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Planning for your retirement

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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.

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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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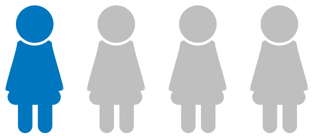
Retirement could last a long time

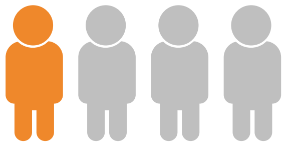
Average life expectancy at age 65

1 in 4 chance of reaching age:



94

1 in 4 chance of reaching age:



92

Source: Office of National Statistics

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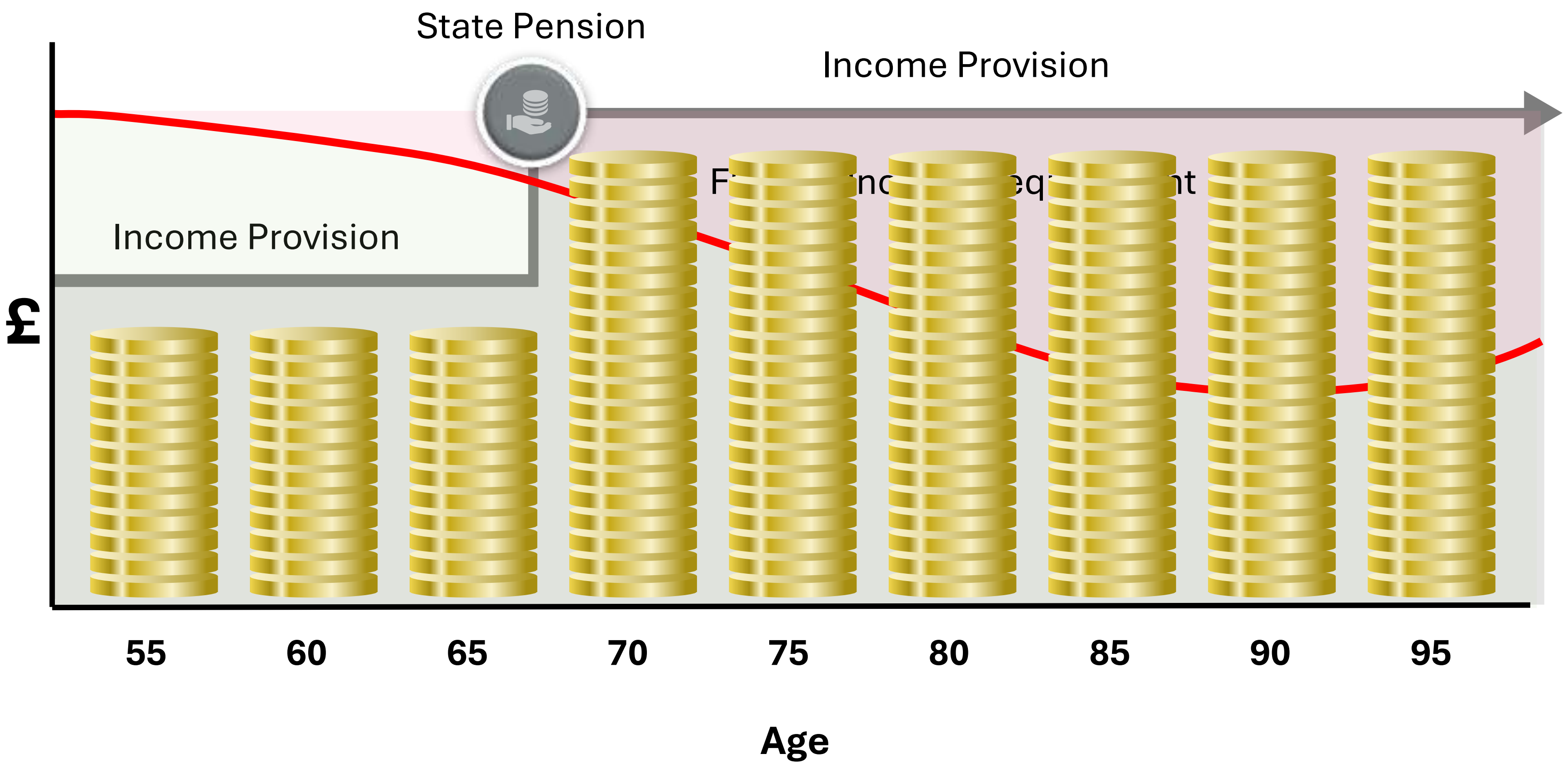
Changing income needs



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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 £13,400pa

