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Check your

**finances**

are in shape.

Planning for  
your retirement



**Your  
pension**

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# about us.

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

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

Our financial education services are delivered on a bespoke basis.

# what we'll cover today.

- The cost of retirement
- The State Pension
- Workplace Pensions
- Generating a retirement income
- Bringing it all together
- Other savings and investments
- Taxation
- Estate Planning
- Next steps

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the cost of 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

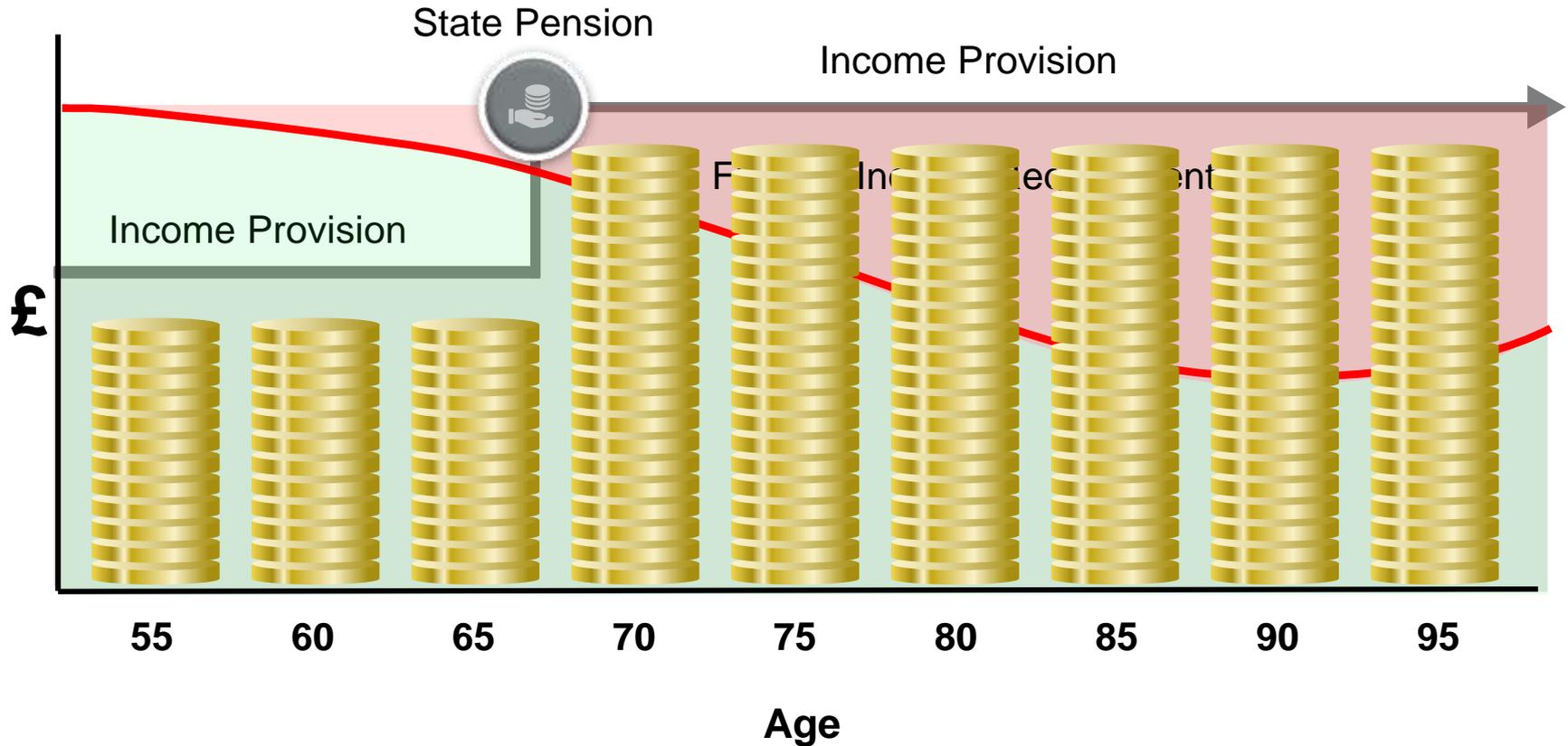
1 in 4 chance of reaching age:



92

Source: Office of National Statistics. Figures are based on life expectancy in the UK.

# changing income needs.



# expenditure in retirement.

The Pensions and Lifetime Savings Association have created a guide to the costs you may expect in retirement based on 3 different levels:

## Examples

**Minimum**

Single **£14,400pa**

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Couple **£22,400pa**

  
No car

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A week and a long weekend  
in the UK every year



**Moderate**

Single **£31,300pa**

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Couple **£43,100pa**

  
3 year old car replaced every  
10 years

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



**Comfortable**

Single **£43,100pa**

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Couple **£59,000pa**

  
3 year old car replaced  
every 5 to 7 years

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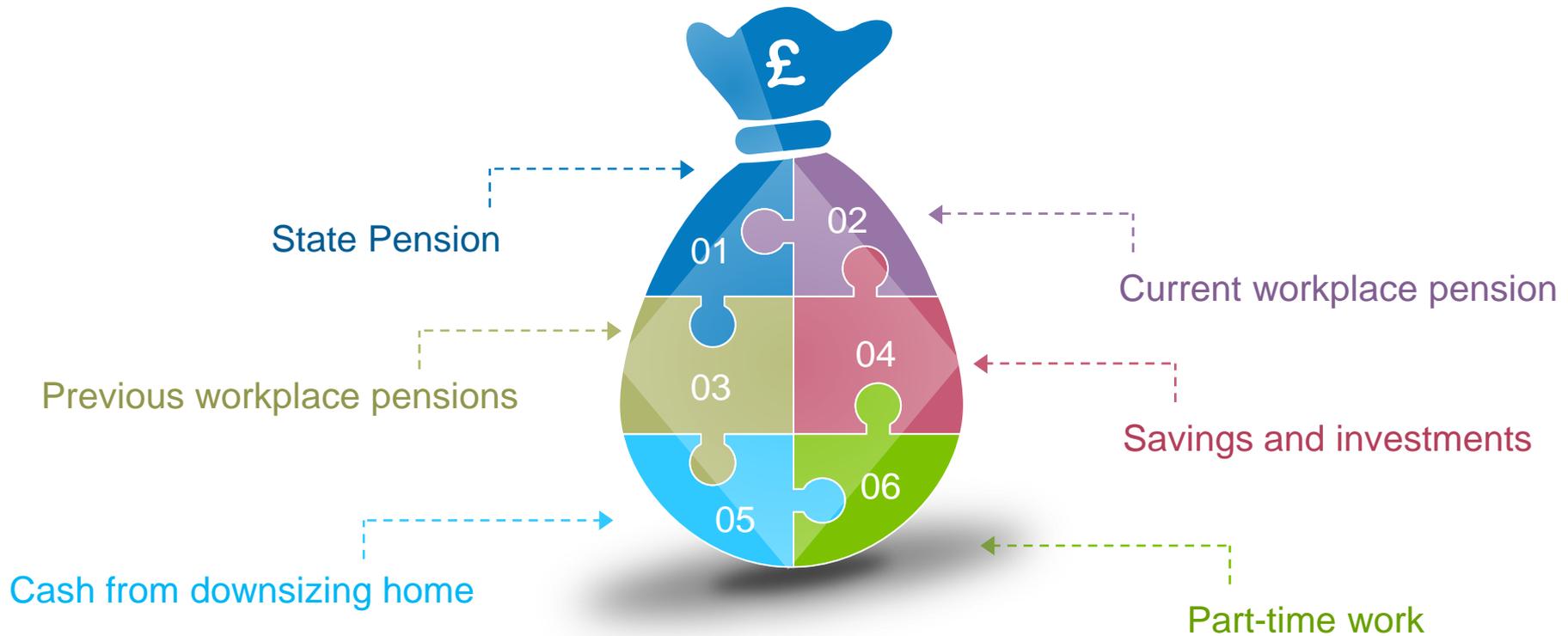
  
3 weeks in Europe  
every year

\*information above is subject to change – please visit [www.retirementlivingstandards.org.uk](http://www.retirementlivingstandards.org.uk)

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# where is the money coming from?



