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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.**

**WEALTH at work**

part of the Wealth at Work group

# 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.

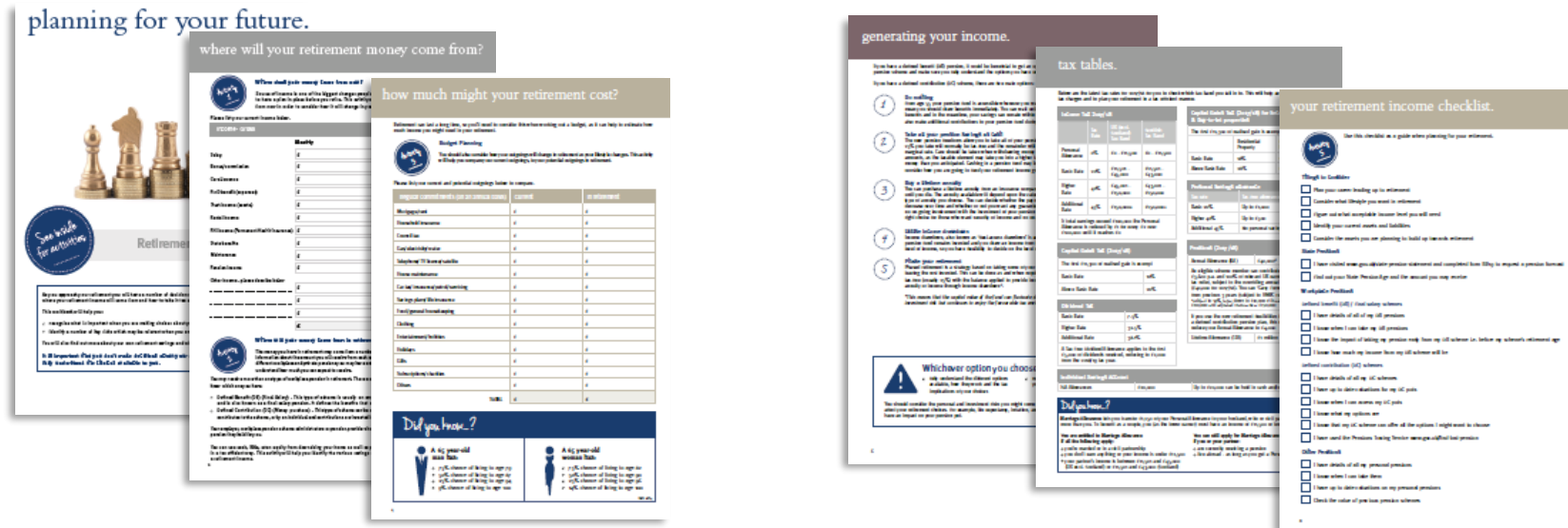
# What we'll cover today

- 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

# Actions to takeaway

Access the workbook by visiting:

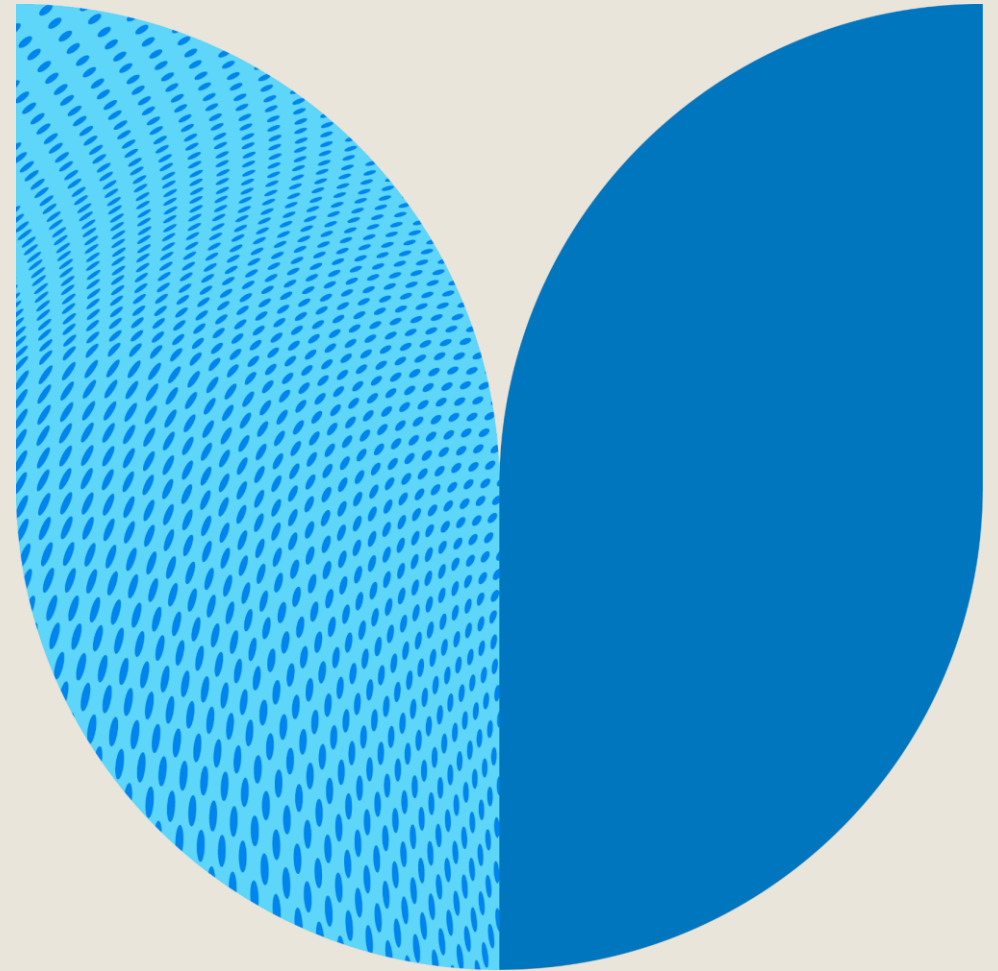
[www2.wealthatwork.co.uk/bt/your-education/your-seminars/](http://www2.wealthatwork.co.uk/bt/your-education/your-seminars/)



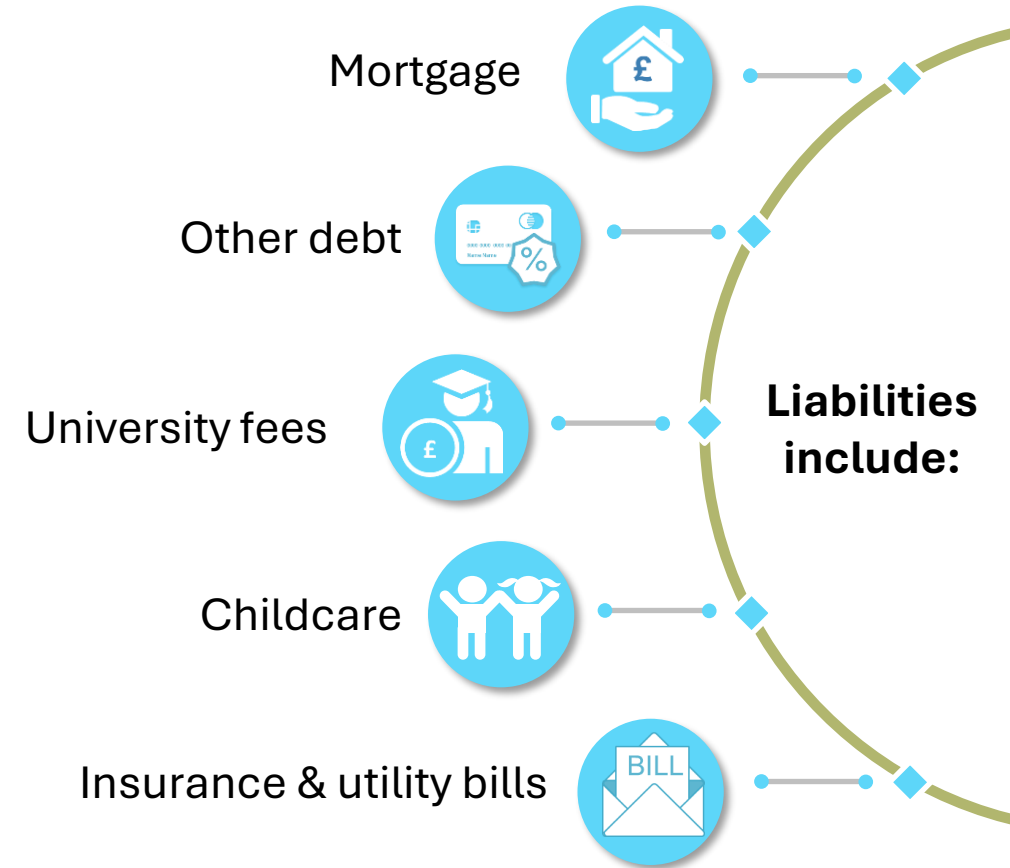
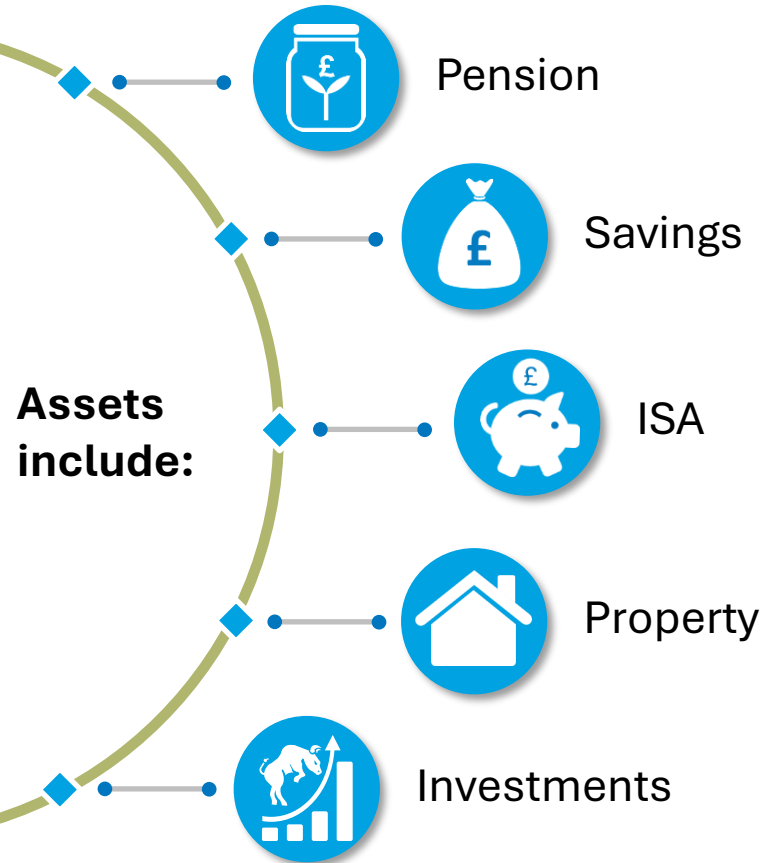
(The link will be emailed to you after this online seminar)

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

# Taking stock of your existing finances



# Your assets and liabilities



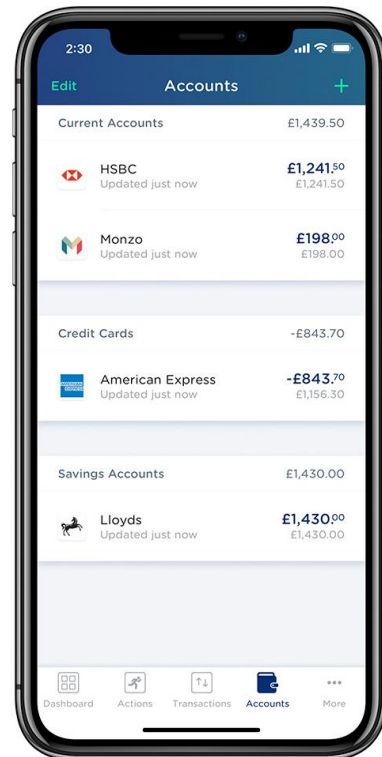
# Budgeting – 4 steps



Search: 'MoneyHelper Budget Planner'

# Budget planning

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



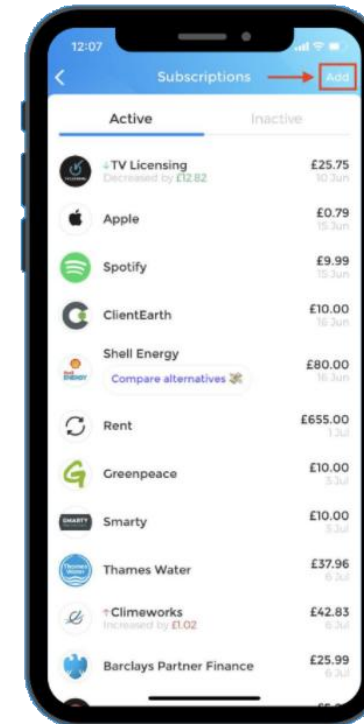
A clear overview of all accounts

# Budget planning

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

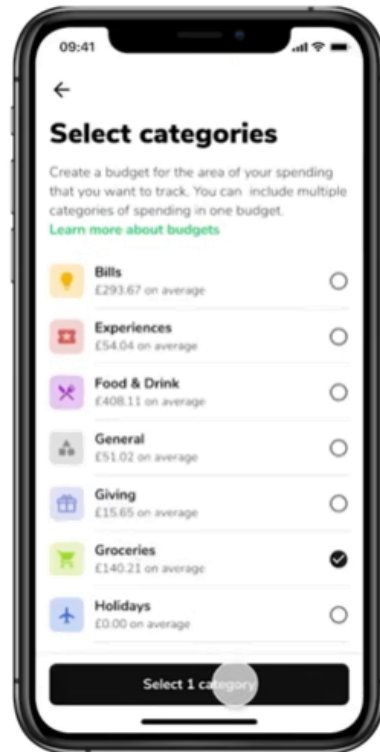
A clear overview of all accounts

Show all transactions in one place



# 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

# Budget planning

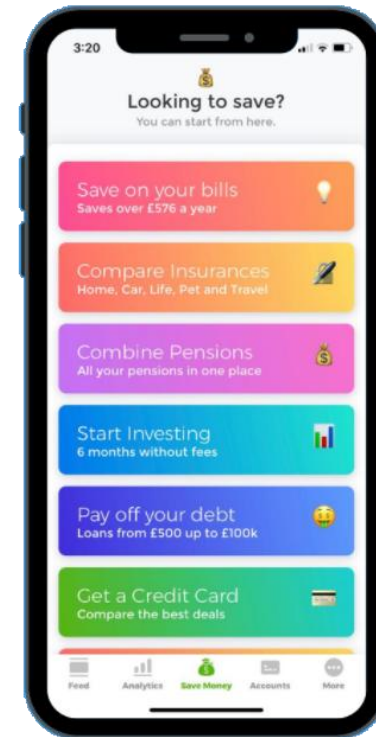
Apps are available that can integrate with your accounts to build a budget in one place.

A clear overview of all accounts

Show all transactions in one place

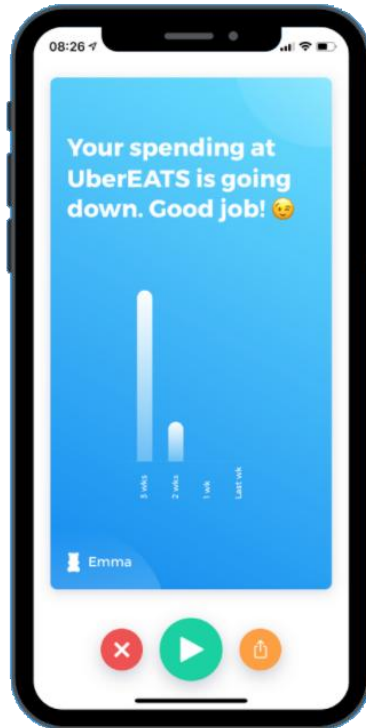
Set multiple budgets

Set multiple savings goals



# 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

Keep on track with reminders

# 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**

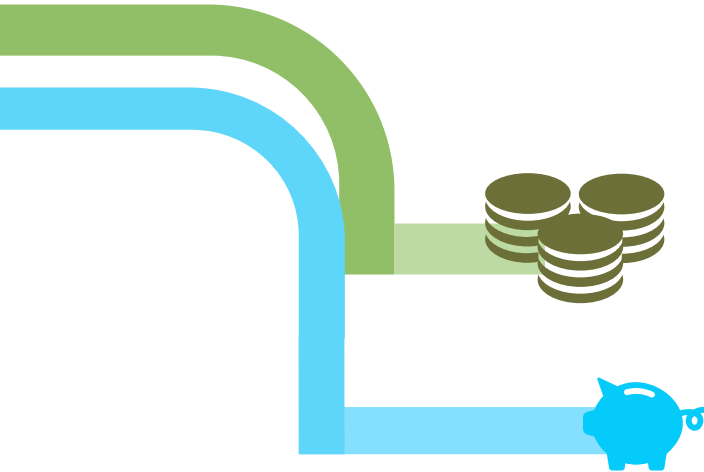
- Tax free lump sum if you suffer a specified illness or injury
- Check if you have cover in place

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](http://www.therewardhub.com/identity/bt/login)

