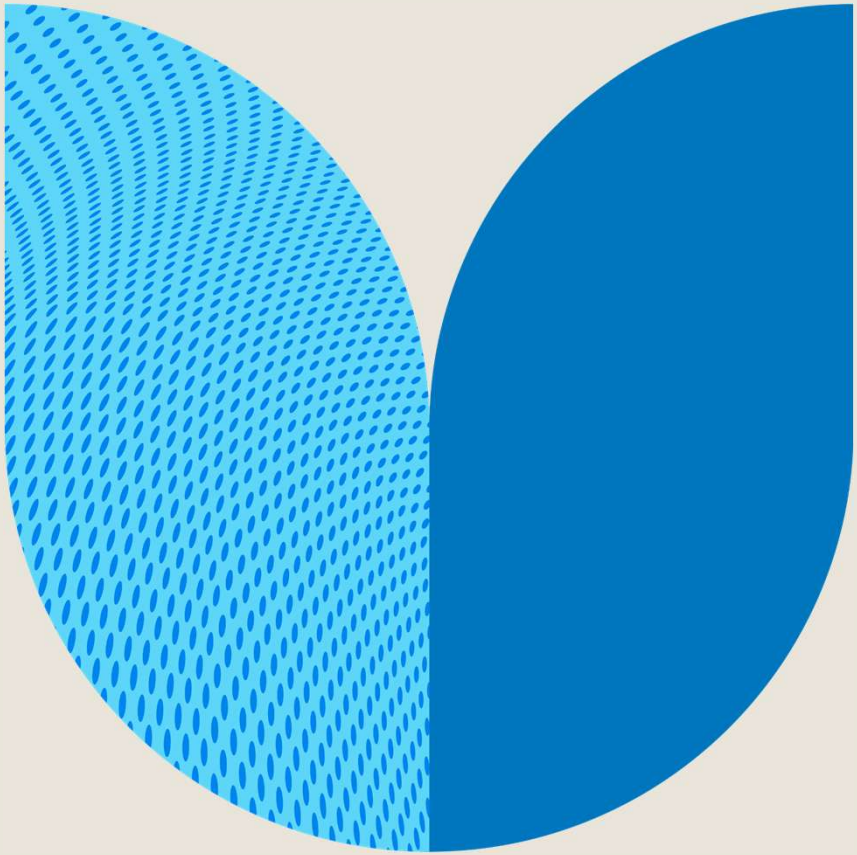
Thank you

0800 028 3200

www.wealthatwork.co.uk/mywealth