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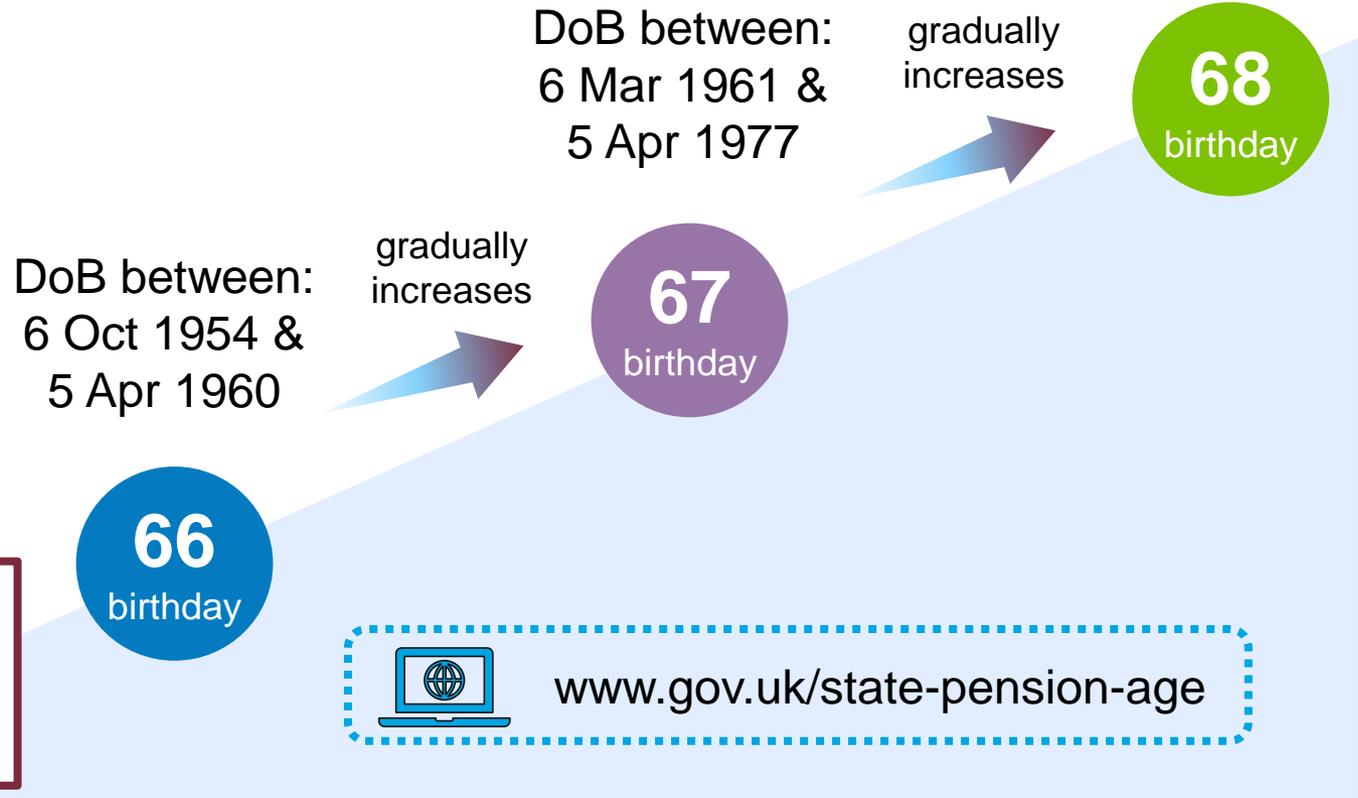
the state pension.

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# your State Pension age.

DoB from:  
6 Apr 1978



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

# 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  
**£221.20**

per year

up to  
**£11,541.90**

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**

# State Pension forecast.

## Your State Pension summary

You can get your State Pension on 25 June 2035.  
Your forecast is

**£221.20 a week**  
£961.82 a month, £11,541.90 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 2024

**£158.00 a week**

Forecast if you contribute another 10 years before 5 April 2035

**£221.20 a week**



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

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workplace pensions.

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# defined benefit (DB) schemes.

Employer and employees contribute (tax-free\*)



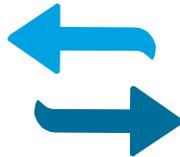
A secure pension income is built up



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 also available



\*subject to HMRC limits

# defined contribution (DC) schemes.

Employer and employees contribute (tax-free\*)



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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# Haleon Pension Plan.

Contributions				
Haleon core contribution	Employee contribution	Your matching contribution	Haleon's matching contribution	Total
7%	2%	0%	0%	9%
7%	2%	1%	1%	11%
7%	2%	2%	2%	13%
7%	2%	3%	3%	15%



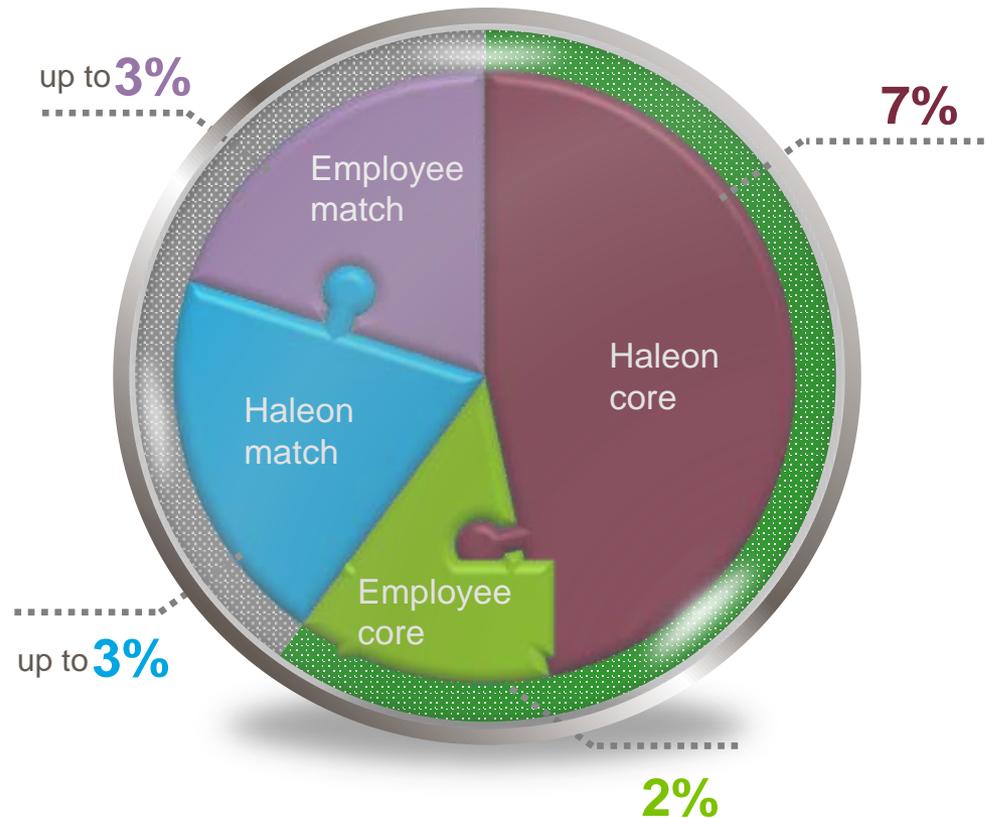
Contributions are paid via Salary Sacrifice



Default Normal Retirement Age is 65

# Haleon Pension Plan.

Making the most of Haleon matching contributions will result in contributions made up of:



# salary sacrifice.

Annual Salary = £30,000 (basic rate taxpayer)

Employee Contribution = £1,500pa (5%)

Tax Saving = 20%

NI Saving = 8%

Personal Cost = £1,080pa

Employer Contribution = £3,000pa (10%)

 Employer matching contribution (10%)

 Tax & NI savings (30%)

 Employee contribution (5%)



# salary sacrifice.

Annual Salary = £60,000 (higher rate taxpayer)

Employee Contribution = £3,000pa (5%)

Tax Saving = 40%

NI Saving = 2%

Personal Cost = £1,740pa

Employer Contribution = £6,000pa (10%)

 Employer matching contribution (10%)

 Tax & NI savings (42%)

 Employee contribution (5%)



# 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

## New limits

- The Lifetime Allowance (LTA) has been abolished
- Two new limits have been introduced:
  - 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 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**

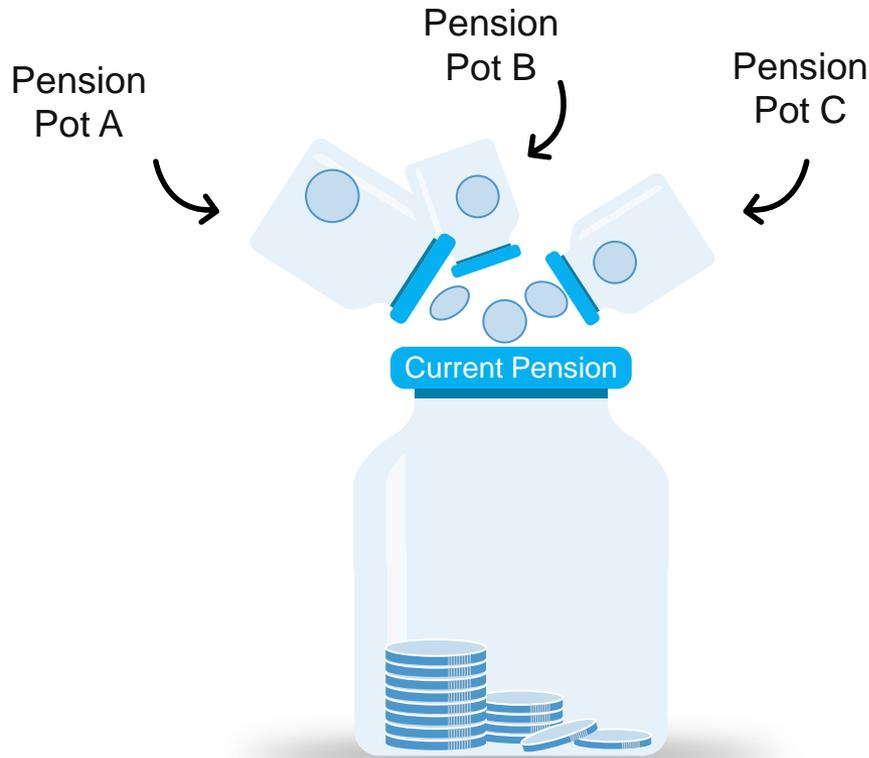
\*Tax relief is only available on contributions up to the greater of 100% of relevant earnings or £3,600

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# pension consolidation.