# 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](http://www.btretirementsavingscheme.com)

**WEALTH at work**

part of the Wealth at Work group

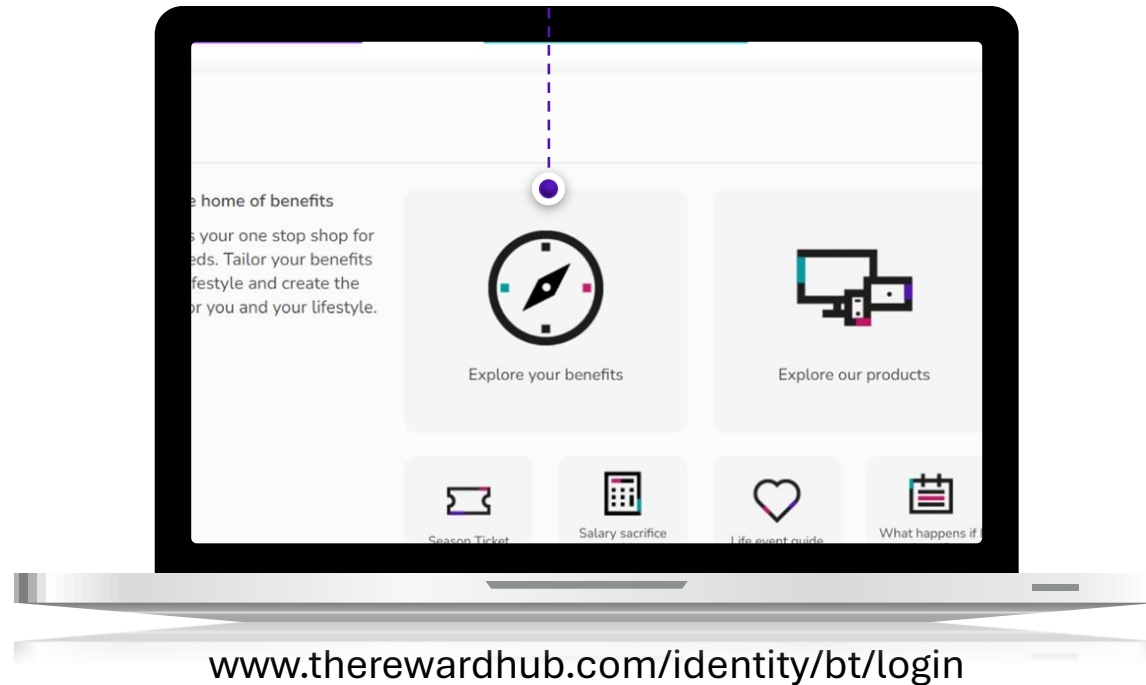
# My benefits



[www.therewardhub.com/identity/bt/login](http://www.therewardhub.com/identity/bt/login)

# My benefits

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



# 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

£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

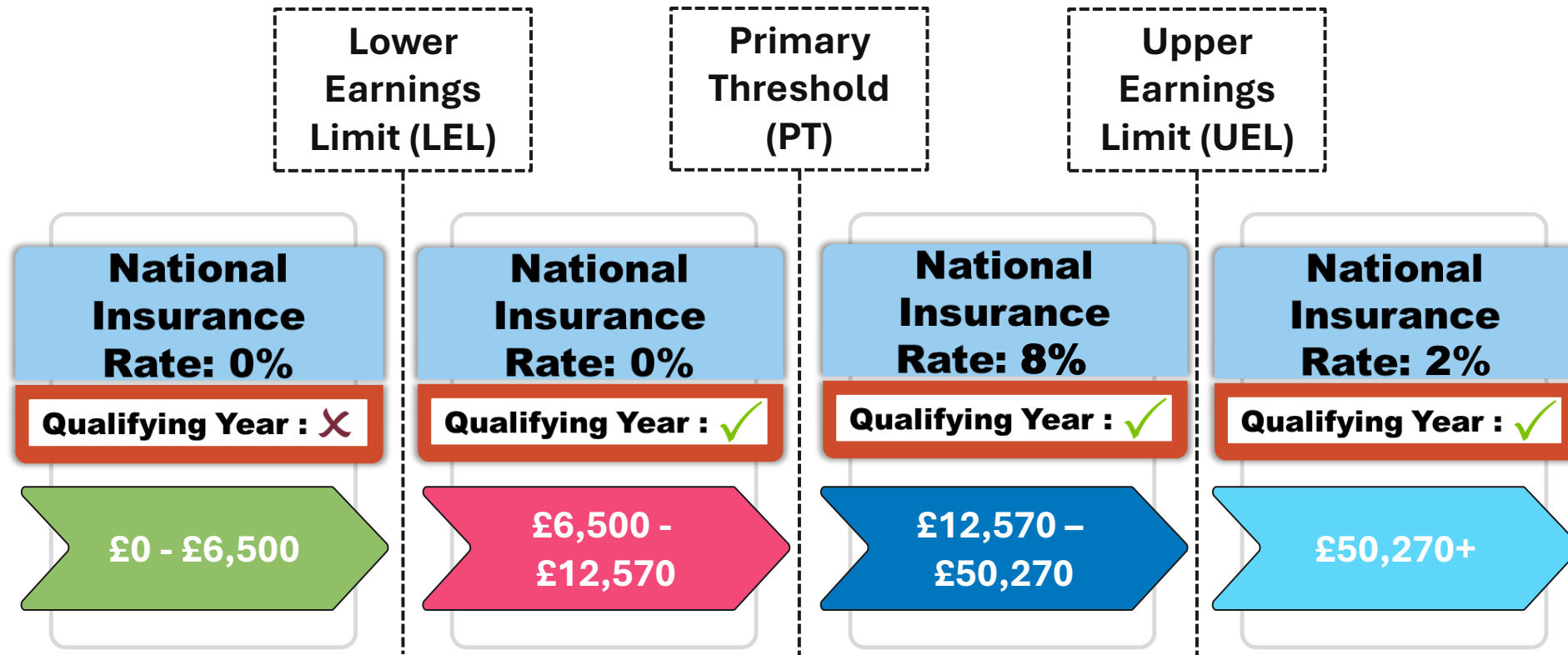


Scottish rates apply to: ✓ Earnings ✓ Pension income ✓ Rental income

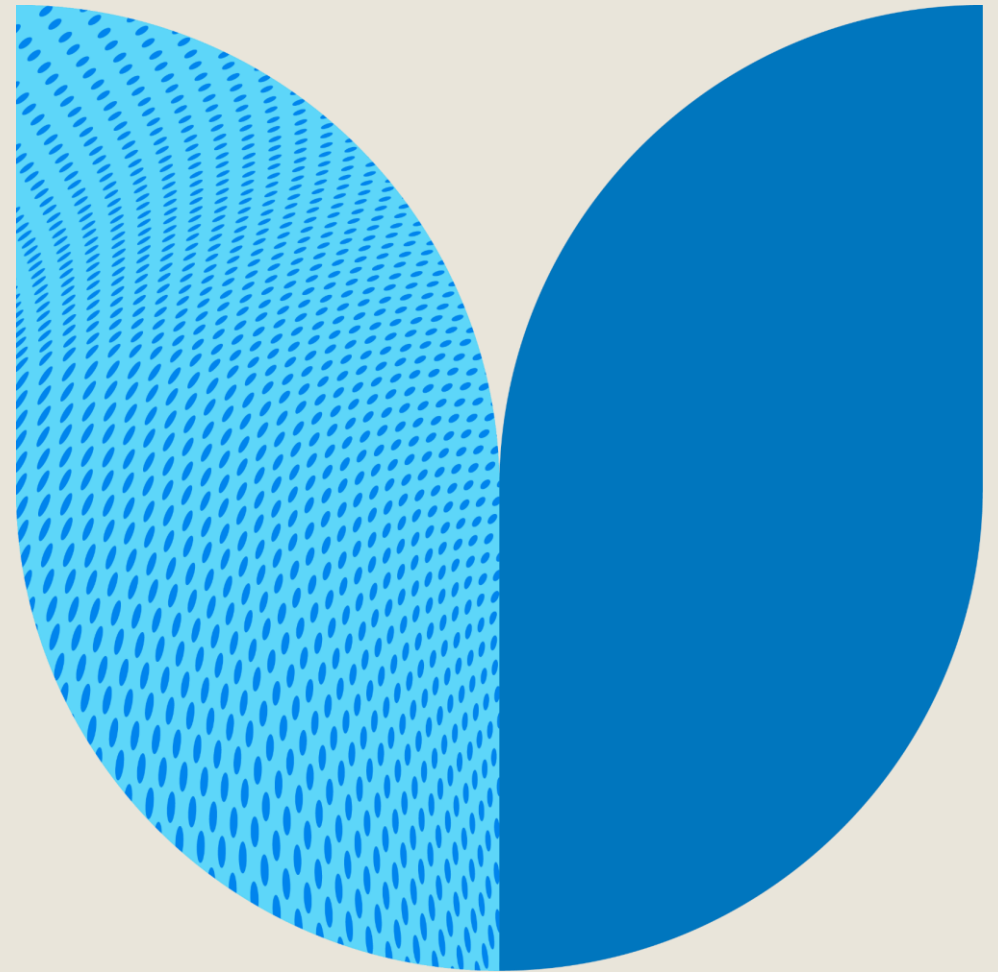
They do not apply to: ✗ Savings ✗ Dividends ✗ Capital gains tax

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

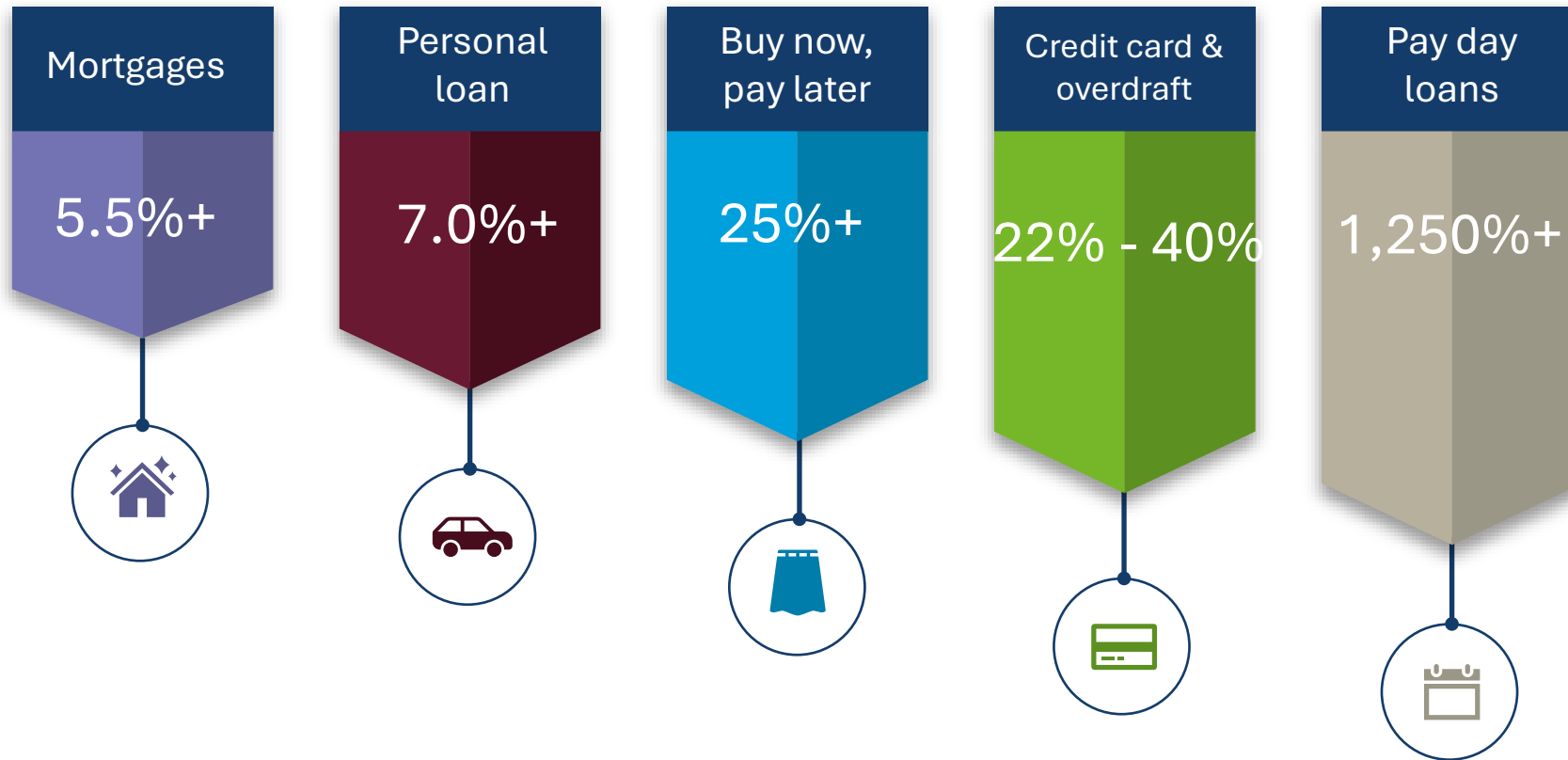
# National Insurance



# Debt and mortgages



# Types of debt



\*All rates are approximate examples only.

# Credit card overpayments

Based on a credit card debt of £3,000 and 22% APR.

Repay £60 per month

**£3,534**  
interest

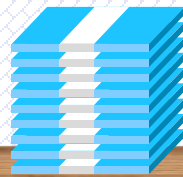


Term



Repay £100 per month

**£1,198**  
interest



Term



Repay £300 per month

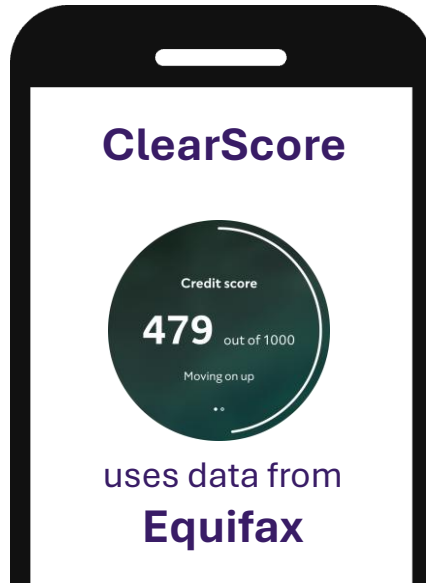
**£310**  
interest



Term



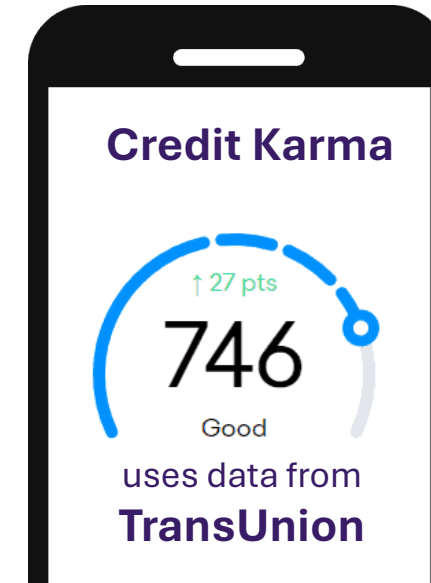
# Check your credit score for free



[www.clearscore.com](http://www.clearscore.com)



[www.experian.co.uk](http://www.experian.co.uk)

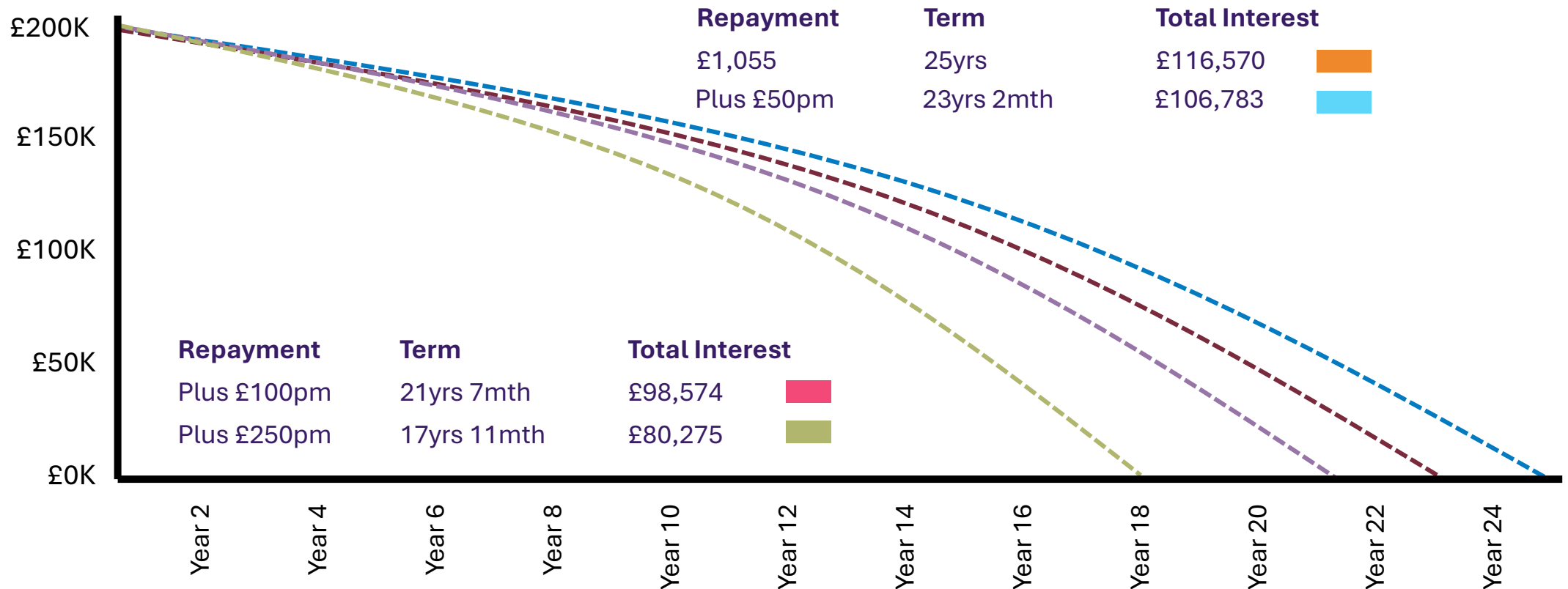


[www.creditkarma.co.uk](http://www.creditkarma.co.uk)