Couple £21,600pa

No car

A week in the UK every year

Moderate

Single £31,700pa

Couple £43,900pa

3 year old car replaced every 7 years

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

Comfortable

Single £43,900pa

Couple £60,600pa

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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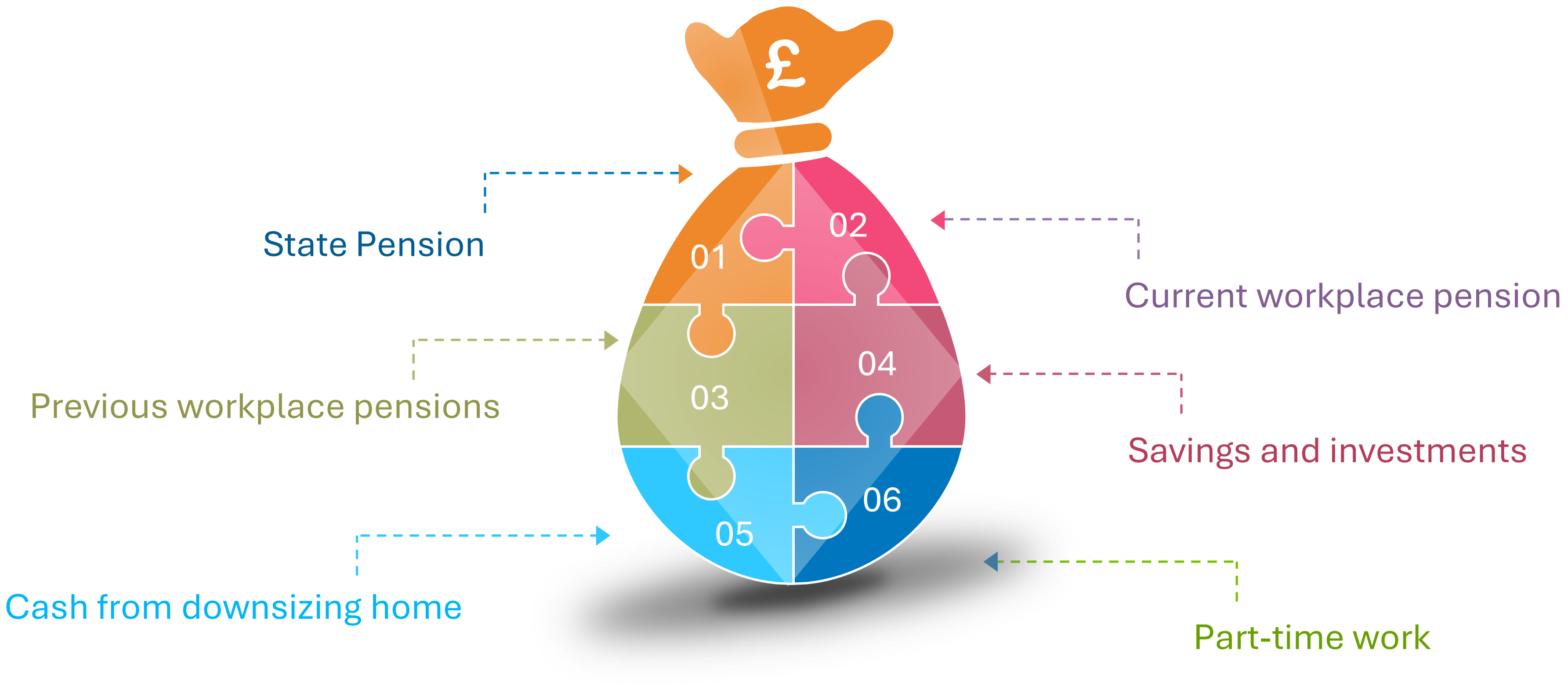
Where is the money coming from?



The state pension

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Your State Pension age

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

DoB between:
6 Oct 1954 &
5 Apr 1960

66
birthday

gradually increases

DoB between:
6 Mar 1961 &
5 Apr 1977

67
birthday

gradually increases

DoB from:
6 Apr 1978

68
birthday

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

The new State Pension

If you reach State Pension age after 5 April 2016 the new State Pension can provide income of:

per week — up to **£230.25**

per year — up to **£12,014.12**

You may receive less if:

- You have less than 35 years of National Insurance (NI) contributions, &/or
- You have been contracted out of the Additional State Pension