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



You can keep these as separate pots

OR

Transfer them into your current  
workplace pension plan

# 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



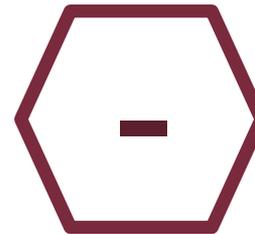
Protected retirement age



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:**

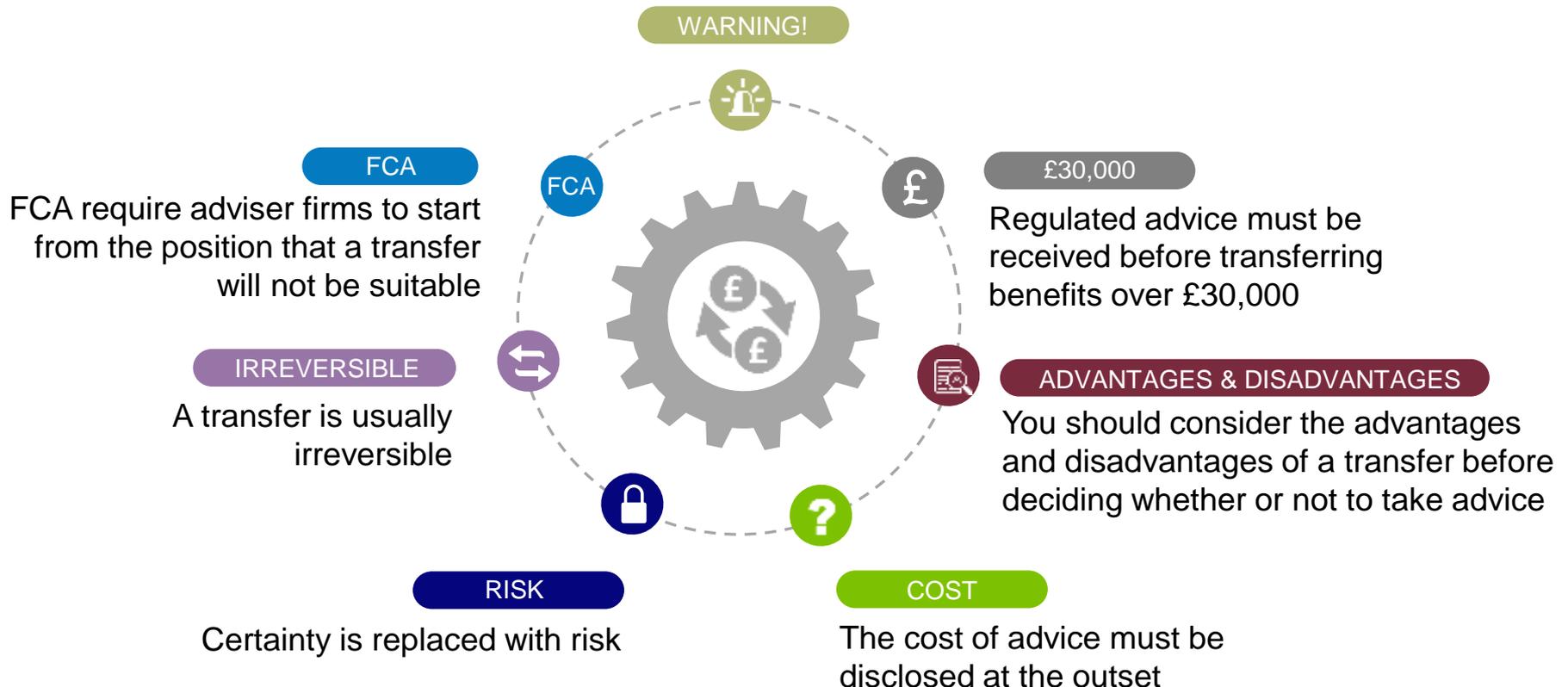
[gov.uk/find-pension-contact-details](https://www.gov.uk/find-pension-contact-details)

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# transferring from DB to DC.

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



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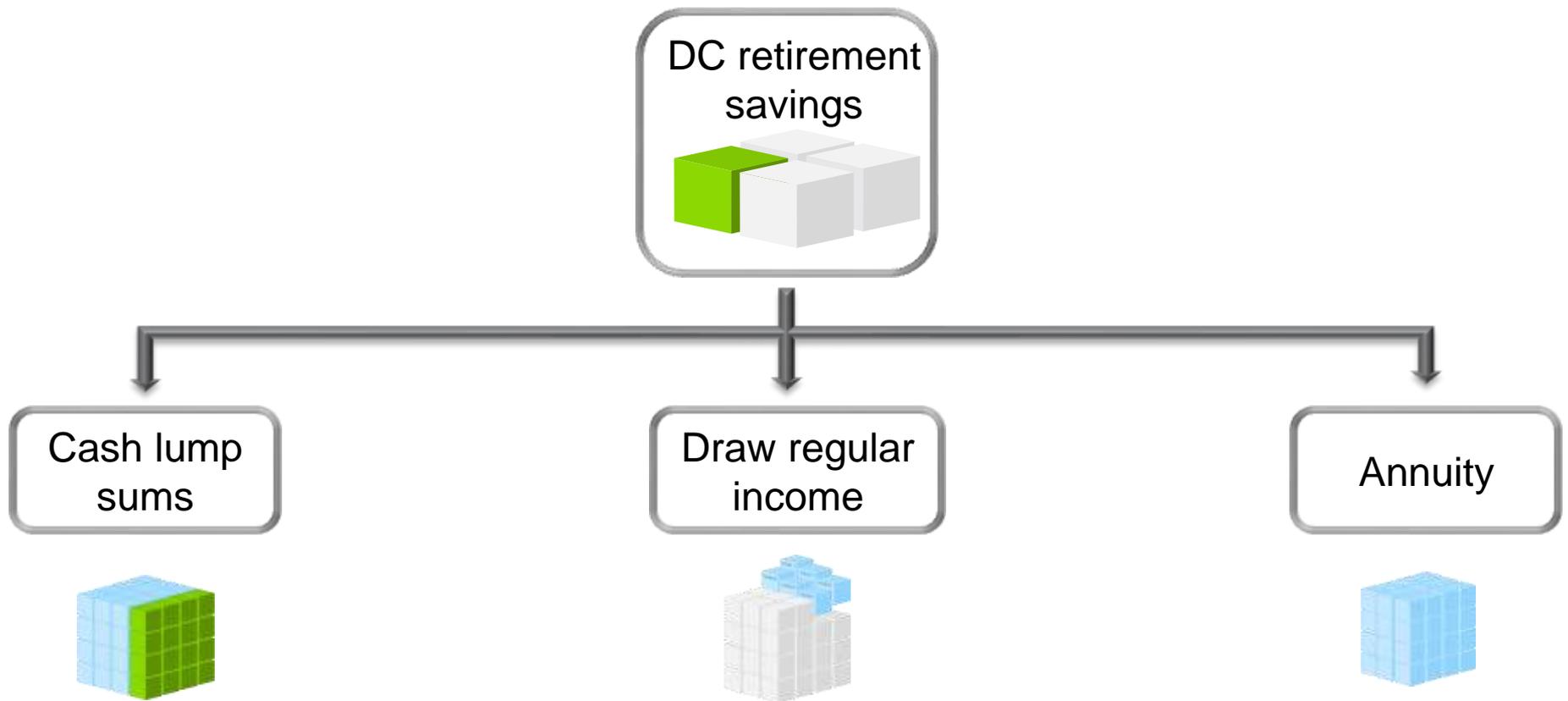
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generating a retirement  
income.

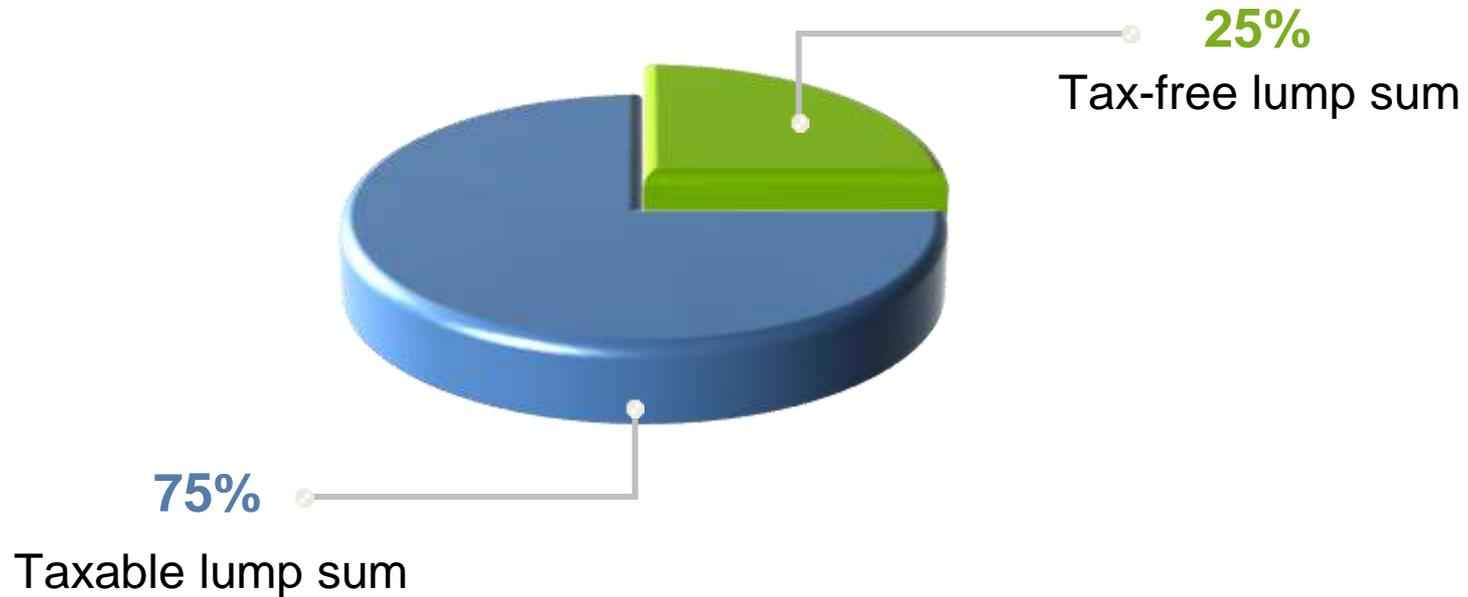
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# defined contribution income options.