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

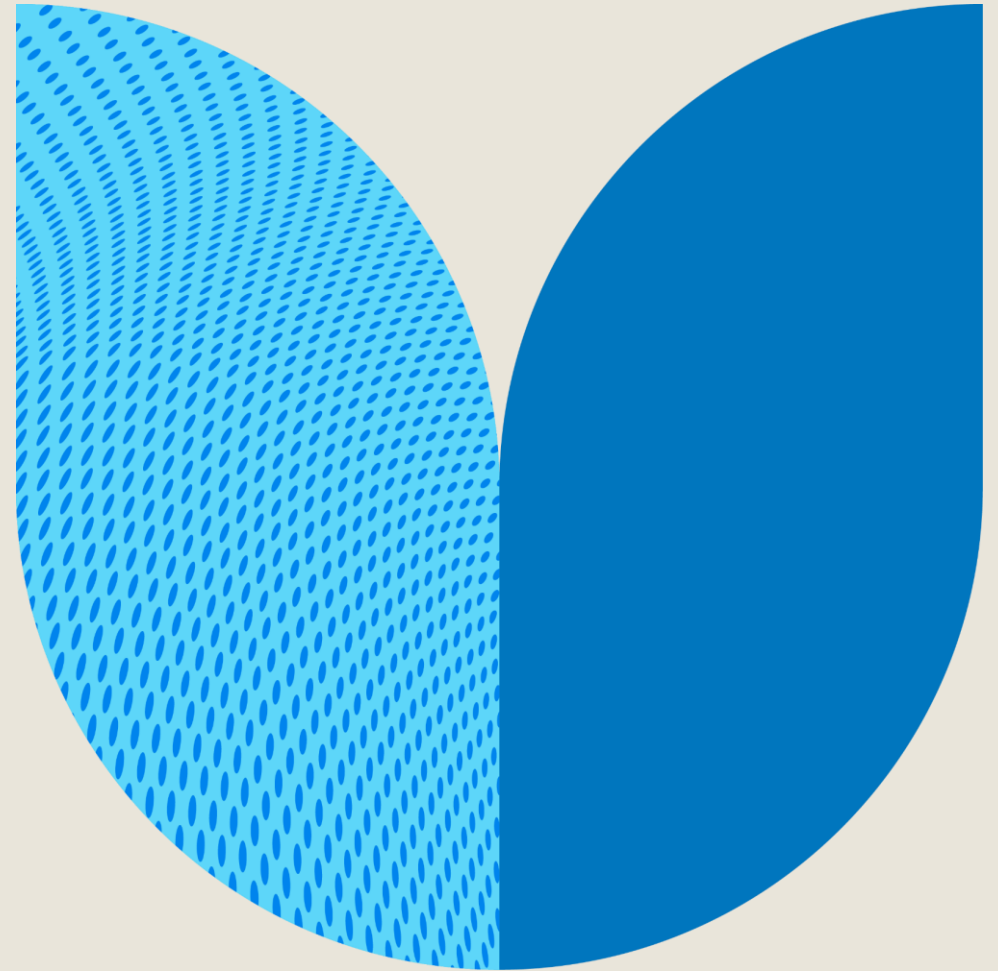
# Repaying your mortgage early

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

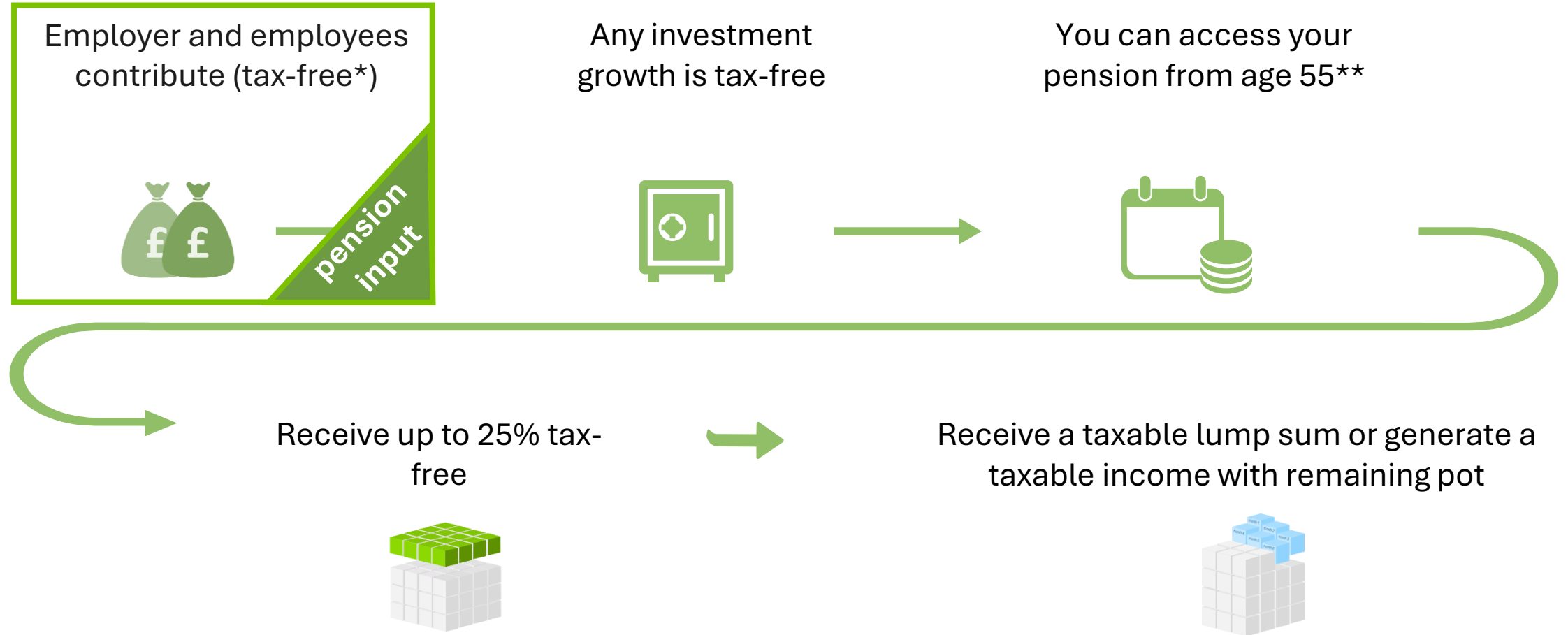


Graph shown for illustrative purposes only. Data provided by Nationwide Building Society. Any early repayment charges or changes in interest rates are not reflected in the figures shown

# Building up savings in the BTRSS



# Defined contribution (DC) schemes

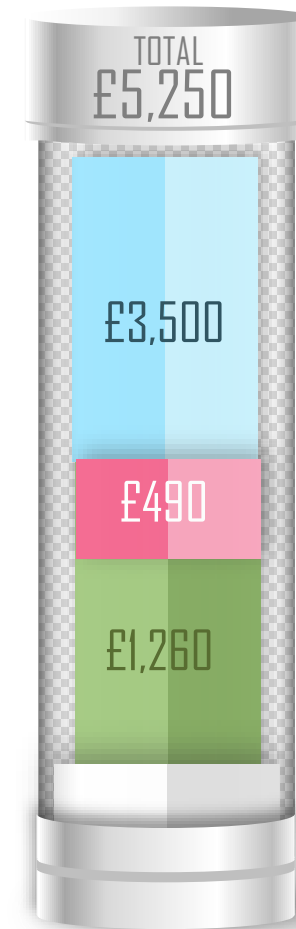
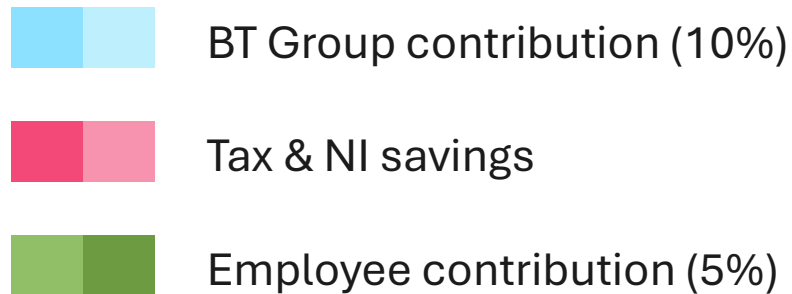


\*subject to HMRC limits

\*\*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.

# 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%)

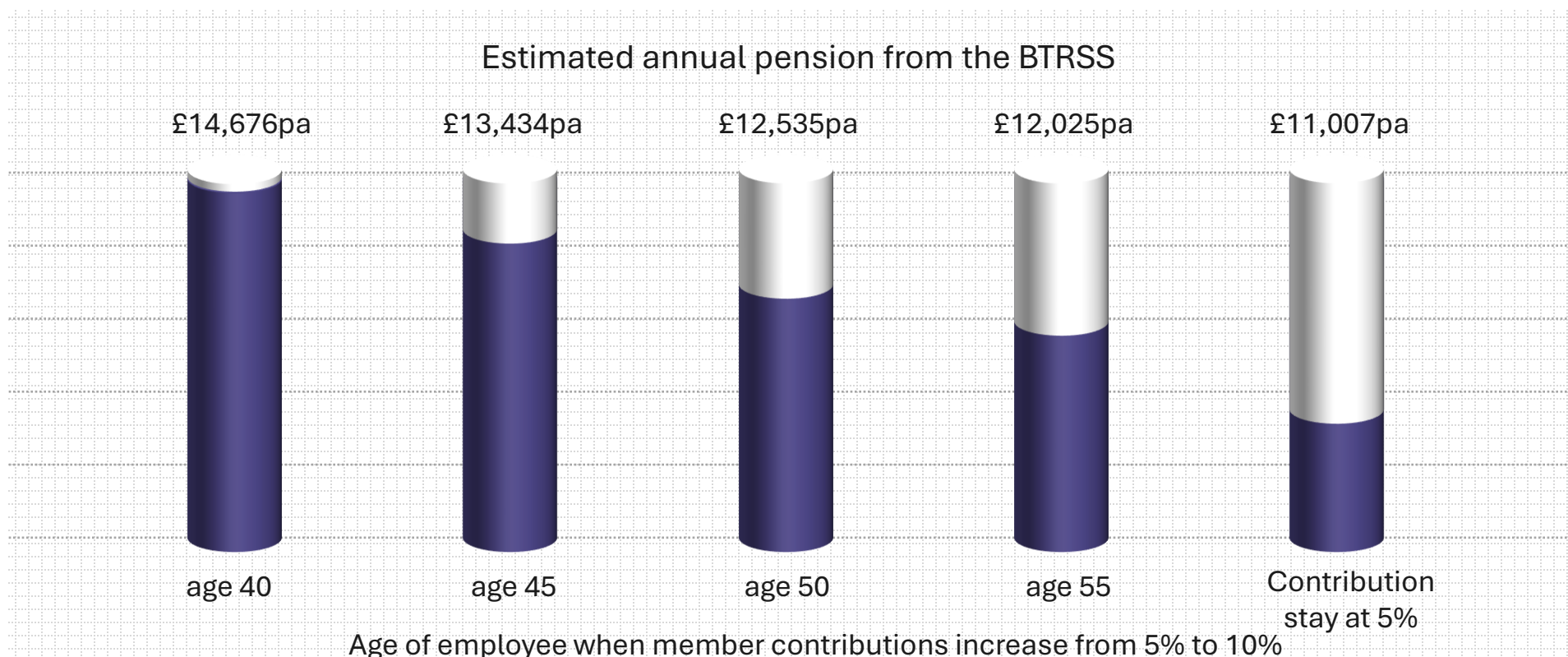


\*You must contribute at least 5% and BT Group will contribute 10% of pensionable salary.

# 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

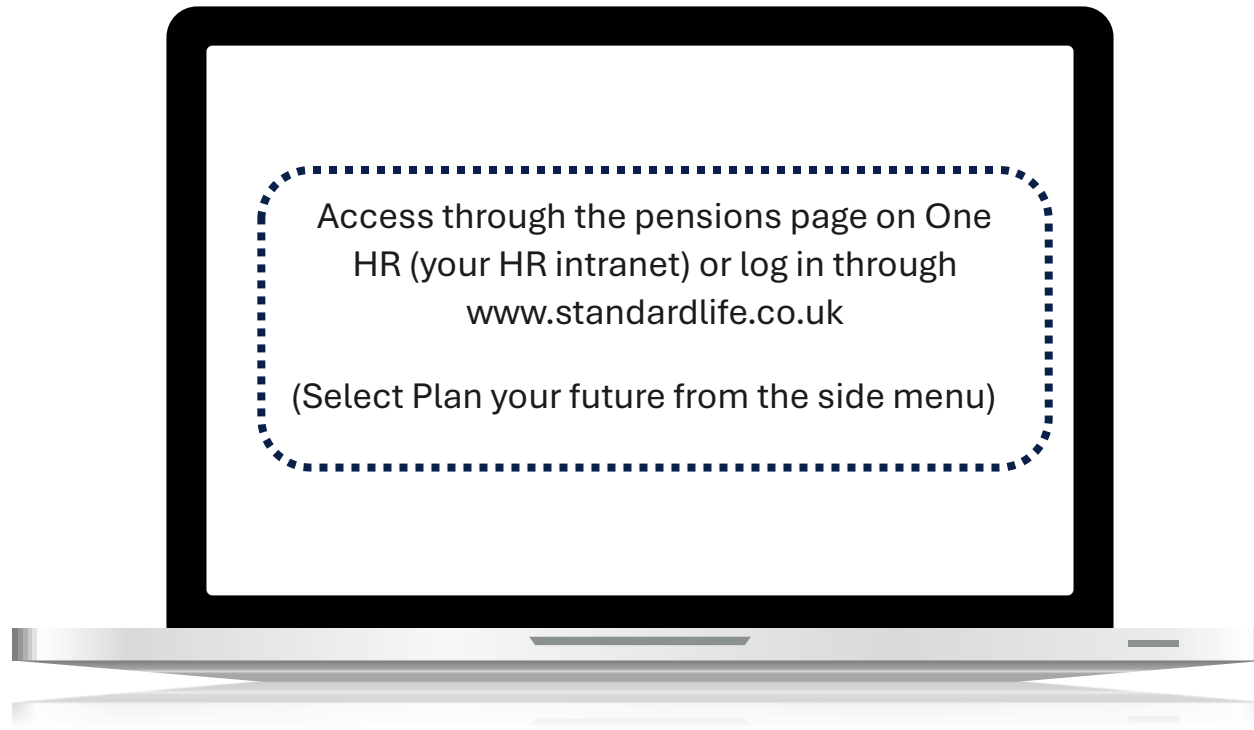


Note: pension values are estimates only and are provided by the Standard Life pension calculator.

Pension values assume an annuity is purchased at retirement.