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

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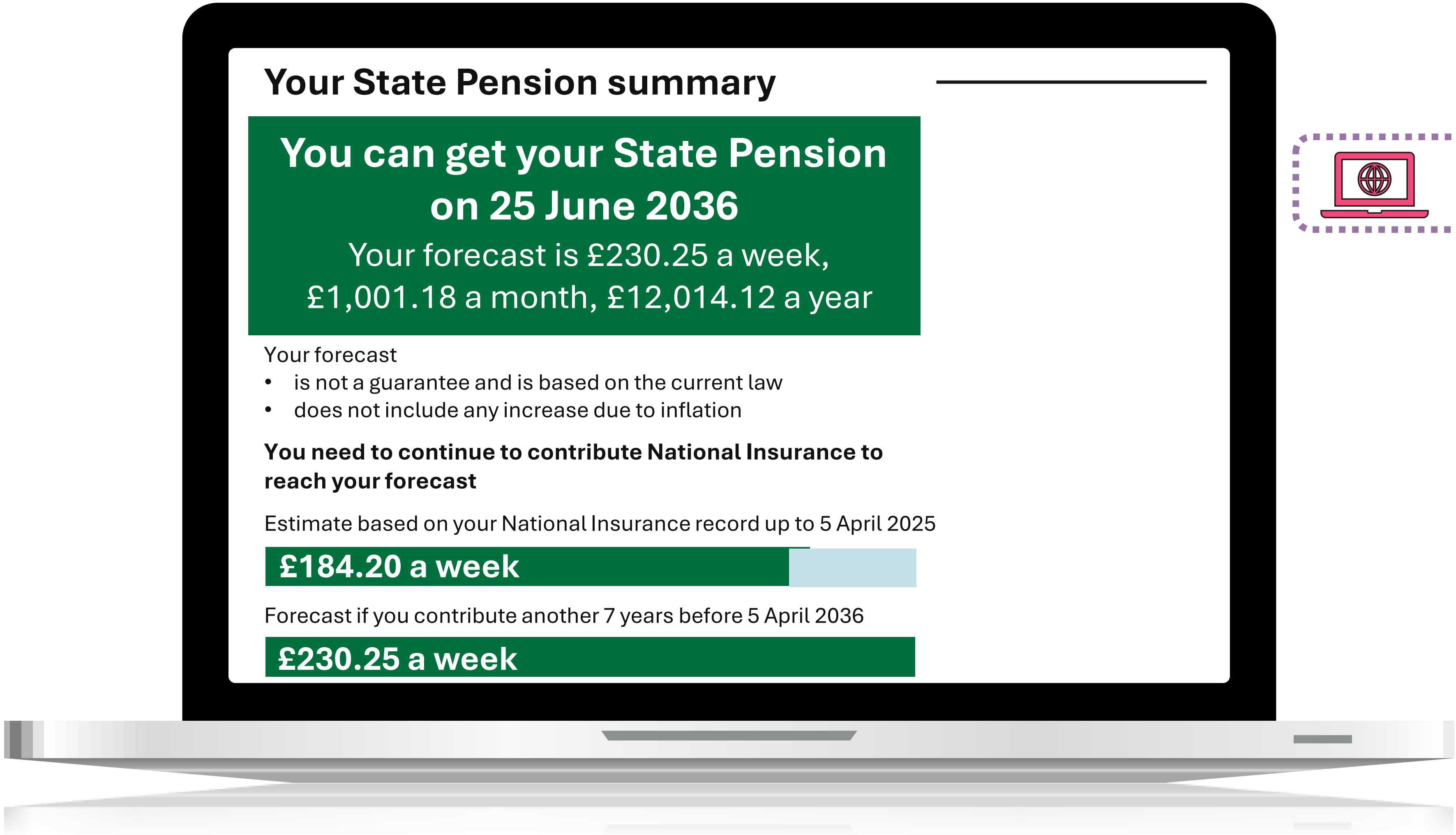
State Pension forecast



Your State Pension summary

You can get your State Pension on 25 June 2036

Your forecast is £230.25 a week, £1,001.18 a month, £12,014.12 a year

Your forecast
- is not a guarantee and is based on the current law
- does not include any increase due to inflation

You need to continue to contribute National Insurance to reach your forecast

Estimate based on your National Insurance record up to 5 April 2025

£184.20 a week

Forecast if you contribute another 7 years before 5 April 2036

£230.25 a week

www.gov.uk/check-state-pension

Workplace pensions

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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

pension input

Scheme rules determine when the pension normally starts

Jan 15

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 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.