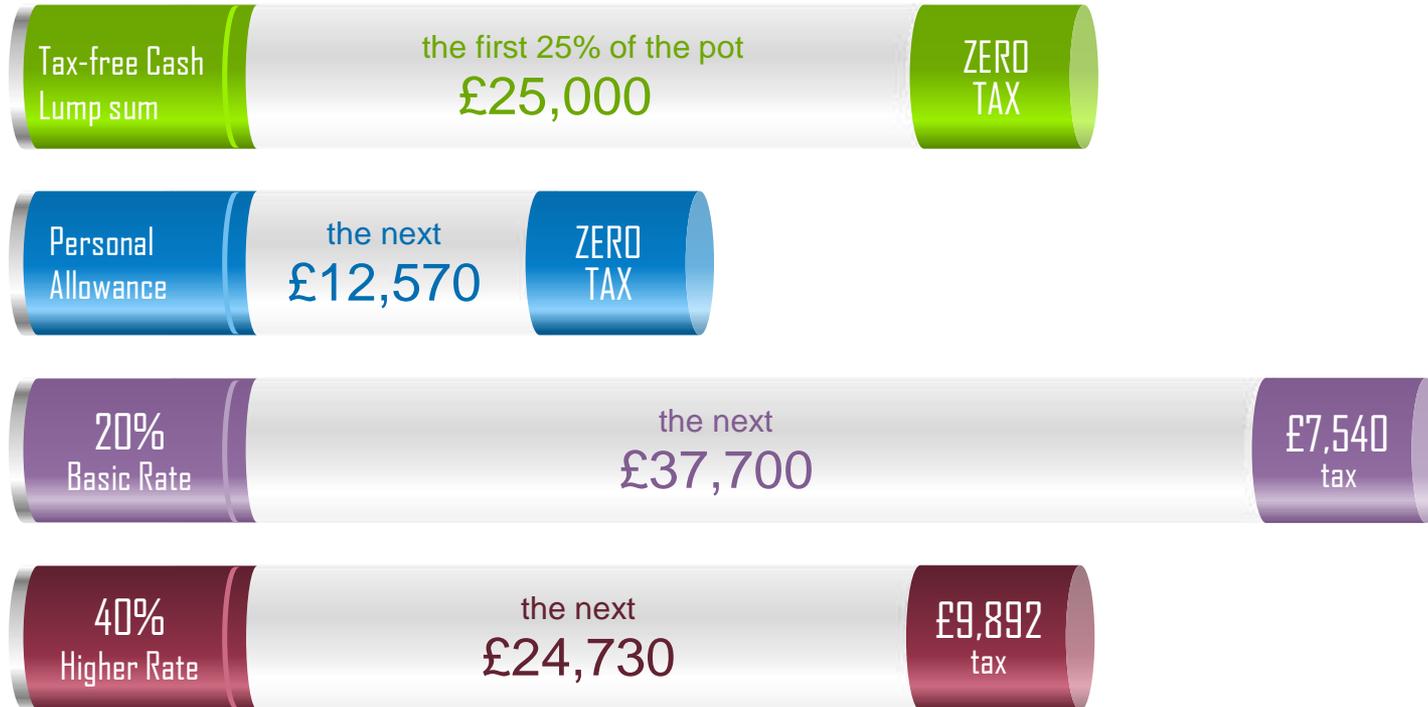
# cash lump sum.



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

# receiving a taxable cash lump sum.

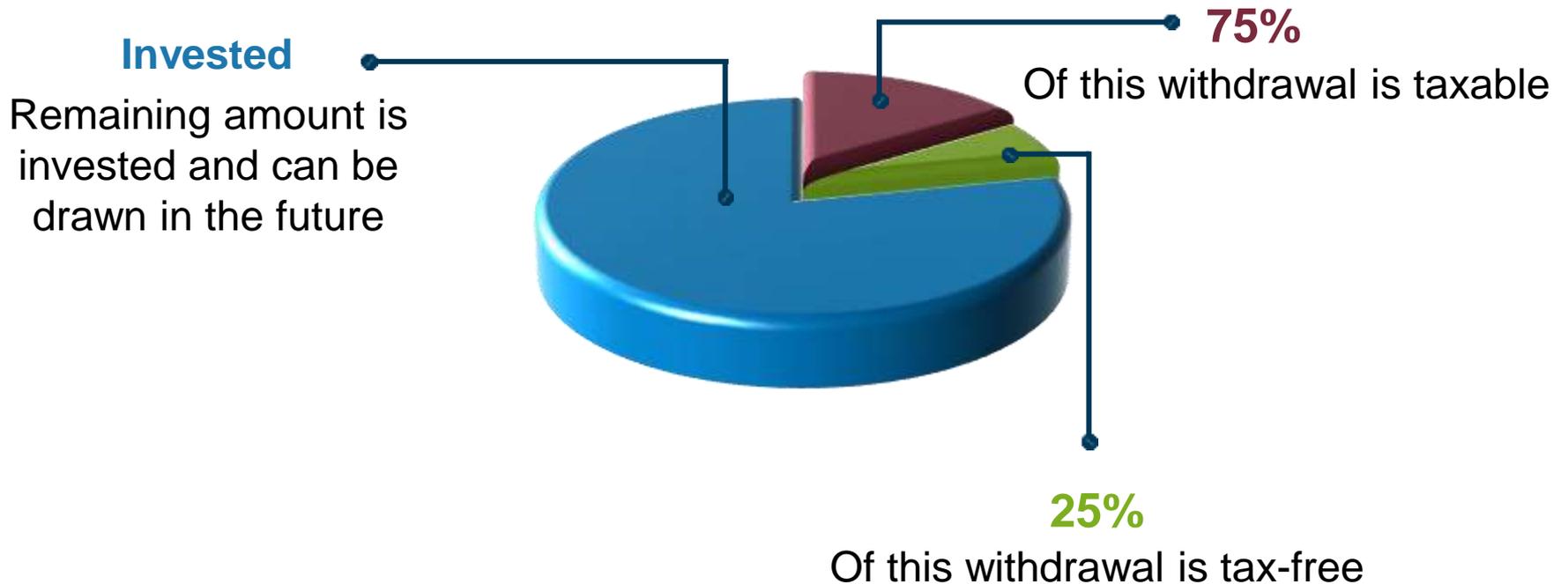
An individual who receives a £100,000 cash lump sum from a pension:



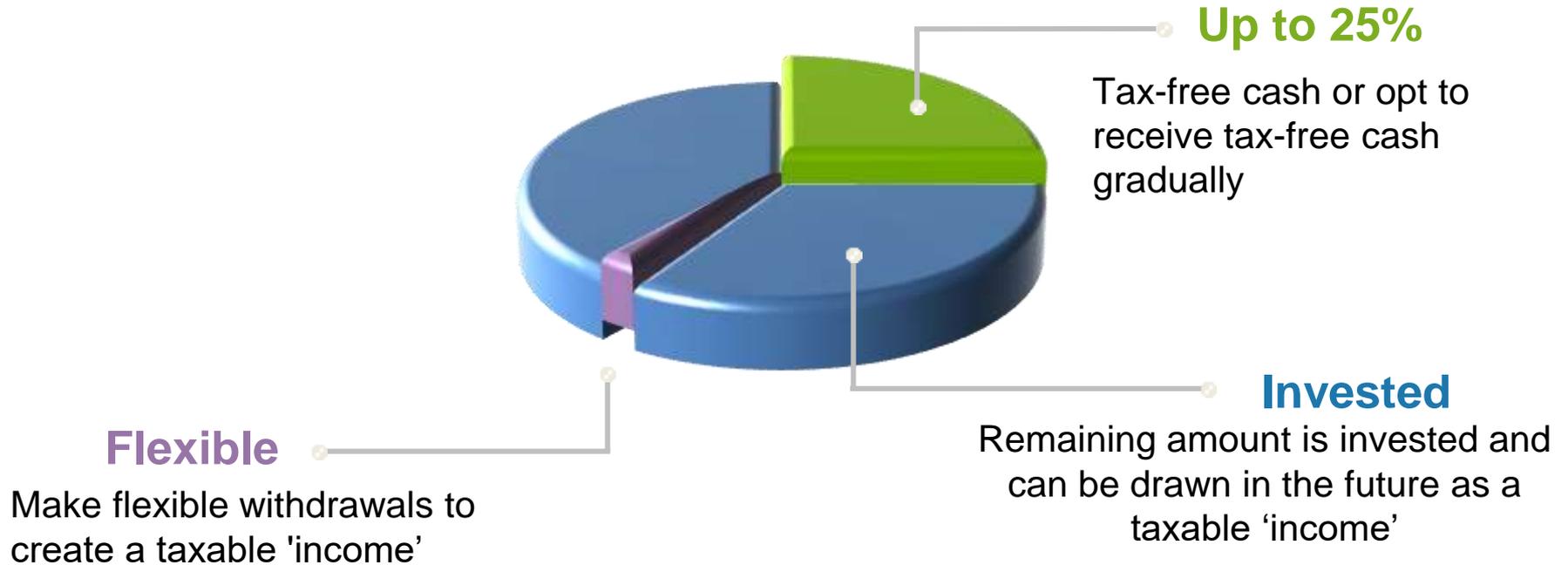
Total tax charge of £17,432

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

# phased cash lump sums.



# flexi access drawdown.



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

# buying an annuity.

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

Options include

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

Buy an annuity with the remainder



The income level is determined by your circumstances

Provides a secure income throughout your retirement

# Haleon DC Pension Plan options.

Haleon are able to facilitate a range of pension income options



You may also choose to select an alternative provider



Dependent upon your choice at retirement, it may take up to 3 months before your retirement benefits are paid



You should plan ahead and consider how and when you would like to receive your pension well in advance

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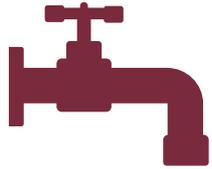
bringing it all together.