# Pension calculator

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



# 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

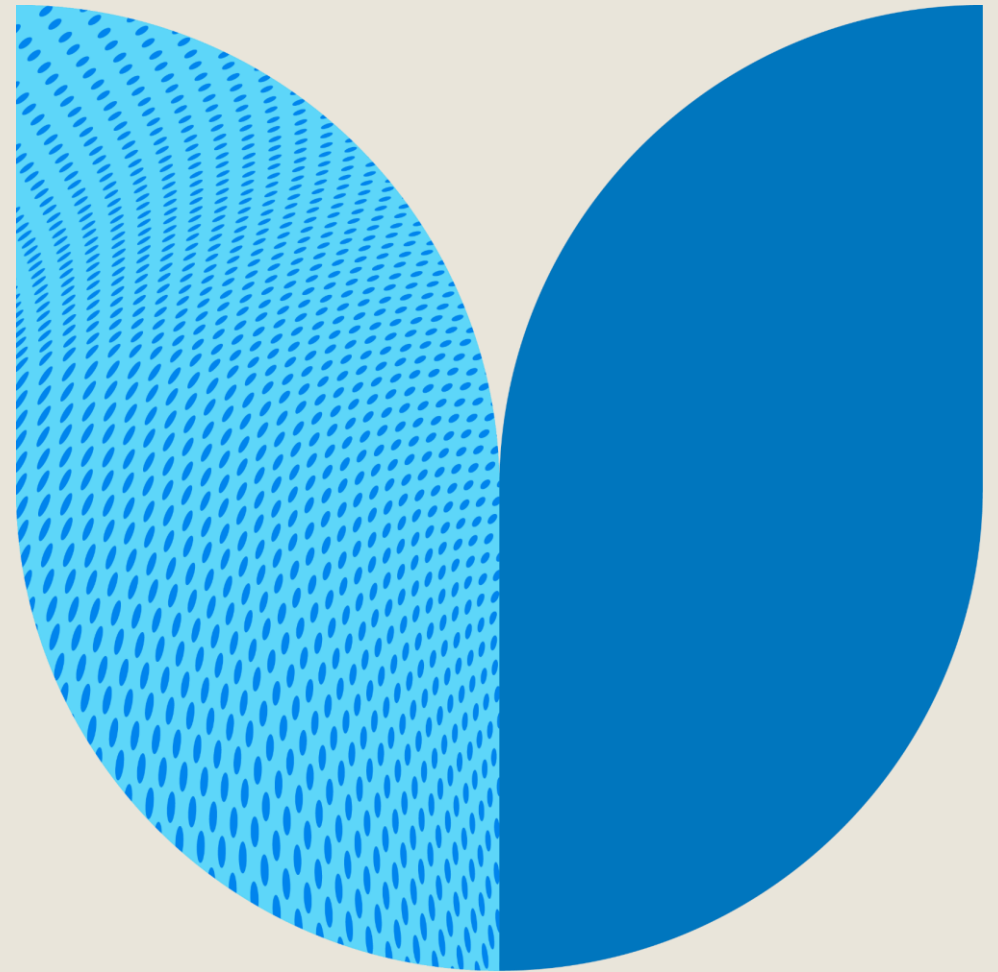
- Lump Sum Allowance (LSA): The maximum tax-free cash is limited to 25% of the pension value, subject to a total cap of £268,275 (which is set to be frozen)
- Lump Sum and Death Benefits Allowance (LSDBA): The maximum amount of non-taxable lump sums that can be taken from a pension, set at £1,073,100.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



# Your investment options


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

**OPTION**

**1**

**Do It For Me  
(default)**

The low involvement lifestyle option




**OPTION**

**2**

**Help Me Do It**

Other Standard Life Lifestyle profiles




**OPTION**

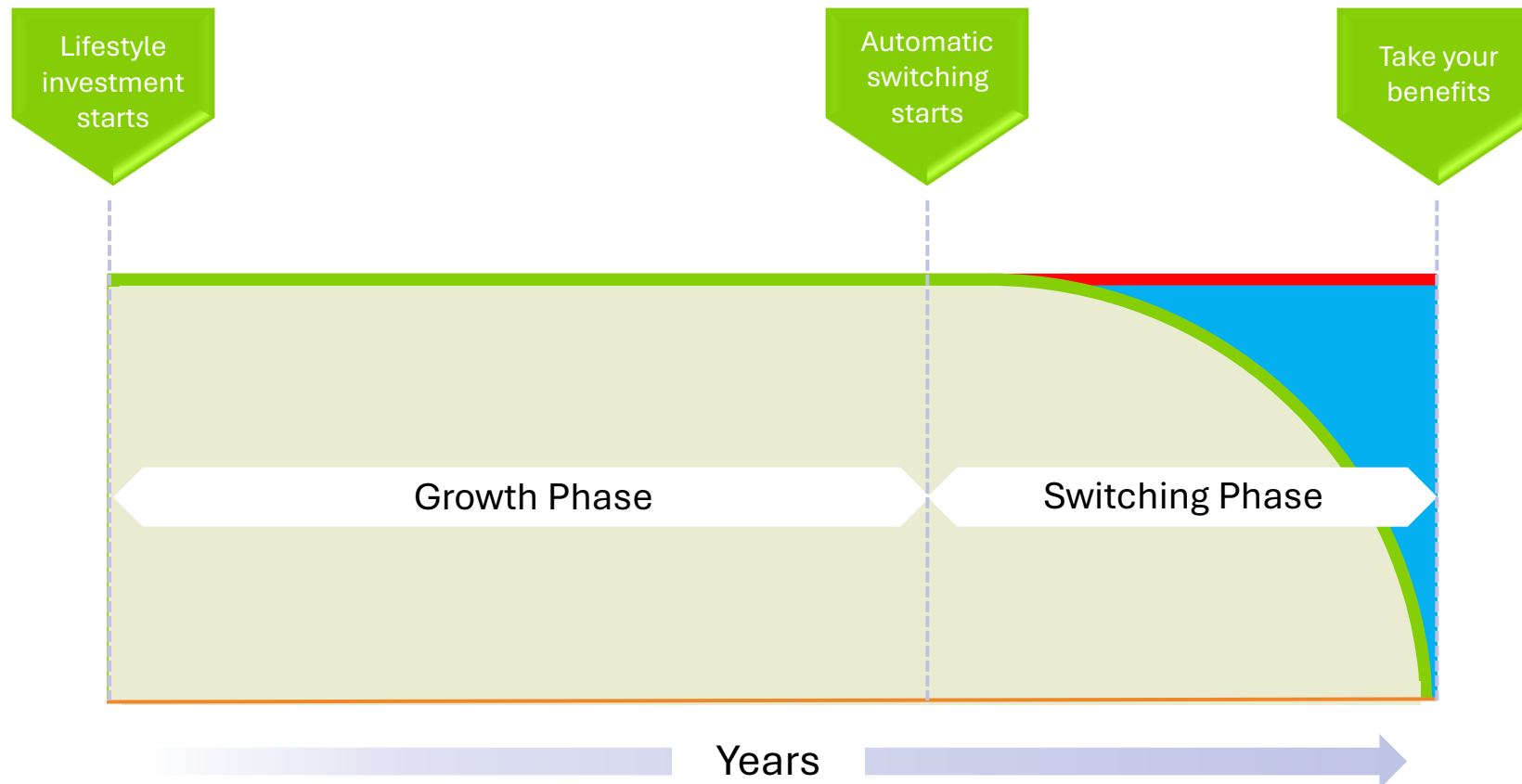
**3**

**Let Me Do It**

Choose from the full fund range



# Lifestyle funds



# Your selected retirement date

The screenshot displays the 'Plan information' section of a Standard Life web interface. At the top, there are three tabs: 'Personal details', 'Plan information' (which is highlighted with a red circle), and 'Preferences'. Below the tabs, the main content area is titled 'Plan retirement date' and includes a 'Cancel' button and a 'Save' button. A descriptive sentence reads: 'The date you have chosen to start taking your retirement benefits.' Below this, the 'Retirement date' is shown as '19 February 2050', with dropdown menus for the day, month, and year. A yellow warning icon precedes the text: 'Important information about changing your retirement date'. A light blue box contains 'Important information' with 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 of the page, a yellow wave graphic spans across, with the text 'There's a lot to look forward to' on the right and 'Connect with us' on the left. The left-hand navigation menu includes 'Home >', 'Your pension >', 'Plan your retirement >', 'Combine your pensions >', 'Your details >' (circled in red), 'Mailbox >', 'Help >', 'Guides >', and 'Logout >'.

# Self-select funds



Choose from a range of different investment types



Invest into equities, bonds, property or cash



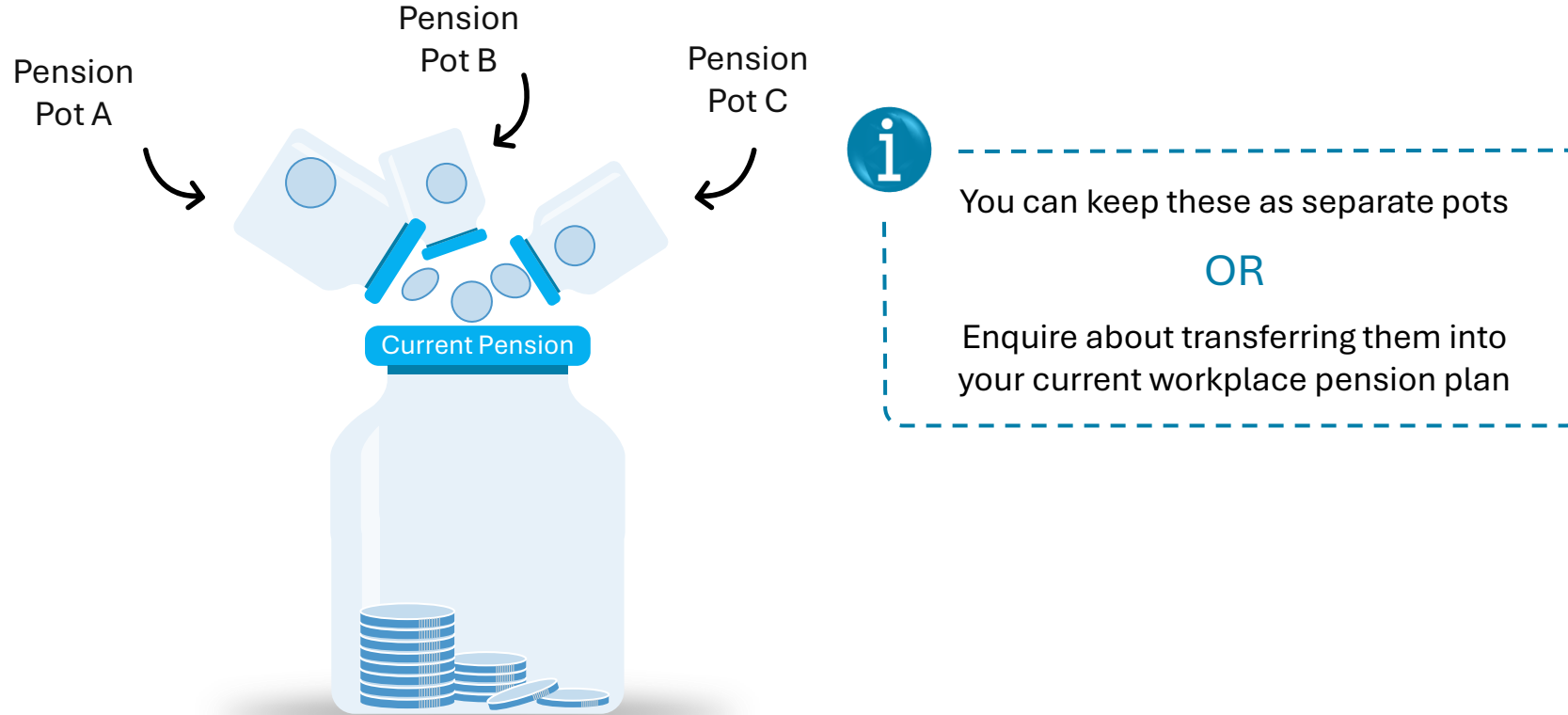
You can manage your exposure to risk as you approach retirement



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



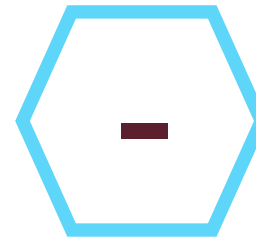
Protected retirement age



Any link to a defined benefit pension



Any guaranteed benefits or added benefits



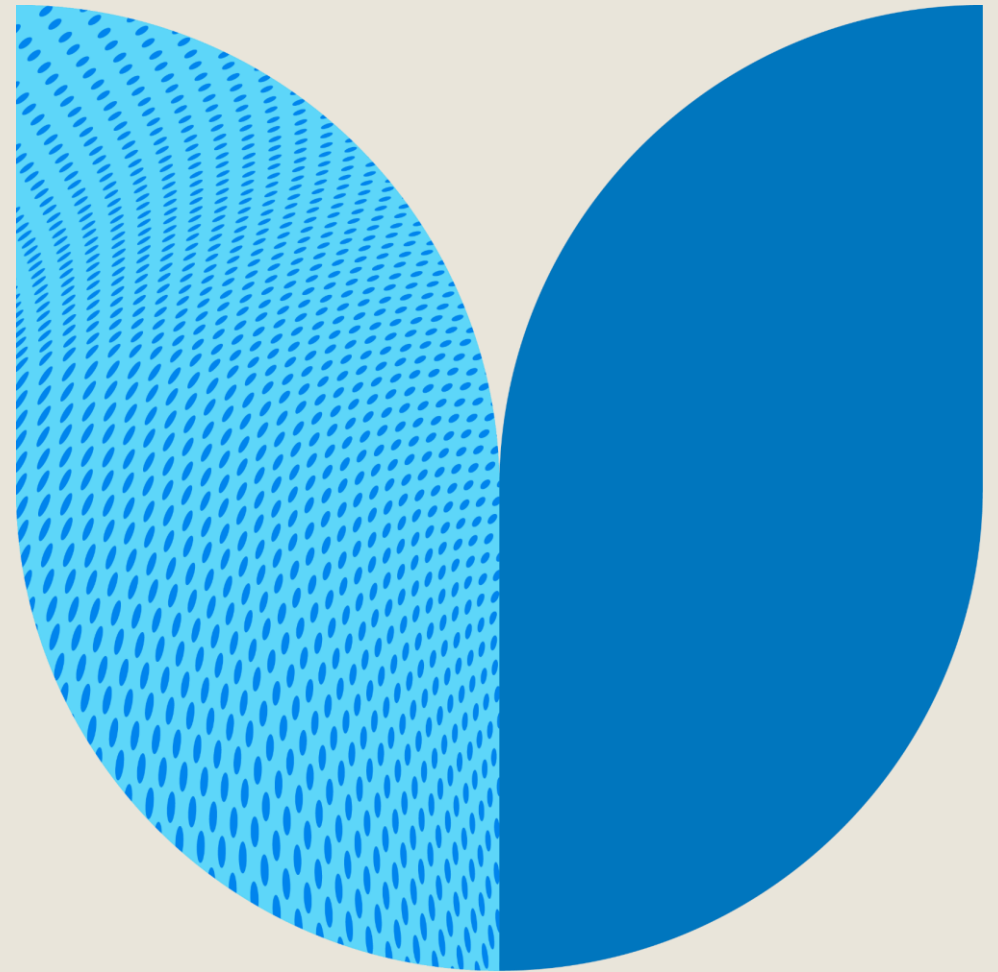
If you are unsure, you should always seek regulated advice before transferring a pension



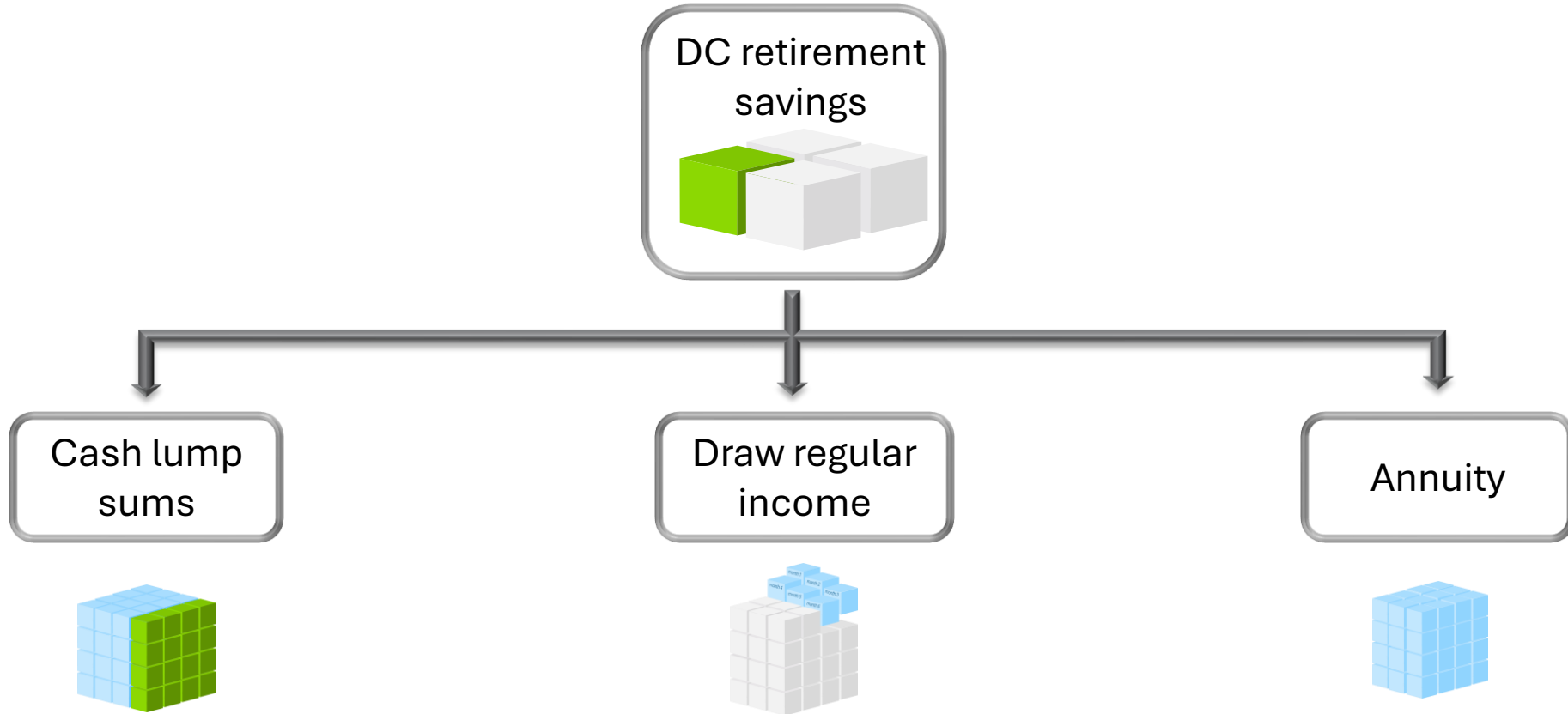
**finding lost pensions:**

[gov.uk/find-pension-contact-details](https://gov.uk/find-pension-contact-details)

# Receiving your pension at retirement

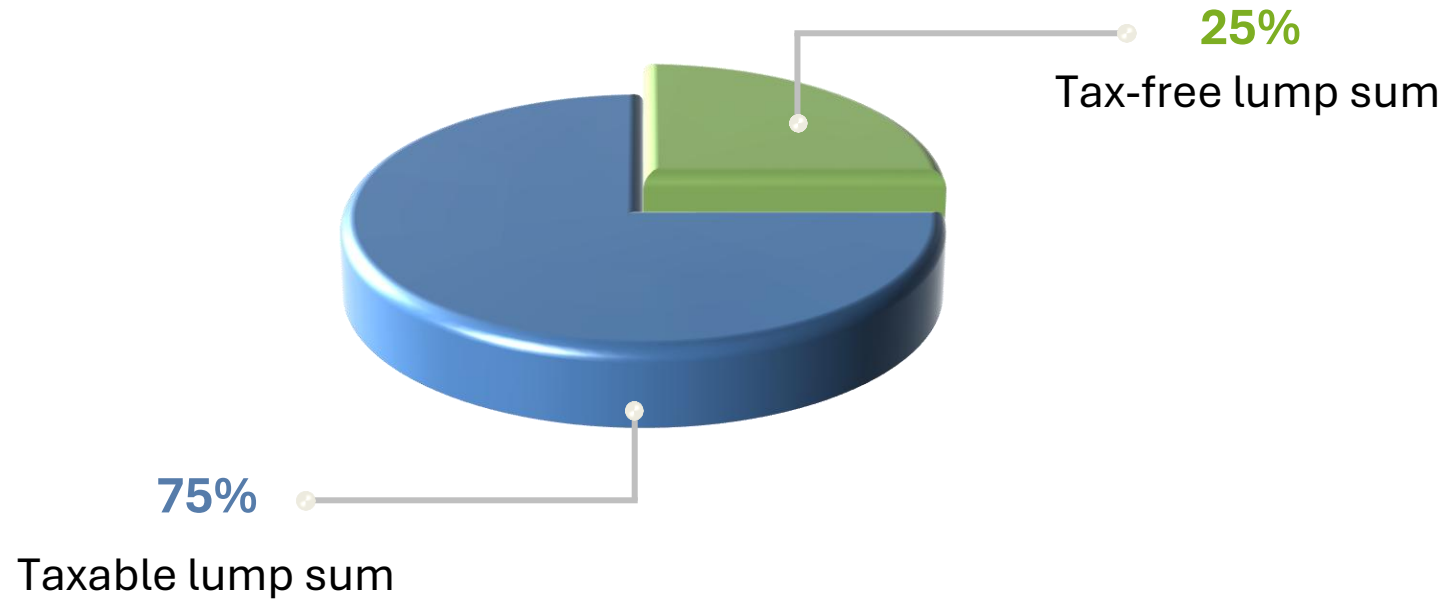


# Defined contribution income options



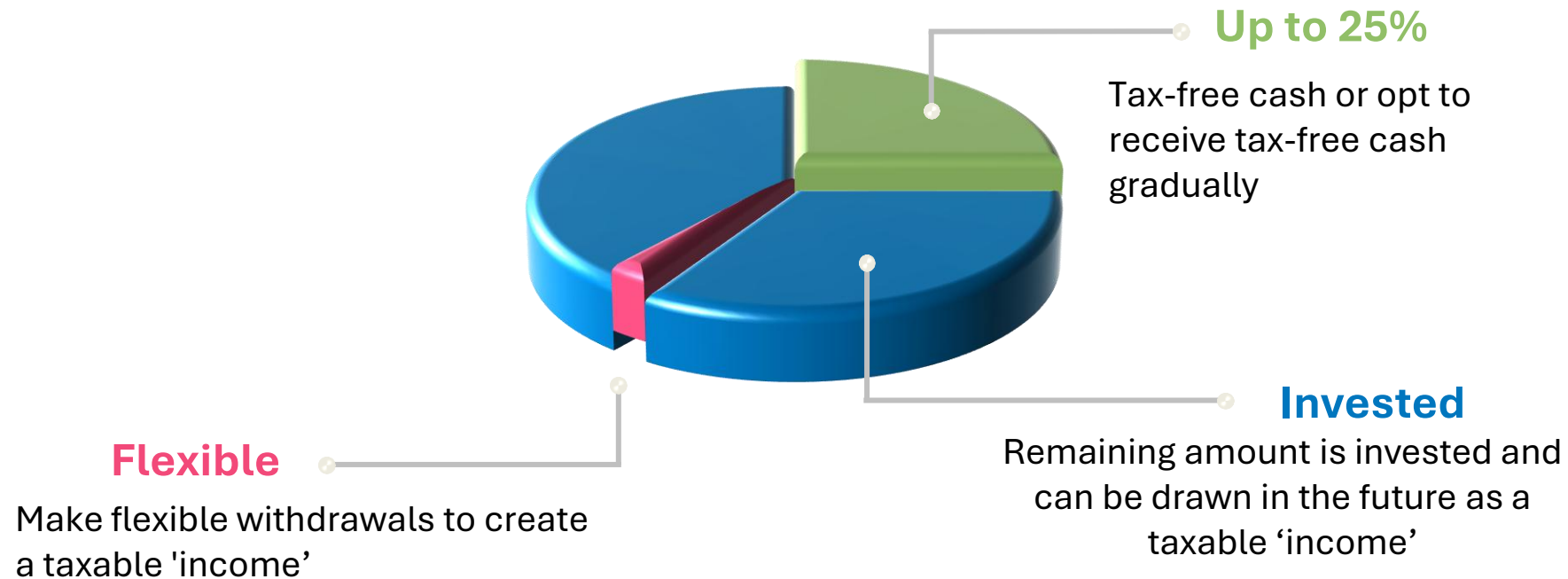
You may need to transfer your benefits to an alternative arrangement to access your chosen income route

# 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

# Flexi access drawdown



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

# Buying an annuity

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

Options include

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

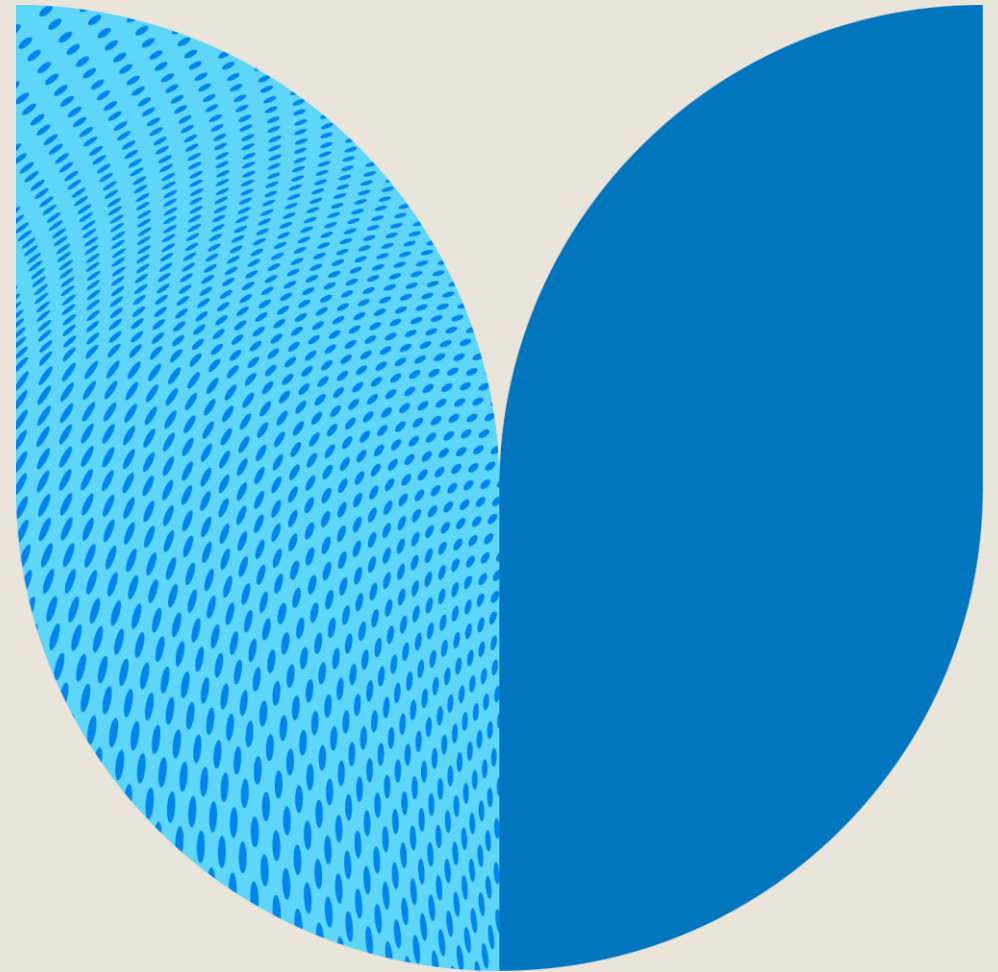
The income level is determined by your circumstances



Buy an annuity with the remainder

Provides a secure income throughout your retirement

# The State Pension



# 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](http://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 6<sup>th</sup> April 1970 and 5<sup>th</sup> April 1978 - if adopted those affected will reach State Pension age between their 67<sup>th</sup> & 68<sup>th</sup> birthdays

# State Pension forecast

## Your State Pension summary

**You can get your State Pension on 25 June 2036**

Your forecast is £241.30 a week,  
£1,049.22 a month, £12,590.68 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 2026

**£193.04 a week**

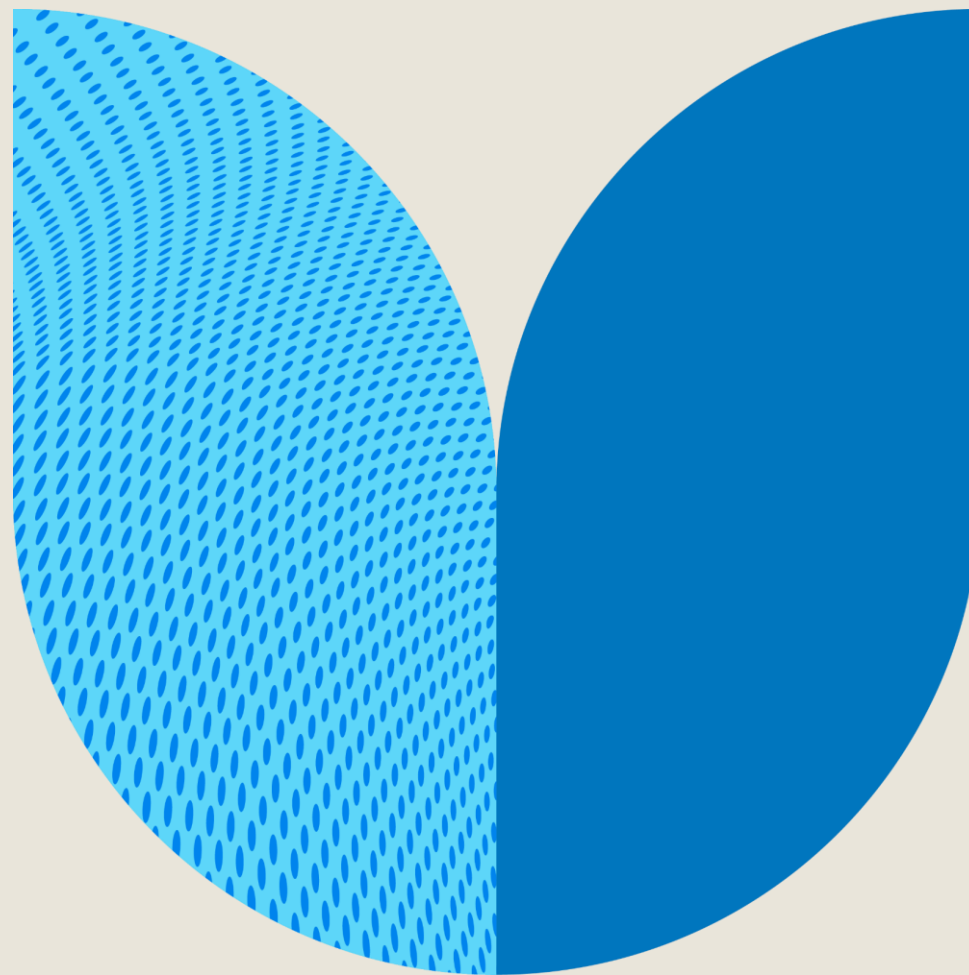
Forecast if you contribute another 7 years before 5 April 2036

**£241.30 a week**



[www.gov.uk/check-state-pension](https://www.gov.uk/check-state-pension)

# Other savings and investments



# Your goals



## Short Term

- 0 to 5 years
- Typically cash holdings



## Medium Term

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

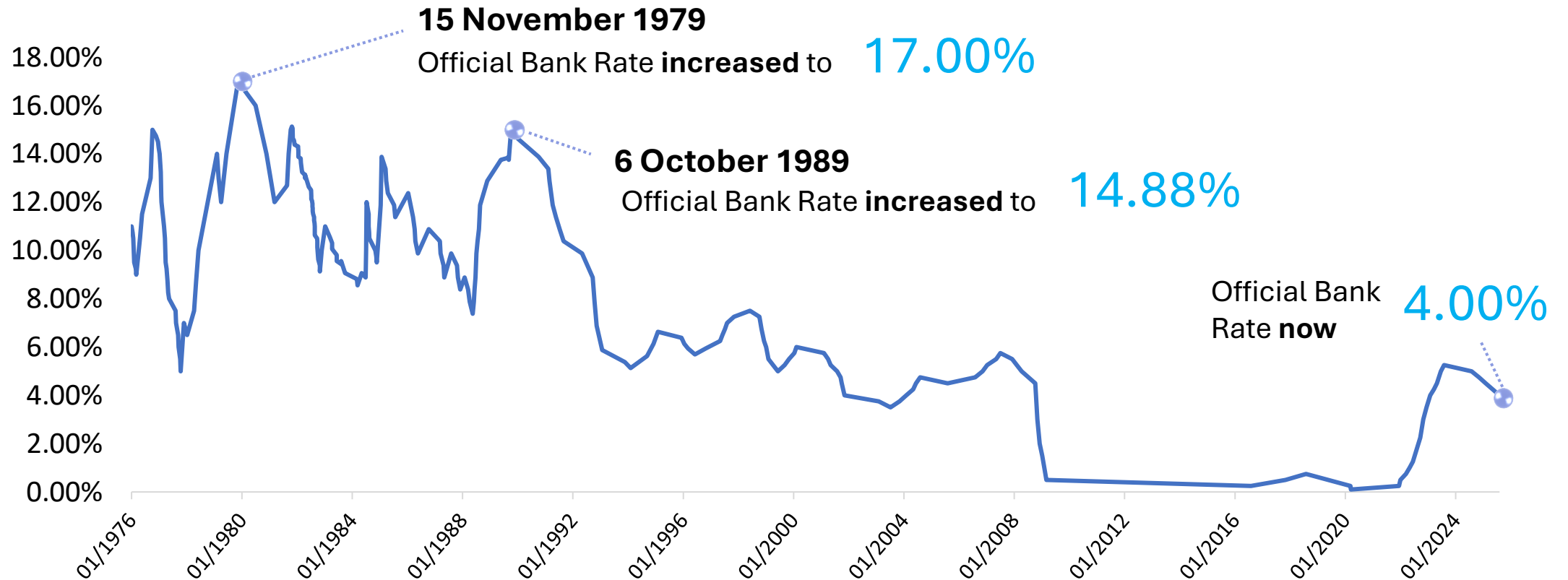


## Long Term

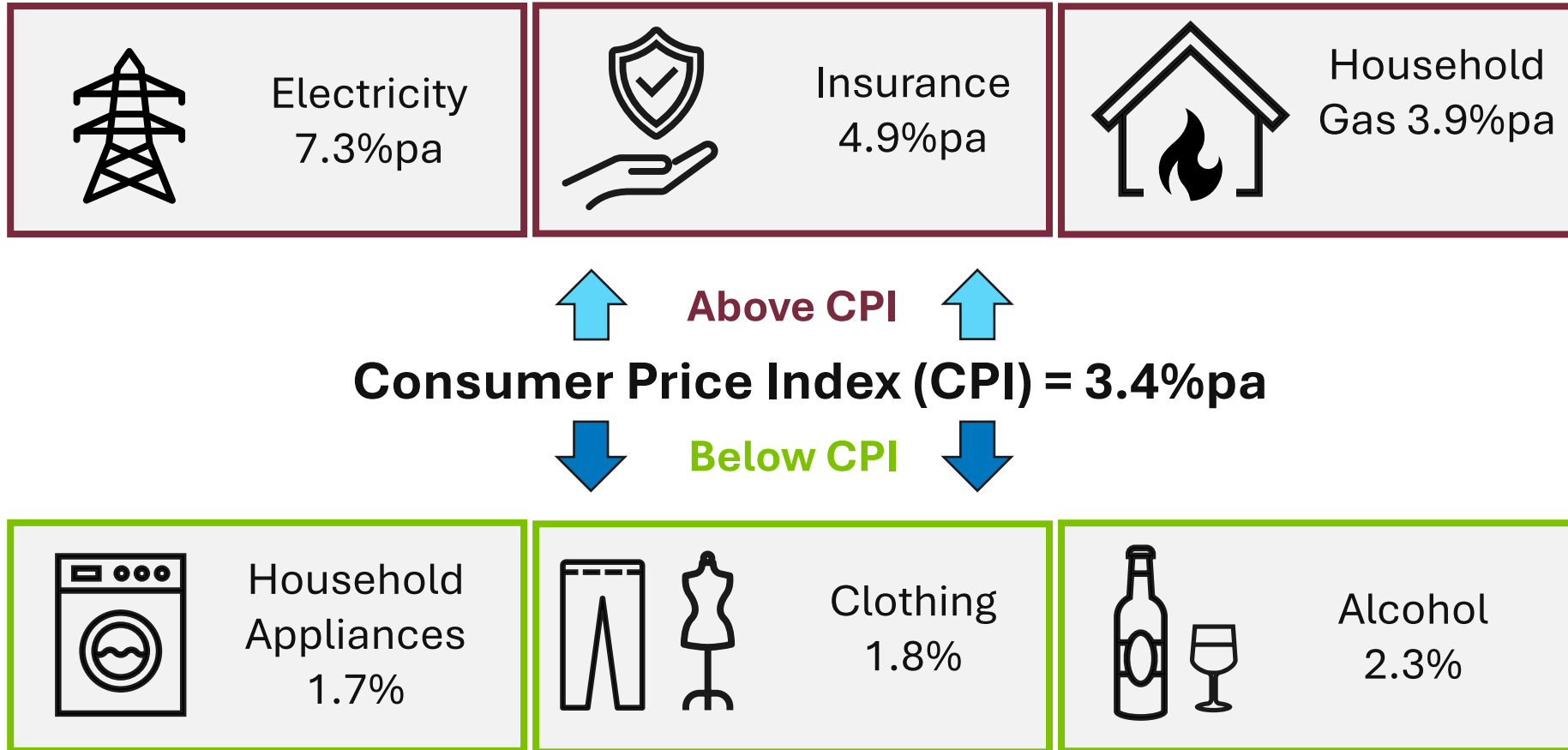
- More than 15 years
- Consider your retirement approach