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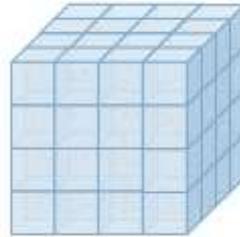
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# generating a retirement income.

Objective: Retire now age 61, with an income of £20,000 per annum (p.a.)



DB Pension



£7,107.50 p.a.  
DB income

DC pension  
account  
£200,000

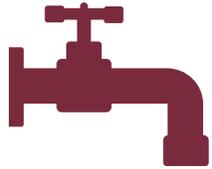
Cash ISA  
£30,000

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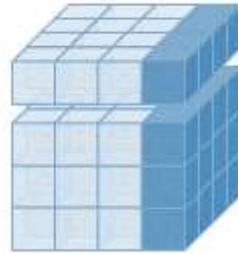
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# generating a retirement income.

Objective: Retire now age 61, with an income of £20,000 per annum (p.a.)



DB Pension



£8,000  
p.a

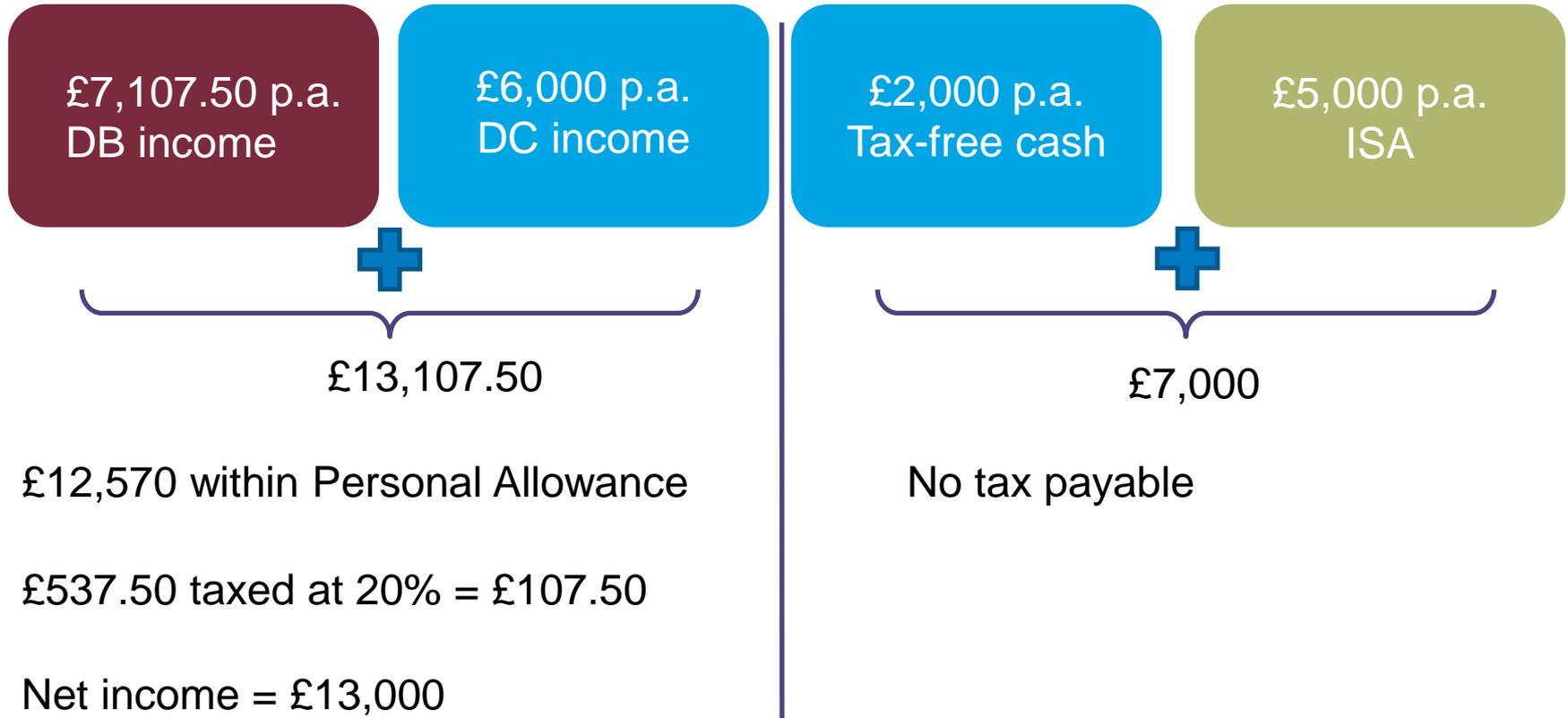
£7,107.50 p.a.  
DB income

£6,000 p.a.  
DC income

£2,000 p.a.  
Tax-free cash

£5,000 p.a.  
ISA

# generating a retirement income.



Total Net Income £13,000 + £7,000 = £20,000

# generating a retirement income.

- 6 years later they have reached age 67
- The £30,000 ISA has been spent
- However State Pension age has been reached
- The State Pension entitlement will need to be at least £6,250 to retain a £20,000p.a. net income

## Could the DC pension last throughout retirement?

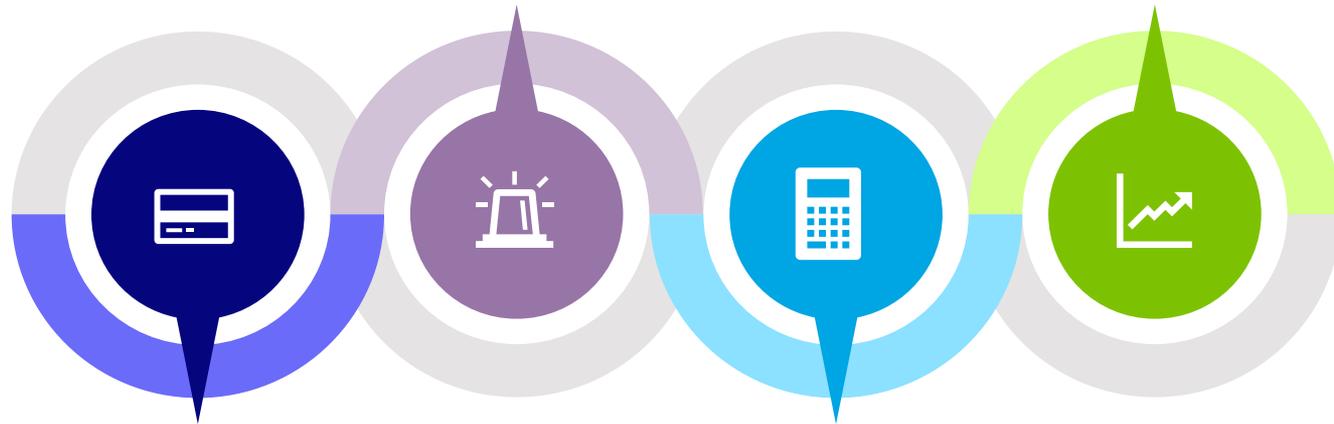


# how much tax-free cash?

Have a clear plan for how much you need:

Have you got funds for an emergency?

Have you planned for inflation?



Do you have any debt to clear?

Is there a gap in your initial retirement income?

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inflation, savings and  
investments.

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# Haleon share schemes.

## Share Reward

Contribute 10% of salary up to £125 per month

Shares purchased are matched by Haleon

No Income Tax or NI on contributions after 5 years

## Share Save

Save between £5 and £500 per month for 3 years from net pay

Option price set at 20% discount to the initial market price

# Haleon share schemes.

## Share Reward

- No Income Tax, National Insurance or Capital Gains Tax when leaving due to retirement
  - Future gains on shares held after retirement may be subject to Capital Gains Tax

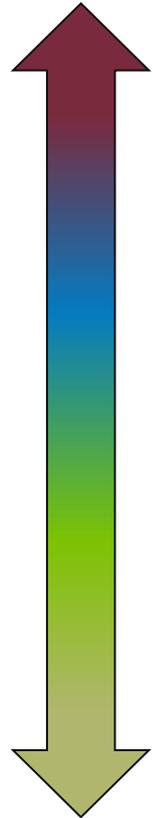
## Share Save

When retiring you can:

- i. Stop further contributions at retirement and exercise your option within 6 months for a pro rata number of shares
- ii. Make up to five extra monthly contributions and use your savings plus any interest to buy Haleon shares at any time within six months of date of leaving
- iii. Decline your option to buy Haleon shares and receive your savings back