# Changing interest rates

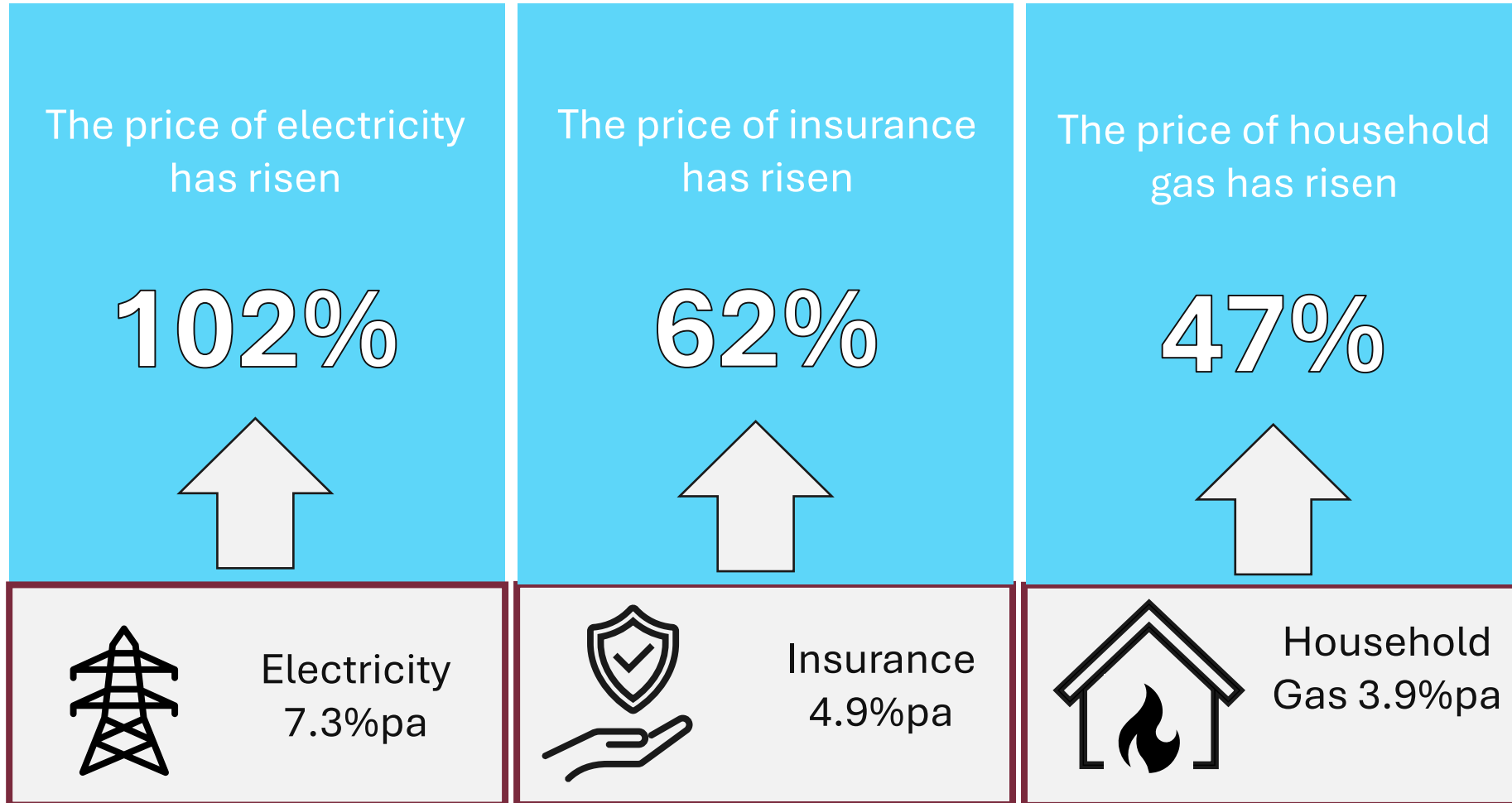
If you have longer term savings you may consider investments rather than cash.



# Inflation: average over 10 years

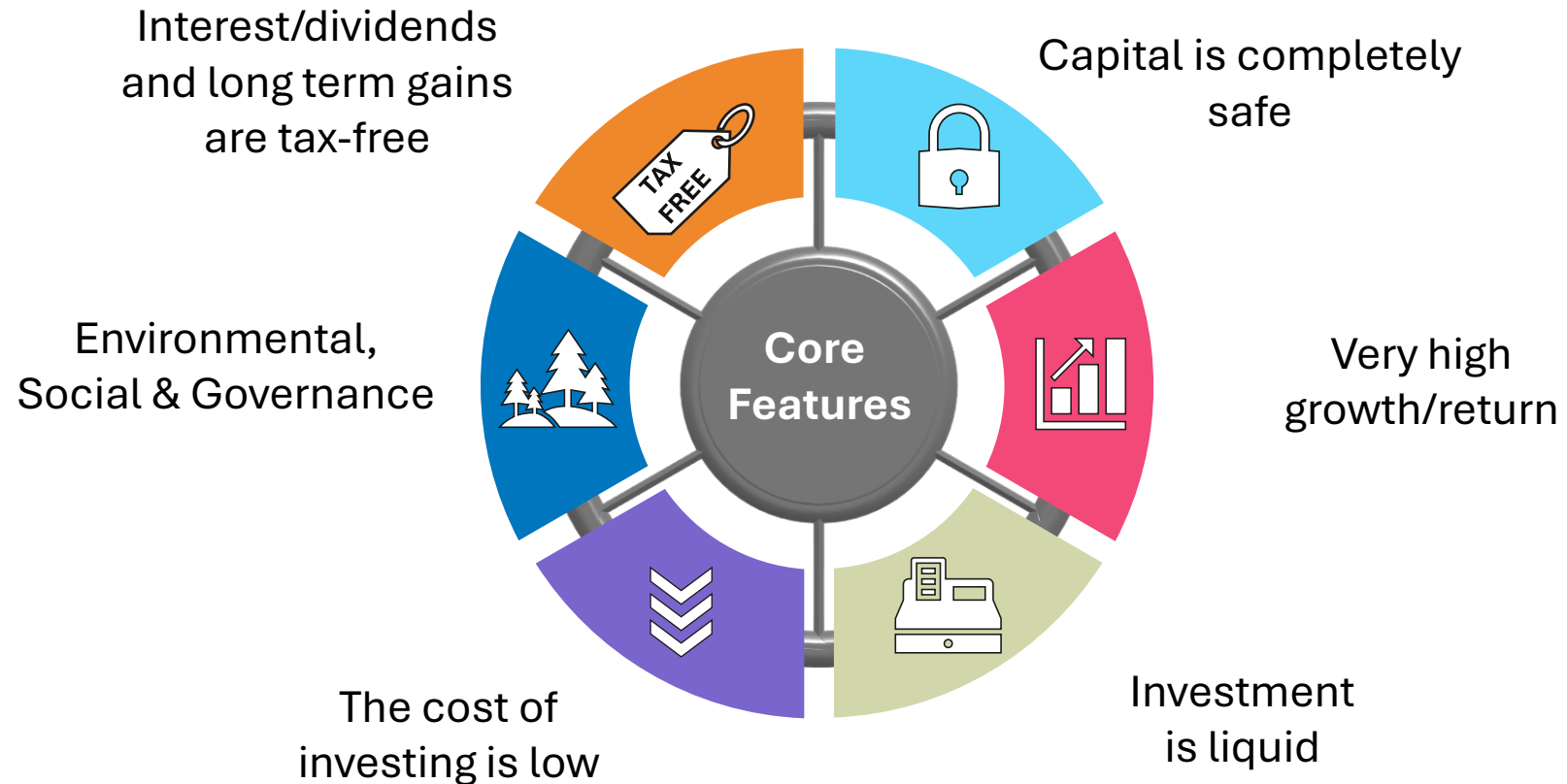


# Inflation: over 10 years



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

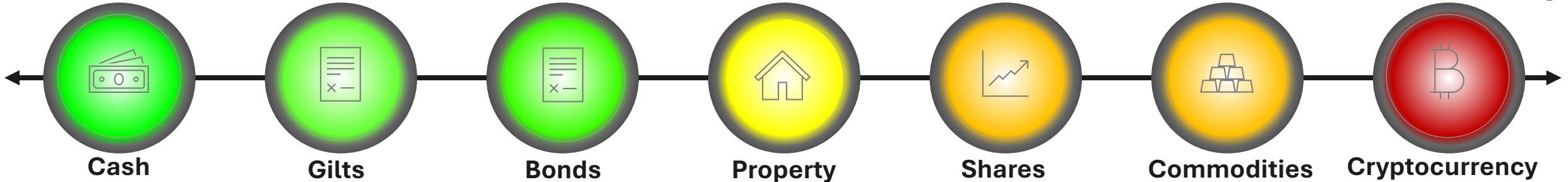
# Investment principles



# The relationship between risk and return

Low

High



**Cash**

**Benefits**

- Safe
- Easy access
- Stable

**Risks**

- Poor returns
- Inflation
- Exchange rate

**Gilts**

**Benefits**

- Safe
- Predictable
- Stable

**Risks**

- Poor returns
- Inflation
- Interest rates

**Bonds**

**Benefits**

- Lower risk
- Regular income
- Low volatility

**Risks**

- Default
- Inflation
- Interest rates

**Property**

**Benefits**

- Income
- Gearing
- Asset backed

**Risks**

- Maintenance
- Tax
- Illiquid

**Shares**

**Benefits**

- Growth
- Dividends
- Ownership

**Risks**

- Timing
- Volatility
- Capital

**Commodities**

**Benefits**

- Inflation
- Diverse
- Global demand

**Risks**

- Volatility
- Storage
- Security

**Cryptocurrency**

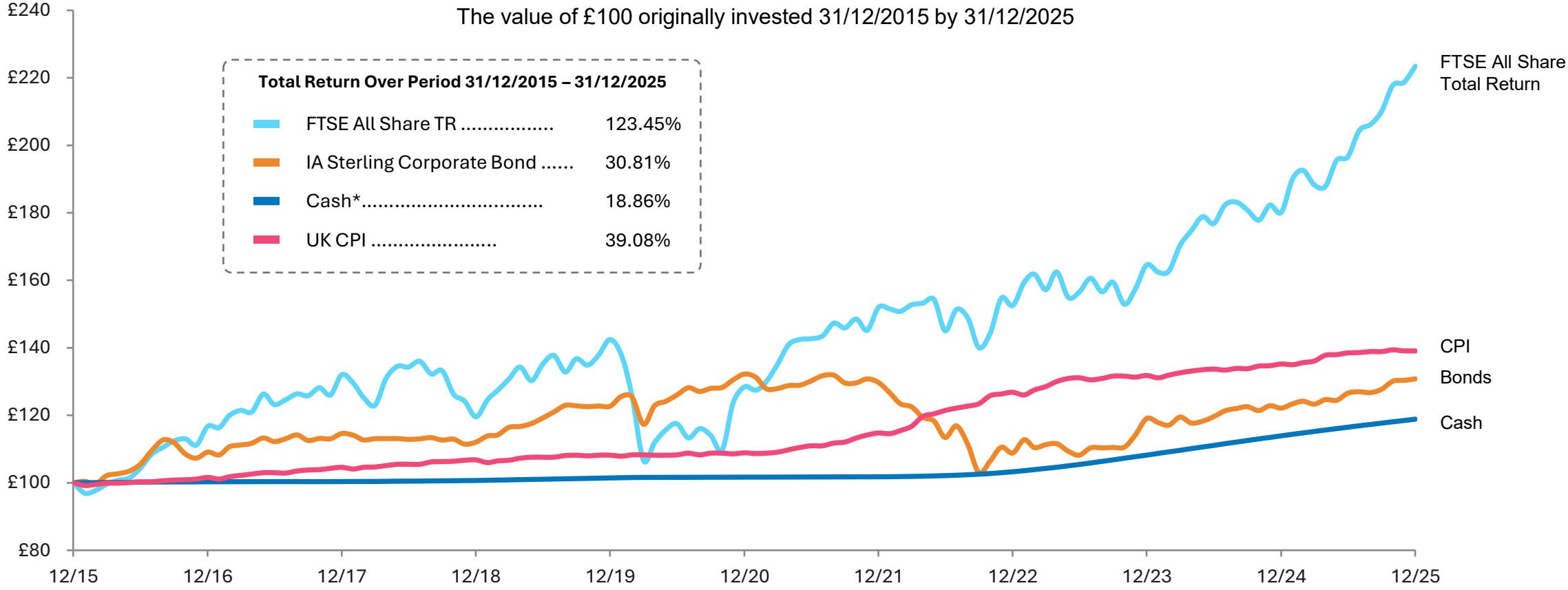
**Benefits**

- Innovation
- Decentralised
- Technology

**Risks**

- Hacking
- Volatility
- Regulation

# Risk and returns: the real world



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

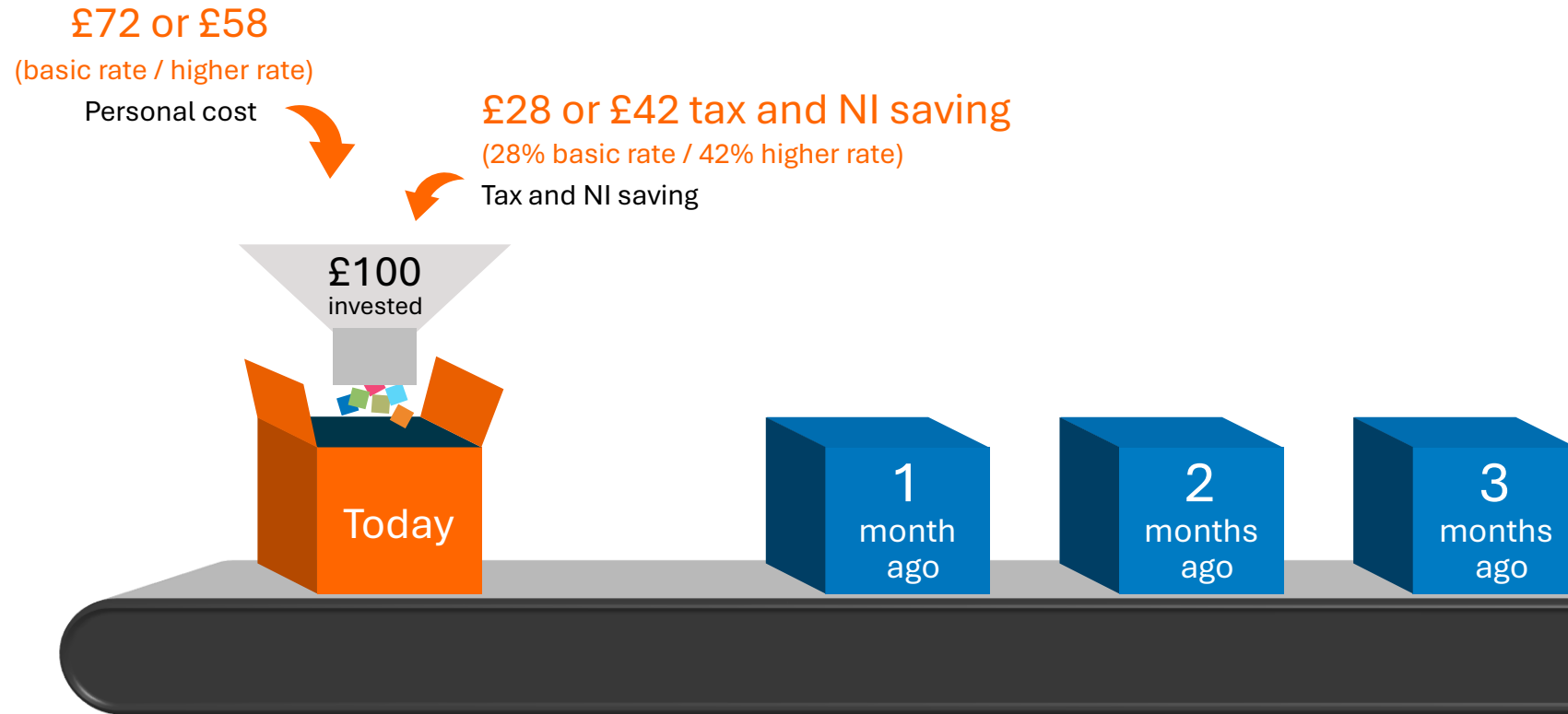
Source: Financial Express & Bloomberg

\*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.