# investment risk and returns.

High



Low



## Equities

Volatility, Timing,  
Concentration



## Property

Liquidity, Negative Equity,  
Taxation, Tenants



## Bonds

Default, Credit,  
Inflation

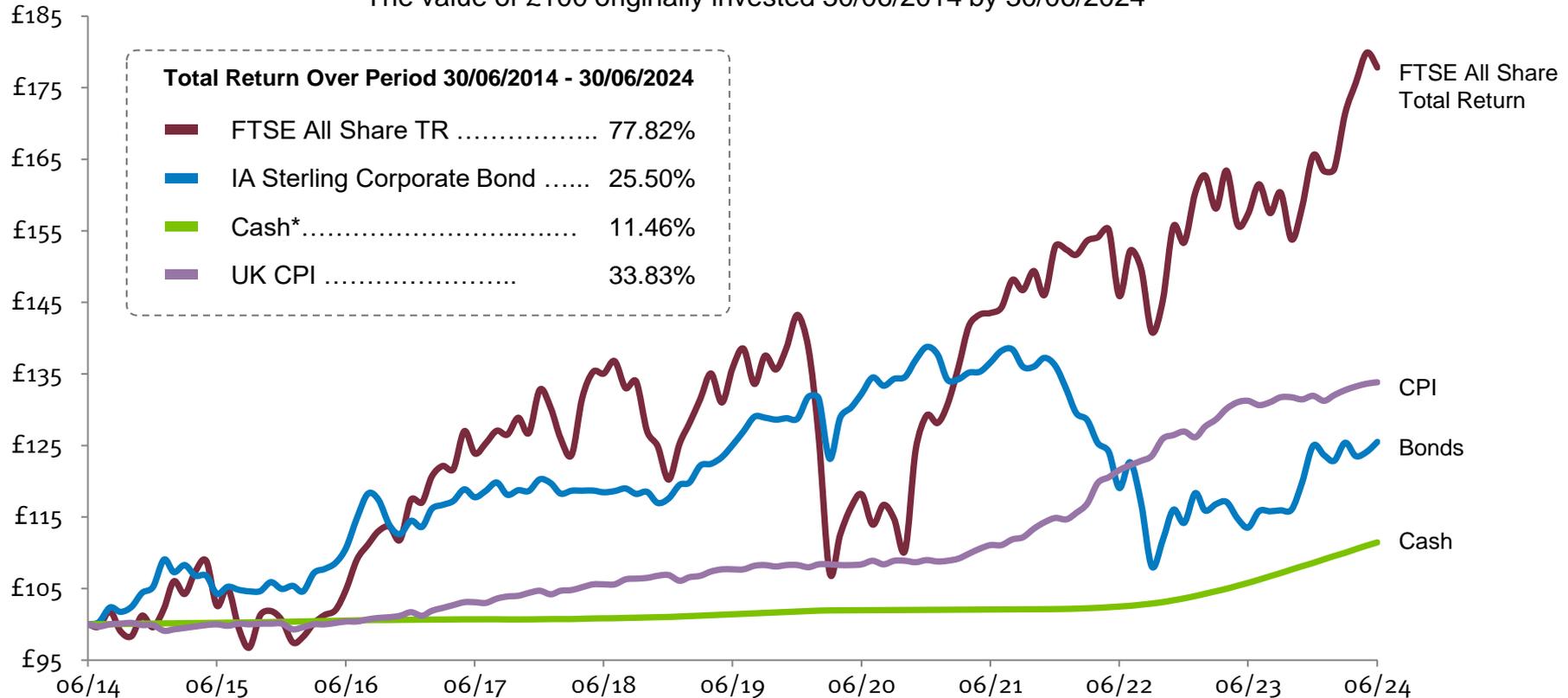


## Cash

Inflation, Interest Rates,  
Currency Exposure

# risk and returns: the real world.

The value of £100 originally invested 30/06/2014 by 30/06/2024



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

Source: Financial Express & Bloomberg

\*Cash is calculated using: FE FER Cash Proxy from 30/06/2014 to 31/12/2018 and the UK Bank of England Base rate from 31/12/2018 to 30/06/2024.

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personal taxation.

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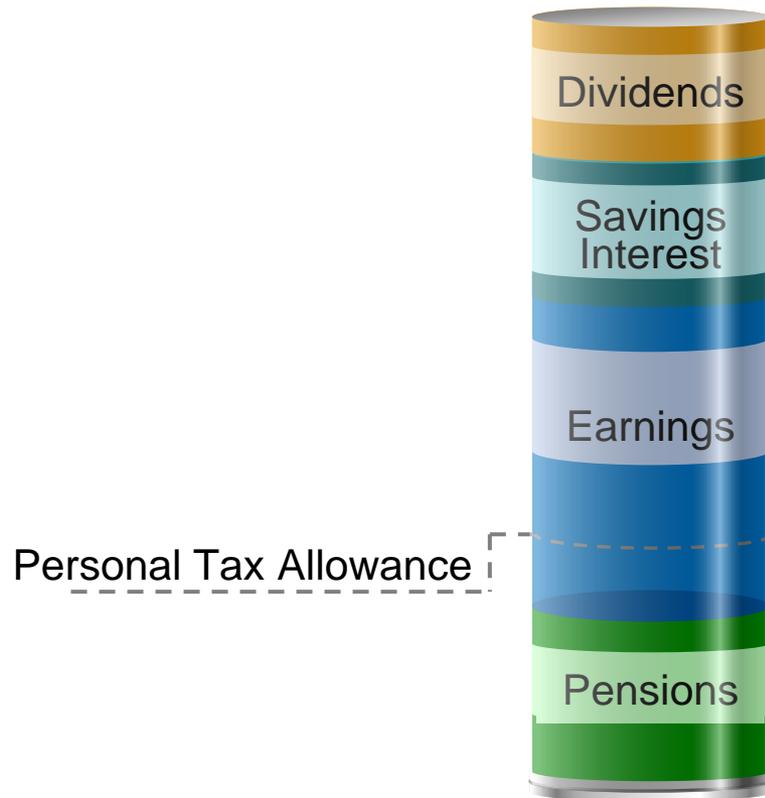
# tax on your income.

Your income is taxed in a specific order. The income you receive in work may be taxed differently to the income you receive in retirement.



# tax on your income.

Your income is taxed in a specific order. The income you receive in work may be taxed differently to the income you receive in retirement.



# tax on your income.

Your income is taxed in a specific order. The income you receive in work may be taxed differently to the income you receive in retirement.



# taxation of State Pension.

The State Pension is taxable but it's not deducted at source

<b>PAYE Coding Notice</b>	
Tax code for the year 2024-25	
Personal Allowance	£12,570
<i>Less your State Pension</i>	<u>£11,541</u>
Net Allowance	<u>£ 1,029</u>
<b>Tax Code</b>	<b>102L</b>



Check and see how your tax code is calculated by logging into your HMRC personal tax account:

[www.gov.uk/personal-tax-account](http://www.gov.uk/personal-tax-account)

# personal savings allowance.

**£1,000**

**Basic rate**

**20%**

**£20,000**

**£500**

**Higher rate**

**40%**

**£10,000**

**£0**

**Additional rate**

**45%**

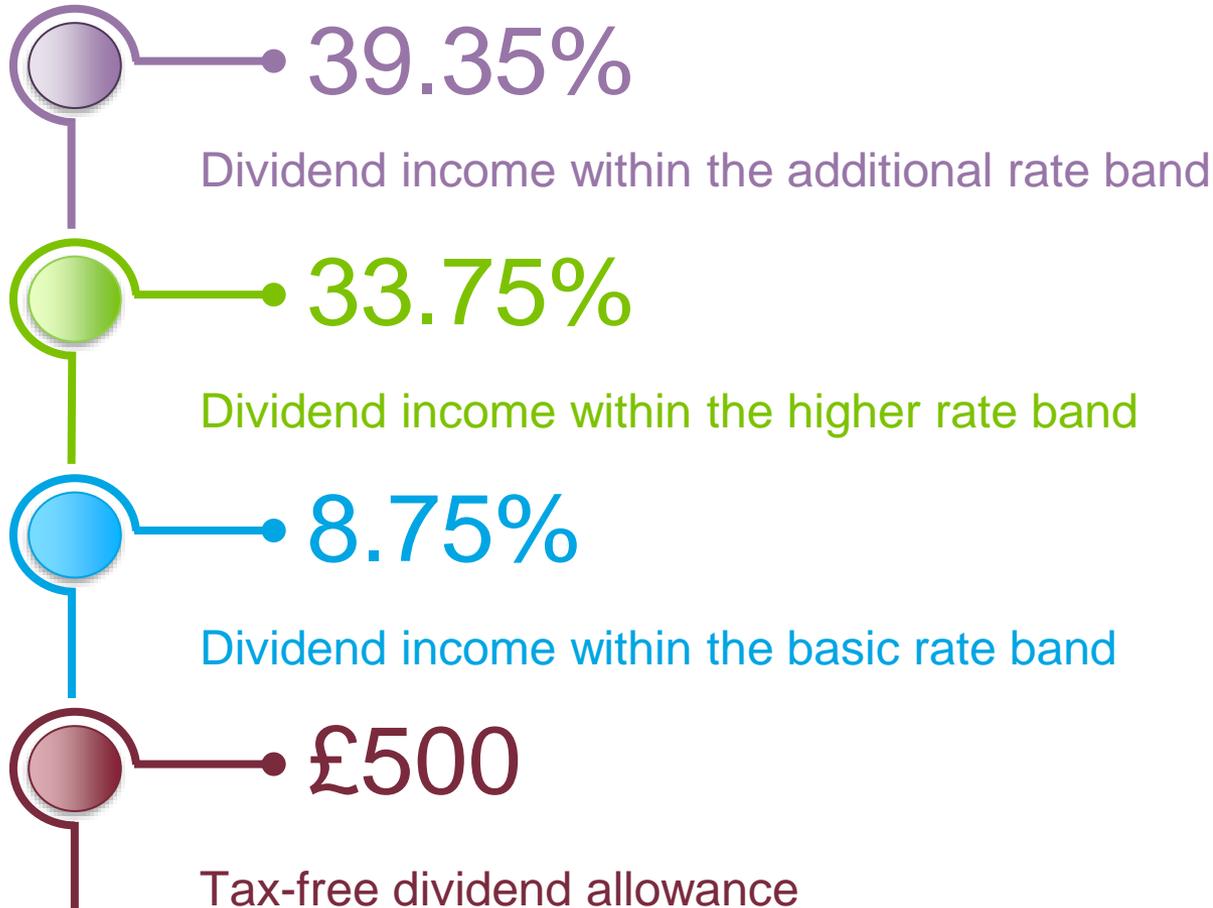
**5%**  
savings  
rate

The Personal Savings Allowance is based on UK income tax rates and not Scottish income tax rates