# 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

# Directshare



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

**WEALTH at work**

part of the Wealth at Work group

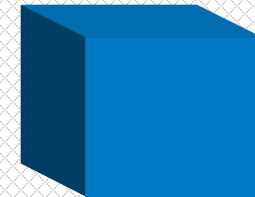
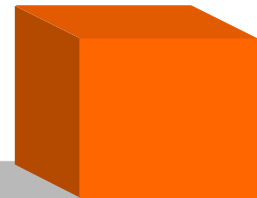
# Directshare



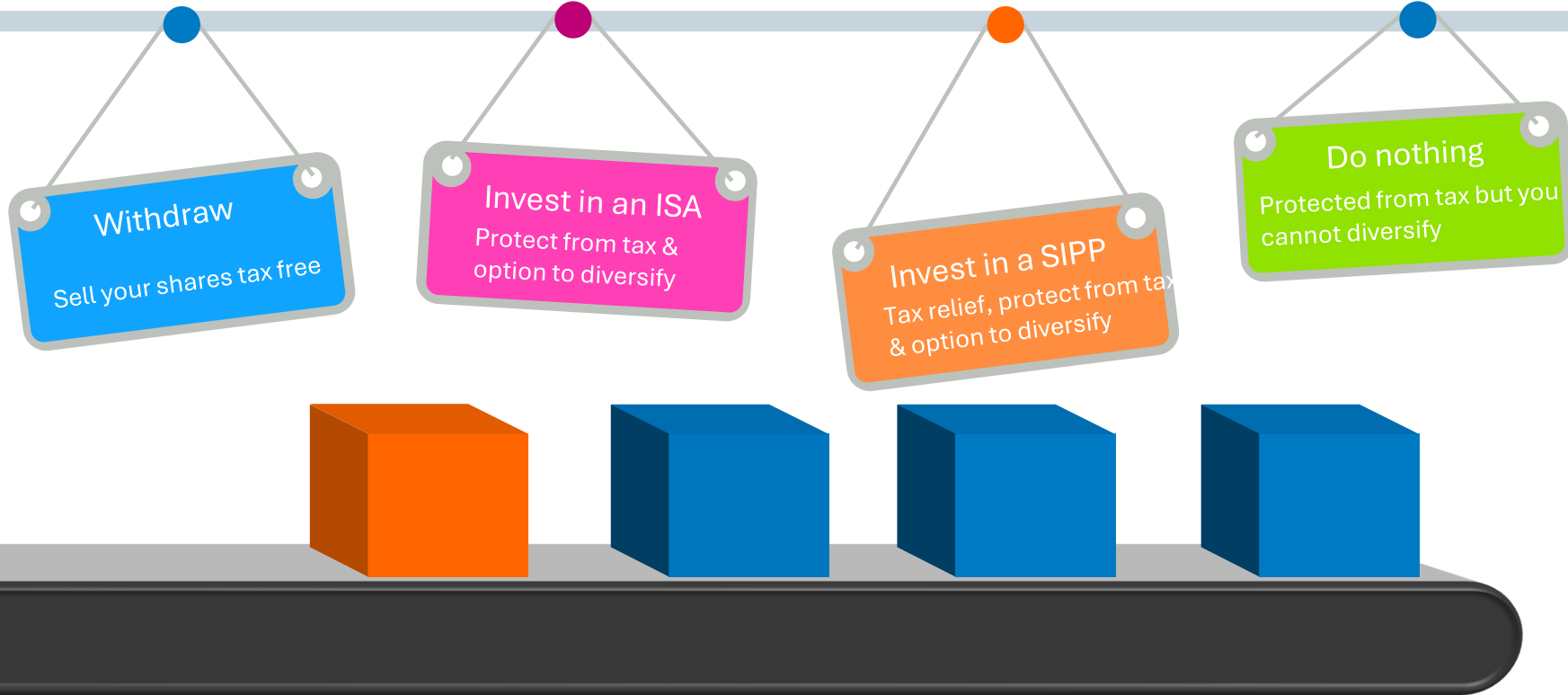
# Directshare

After 5 years...

Access your shares tax free or leave them in the plan.

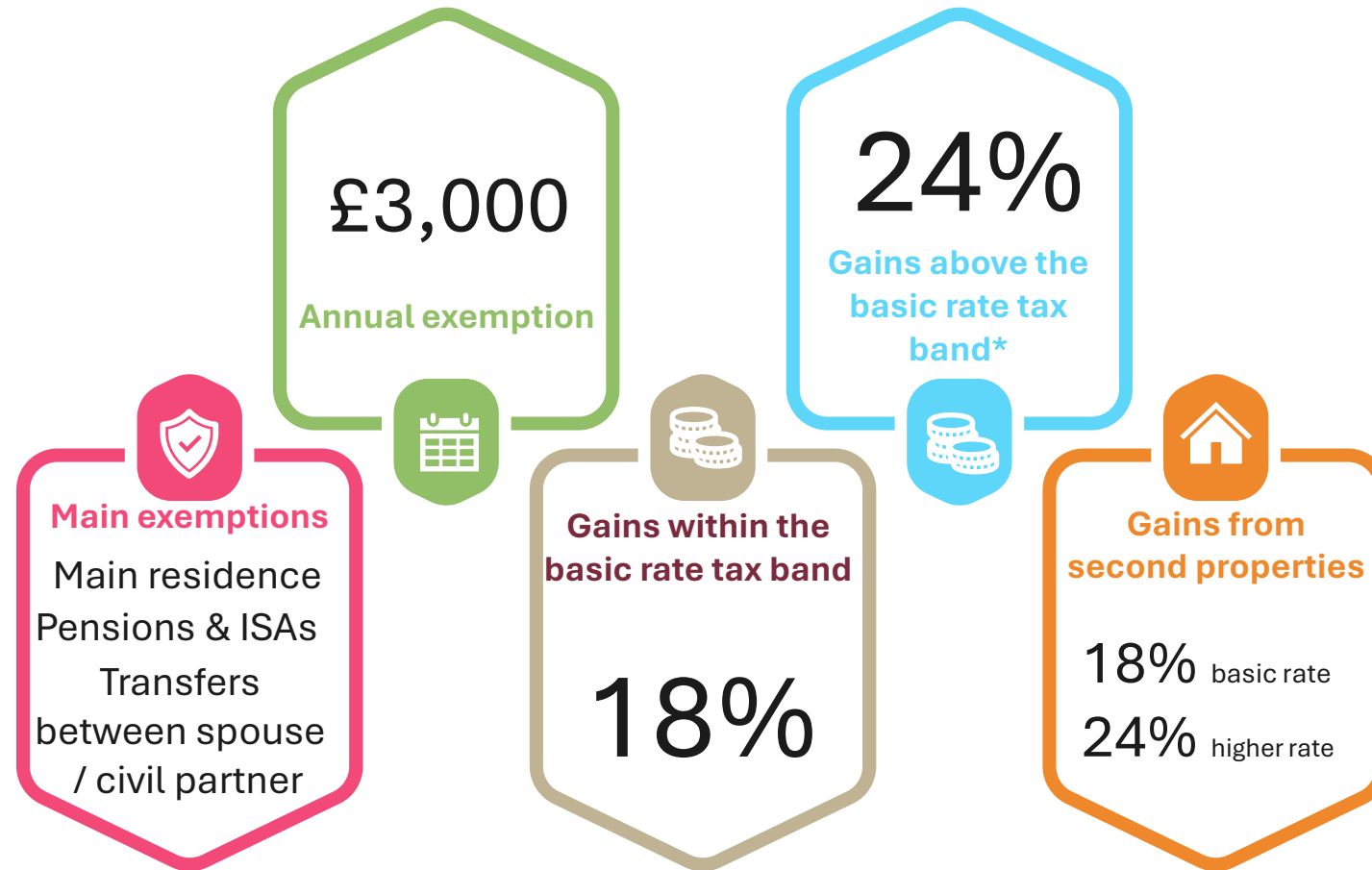


# Directshare



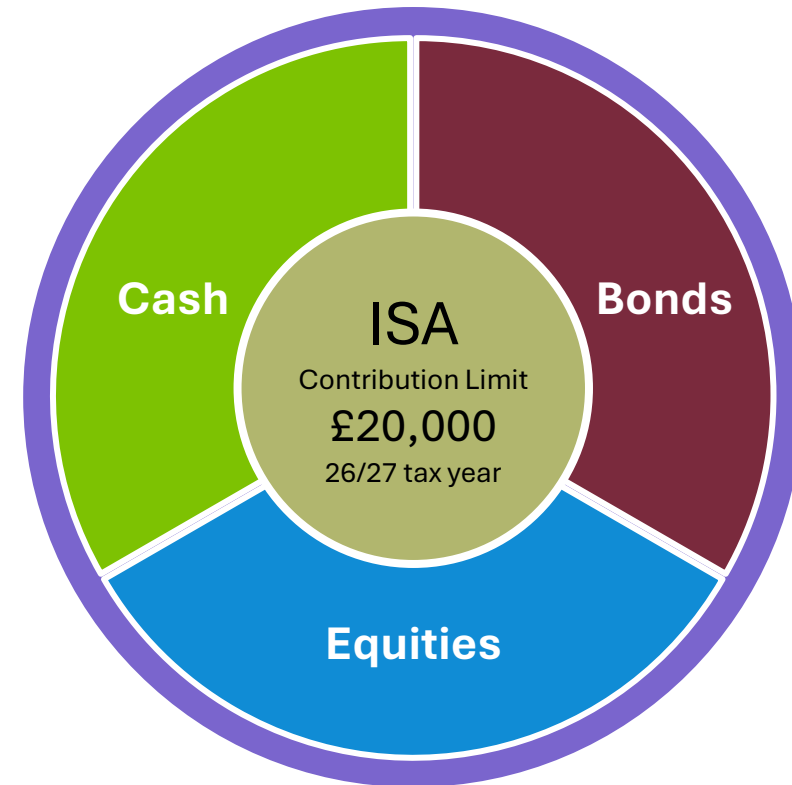
# Capital gains tax (CGT)

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

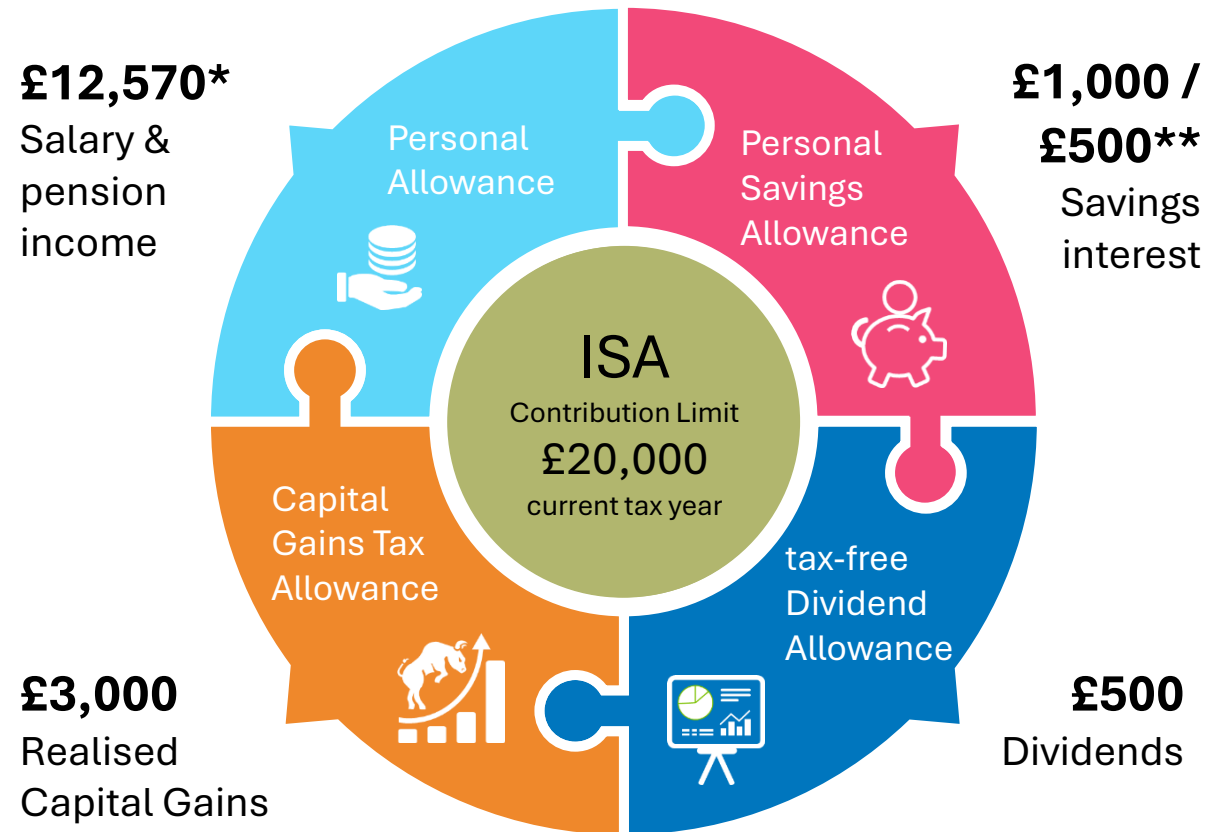


# Individual savings accounts (ISAs)

- An ISA protects your savings and investments from taxation
- Interest and dividends are tax-free
- Growth is free of Capital Gains Tax
- Lifetime ISA's offer bonuses
- Standard ISA's offer more flexibility
- 2 most used types of ISA:
  - ✓ Cash ISA
  - ✓ Stocks & Shares ISA



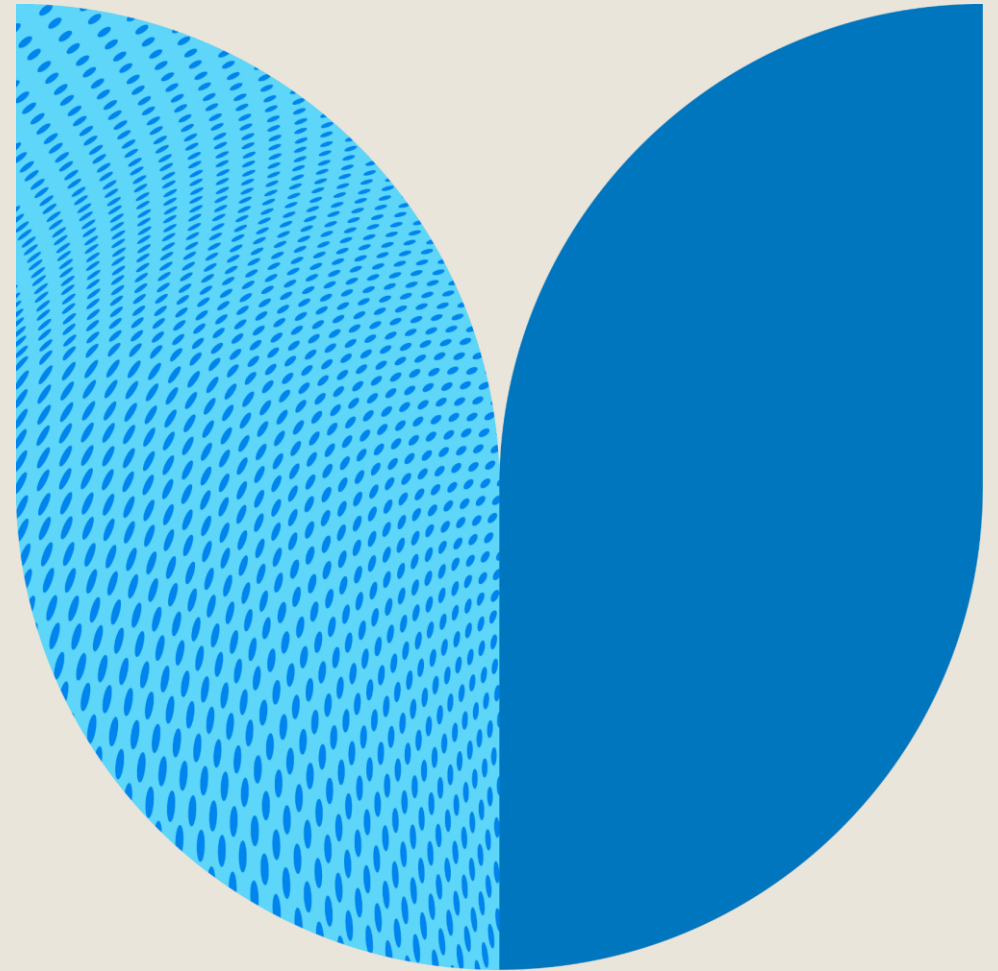
# Tax allowances summary



\*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

# Estate planning



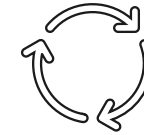
# Estate planning



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:



1

**Creating a will**



2

**Gifting money during your lifetime**



3

**Updating beneficiaries on life assurance and pension plans**



4

**Setting up a Power of Attorney**

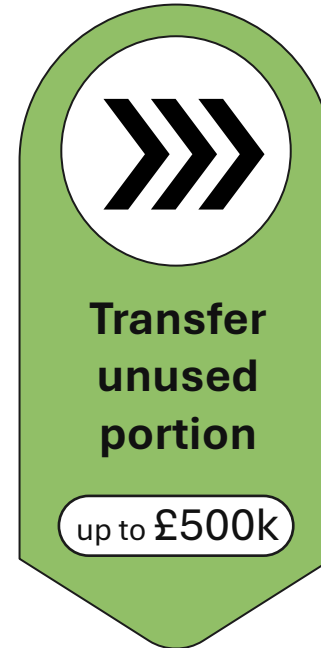
# Inheritance tax (IHT)



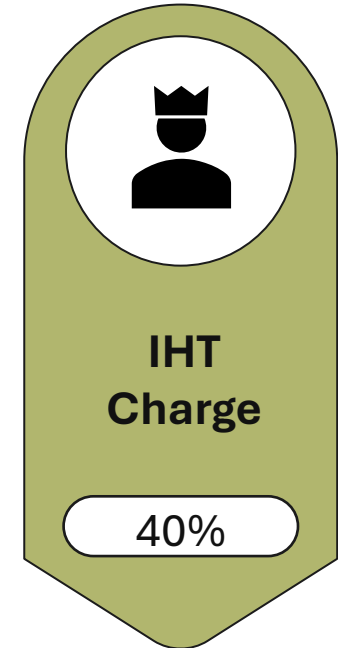
Applied to any part of an estate that is chargeable to IHT



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

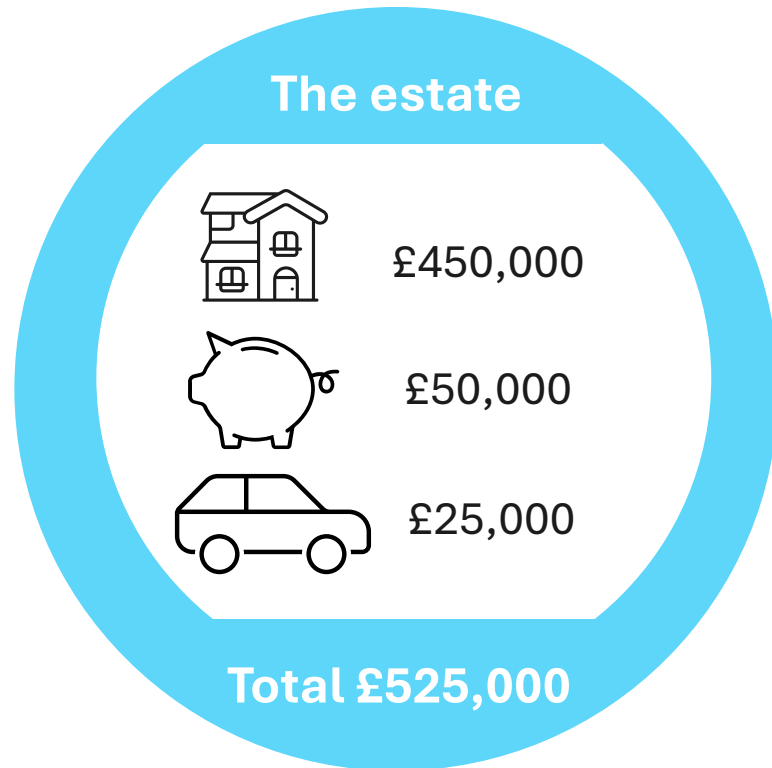


A couple could potentially pass on up to £1m before IHT becomes due\*

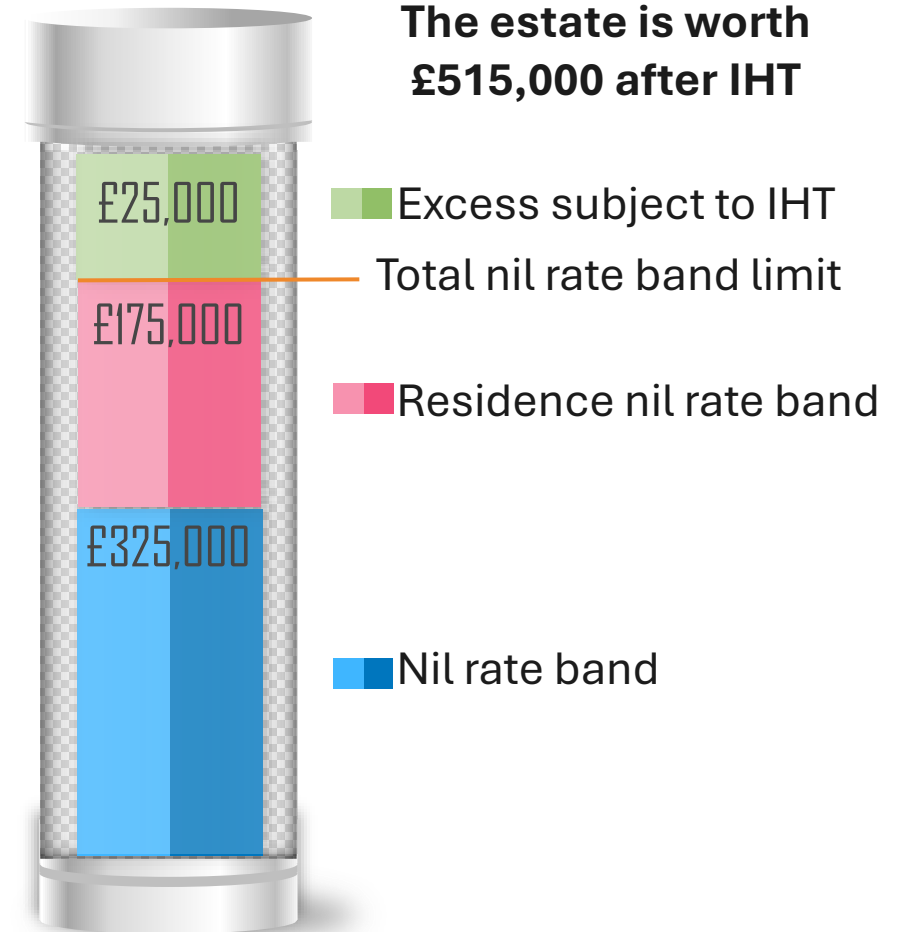


\* A couple in this context is a spouse or civil partner

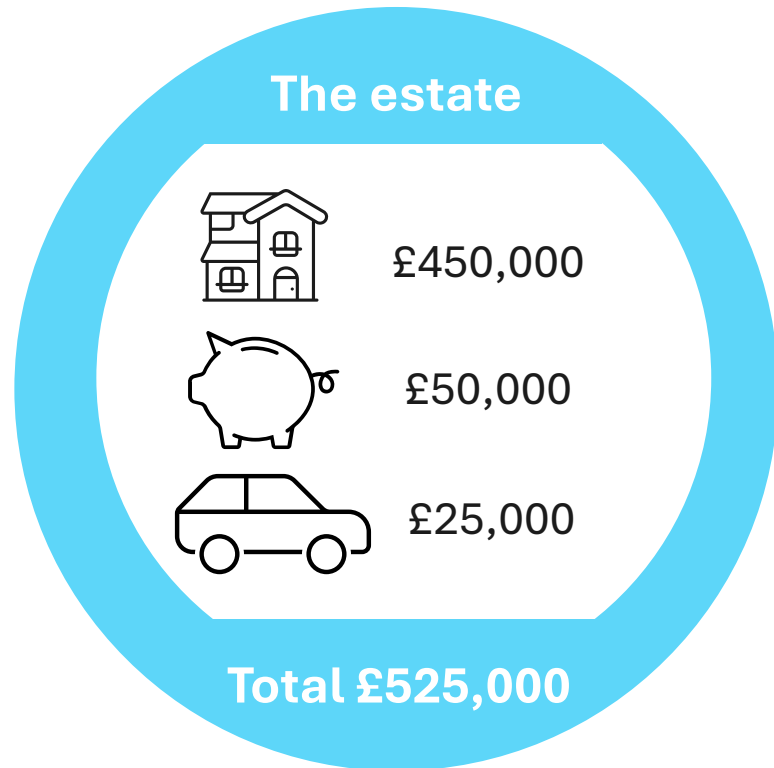
# Inheritance tax (IHT) - example



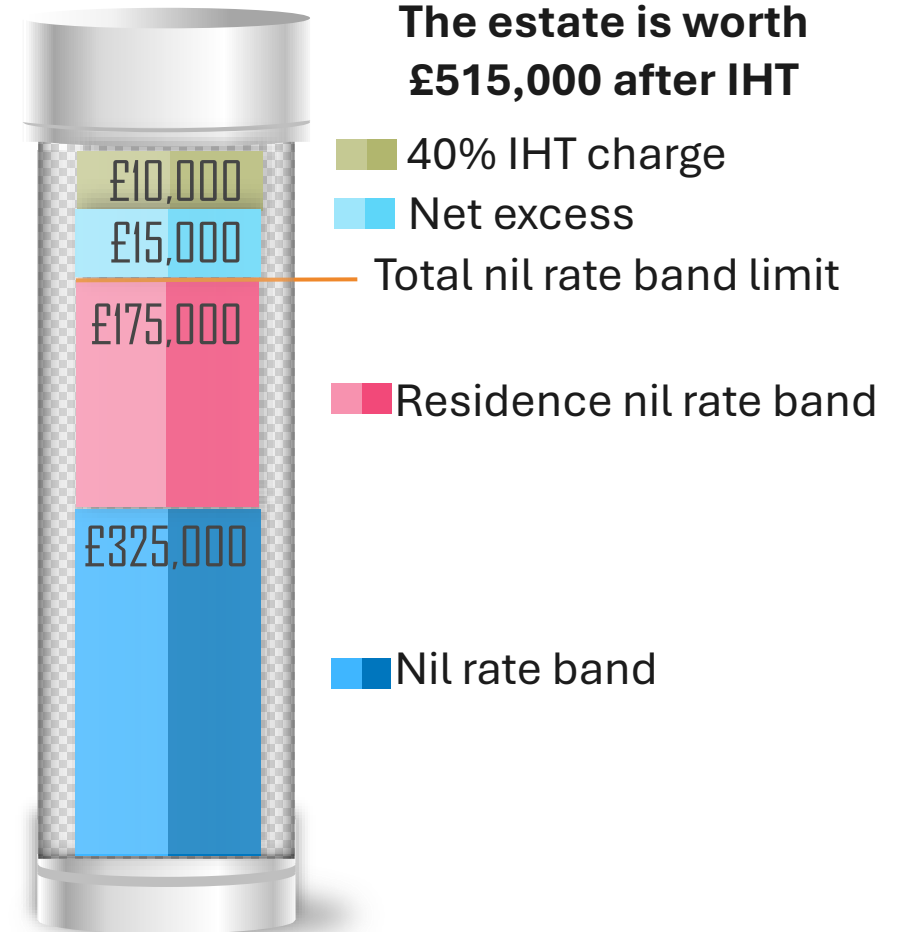
The estate is being passed to a direct descendant



# Inheritance tax (IHT) - example

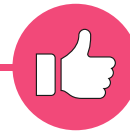
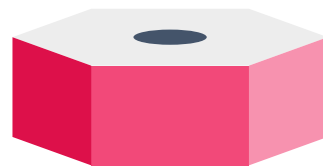
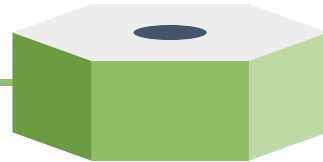


The estate is being passed to a direct descendant



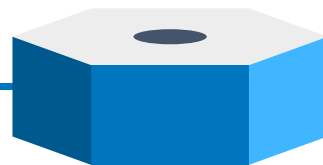
# Writing a will

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



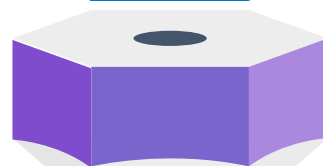
Only consider writing a Will yourself if you're confident that it reflects your wishes or intentions

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

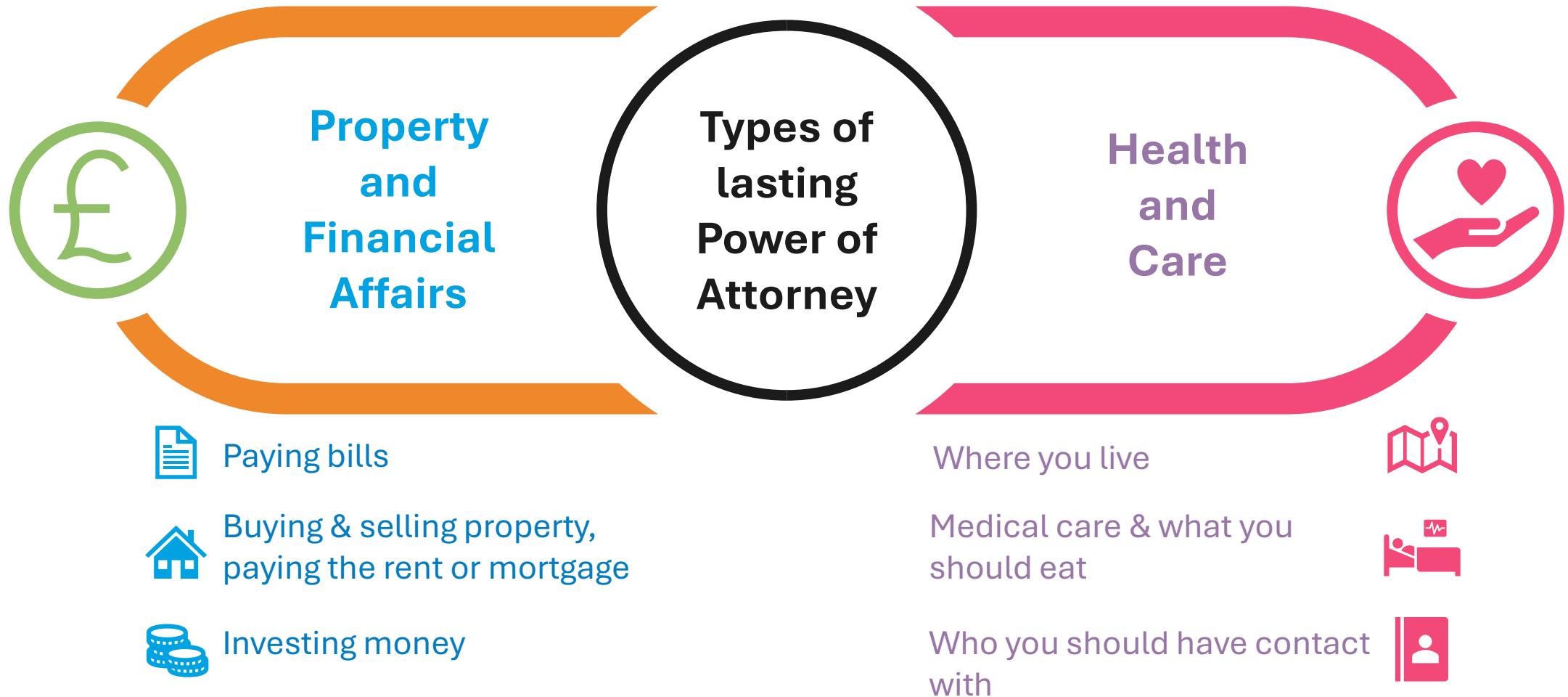
\*Unless your Will specifically states otherwise

# Writing A will - red apple law

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



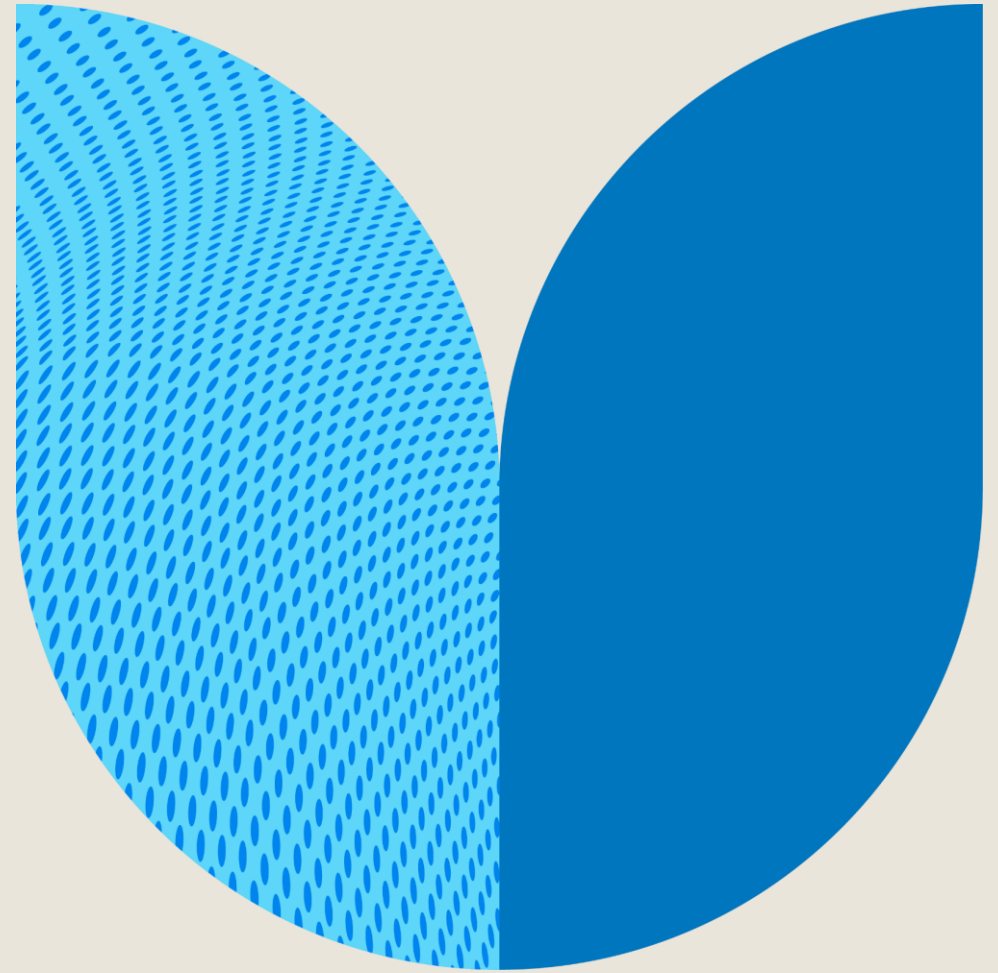
# Lasting power of attorney



# 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

# Next steps



# Useful contacts

01

## **BT Retirement Saving Scheme (BTRSS)**

[www.btreirementsavingscheme.com](http://www.btreirementsavingscheme.com)

02

## **General tax and National Insurance information**

[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

03

## **Pension Tracing Service**

[www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)

# 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>

## Contact us

We provide a telephone helpline and a regulated financial 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](http://www.wealthatwork.co.uk/mywealth)