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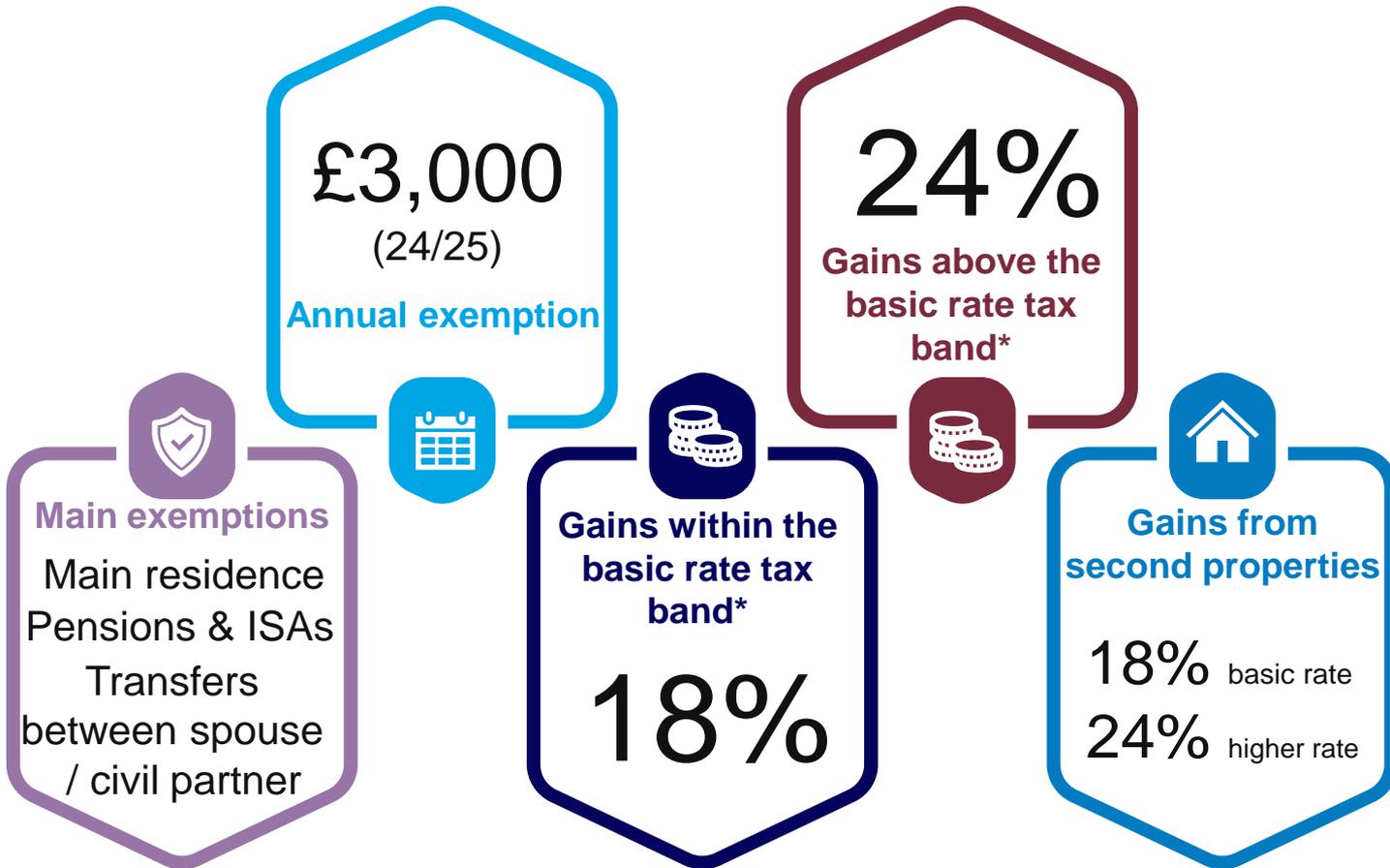
# dividend tax.



The dividend allowance is based on UK income tax rates and not Scottish income tax rates

# capital gains tax (CGT).

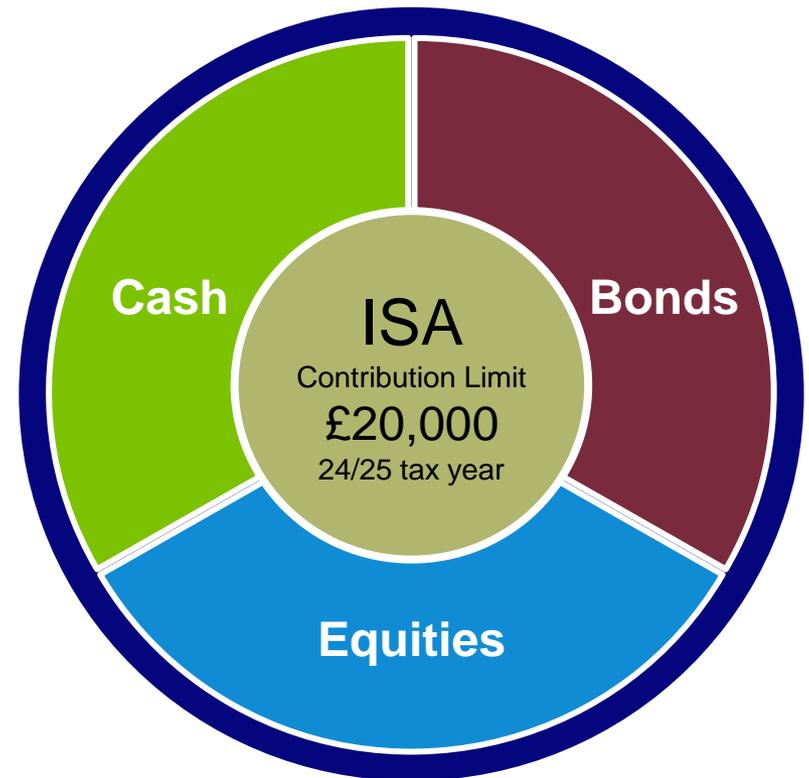
CGT is a tax on gains when certain investments are disposed of.



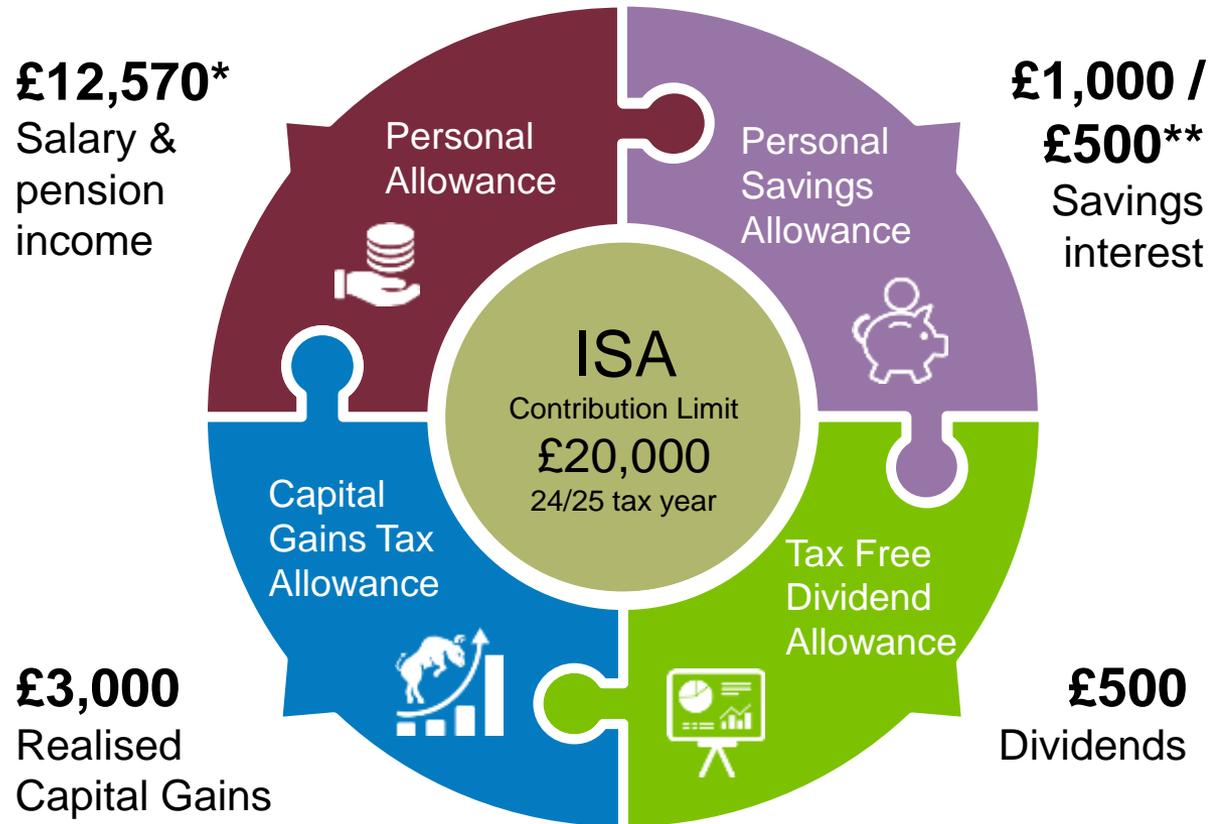
\*Gains realised prior to 30 October 2024 are charged at lower rates of 10% and 20%.

# individual savings accounts (ISAs).

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



# tax allowances summary.



\*Reduced for those with income over £100,000

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

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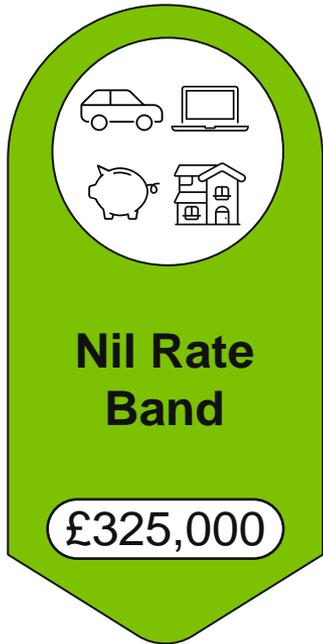
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estate planning.

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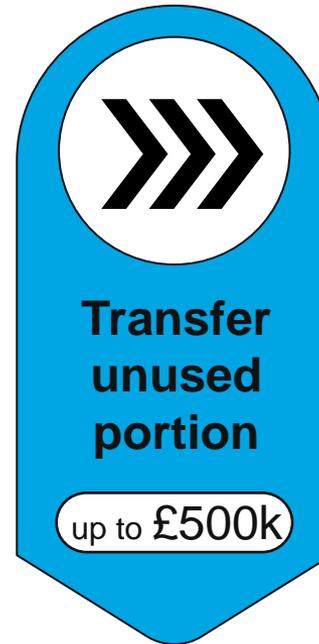
# inheritance tax (IHT).



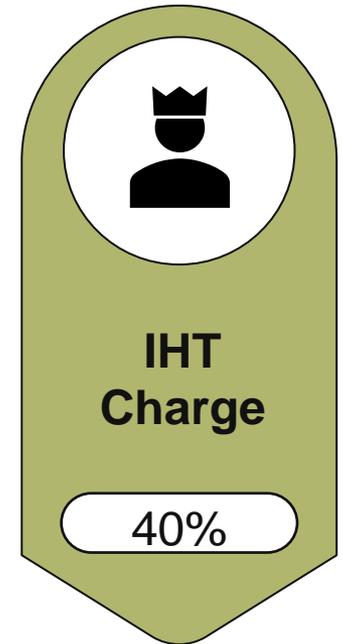
Applied to any part of an estate that is chargeable to IHT



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

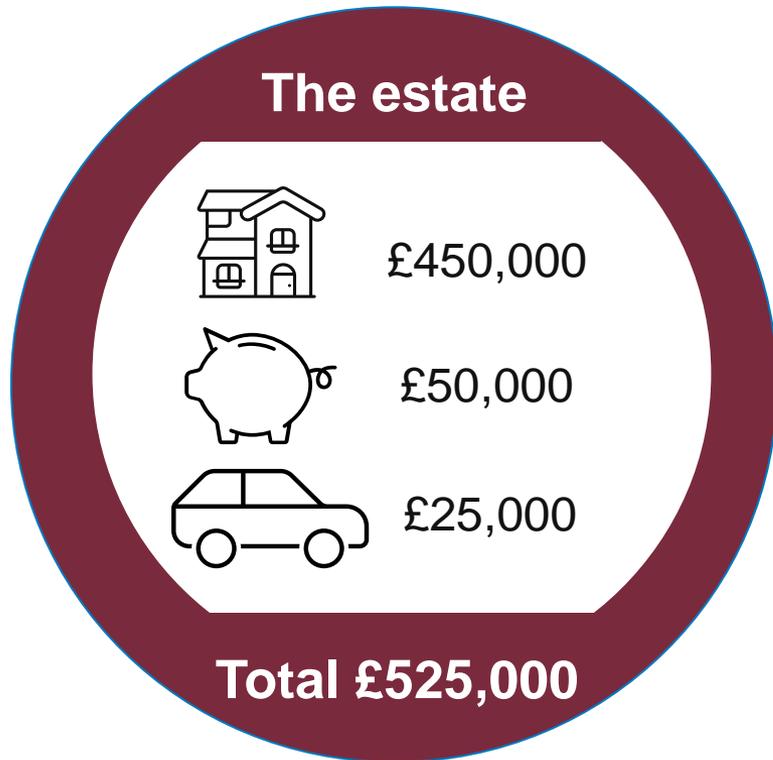


A couple could potentially pass on up to £1m before IHT becomes due\*



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

# inheritance tax (IHT) - example.



The estate is being passed to a direct descendant



The estate is worth **£515,000** after IHT

■ Excess subject to IHT

— Total nil rate band limit

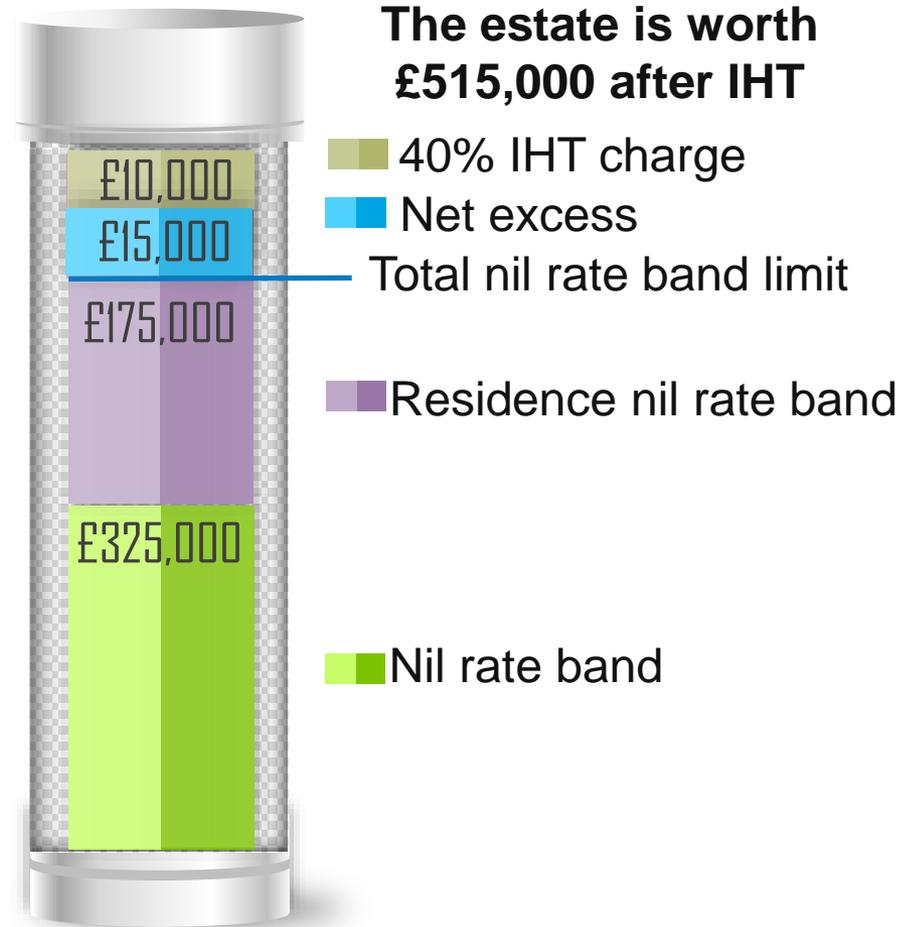
■ Residence nil rate band

■ Nil rate band

# inheritance tax (IHT) - example.



The estate is being passed to a direct descendant



# intestacy rules – England & Wales.

If you were to die without a valid will, intestacy rules would apply. The rules that apply depend upon your personal circumstances.



-   Spouse / Civil Partner - £322,000 + ½ the remainder
-  Children - the rest
-   Spouse / Civil Partner - everything

-   Children - Everything
-   Parents, siblings, grandparents, aunts/uncles or crown takes all

# making the right decisions.

How much income do I need?

1

When can I afford to retire?

2

What other savings, pensions and investments do I have?

3

Do I need more income or a higher lump sum?

4

Should I still make further pension savings now?

5

How do I get answers to my questions and concerns?

6

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next steps.

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# useful contacts.



**Money Helper**  
[www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

01



**State Pension forecast**  
[www.gov.uk/check-state-pension](http://www.gov.uk/check-state-pension)

02



**Government - information on tax**  
[www.gov.uk/browse/tax](http://www.gov.uk/browse/tax)

03



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

04



**Citizens Advice - information on benefits**  
[www.citizensadvice.org.uk/benefits](http://www.citizensadvice.org.uk/benefits)

05

# LifeSight contact information.



01737 230 473



[lifesightsupport@willistowerswatson.com](mailto:lifesightsupport@willistowerswatson.com)



The LifeSight Team, Willis Towers Watson,  
PO Box 758, Redhill, Surrey, RH1 9GT



[www.lifesight-epa.com](http://www.lifesight-epa.com) / TotalReward Online (if on the network)

# financial guidance.

Financial guidance provides you with information that may assist you in making decisions about your retirement income:

- You will not be provided with advice on the most suitable option for you
- The Government has set up Pension Wise to provide you with free financial guidance from the age of 50:
  - [www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise](http://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise)
  - Your plan will ask you whether you have received guidance or regulated advice before you take a pension income

# financial guidance.

## **Personal budgeting and setting goals**

[www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

## **State Pensions, Income Tax and ISAs**

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

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

# 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 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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part of the Wealth at Work group

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**WEALTH at work**

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thank you.

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