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

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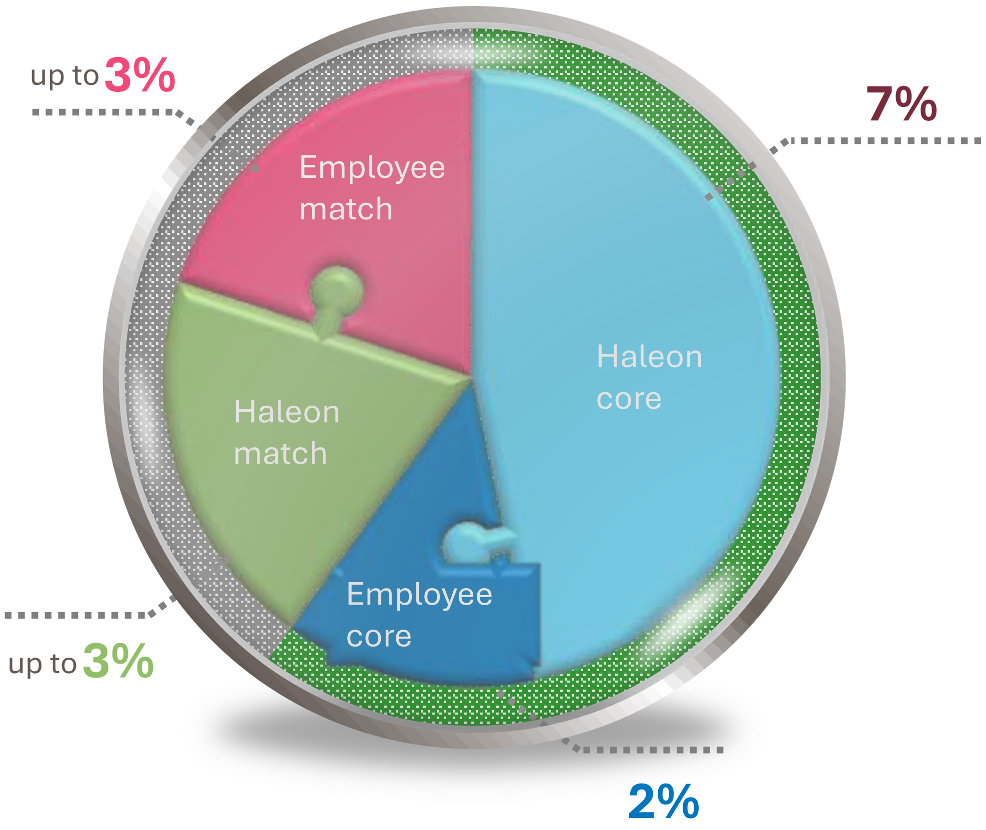
Haleon Pension Plan

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



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Salary sacrifice

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

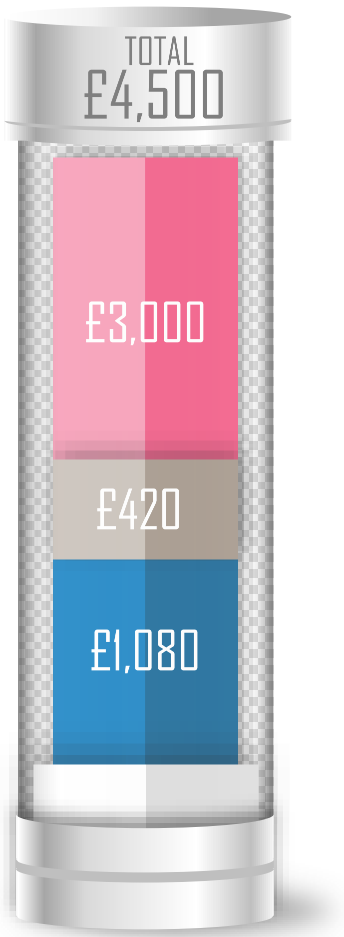
Employee Contribution = £1,500pa (5%)

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%)

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Salary sacrifice

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

Employee Contribution = £3,000pa (5%)

Tax Saving = 40%

NI Saving = 2%

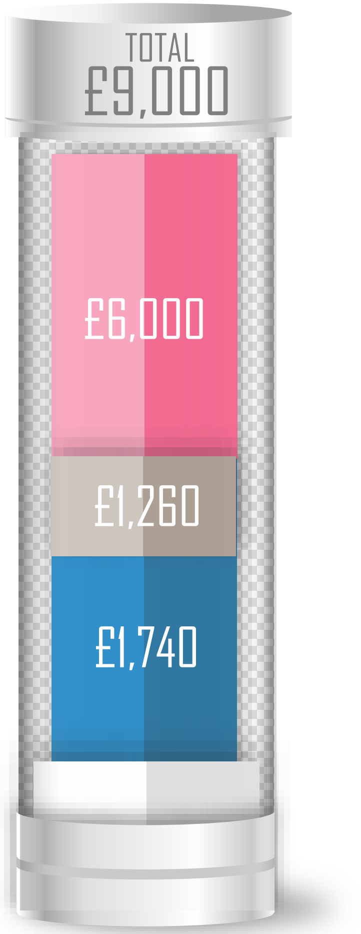
Personal Cost = £1,740pa

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

Limits on tax-free cash

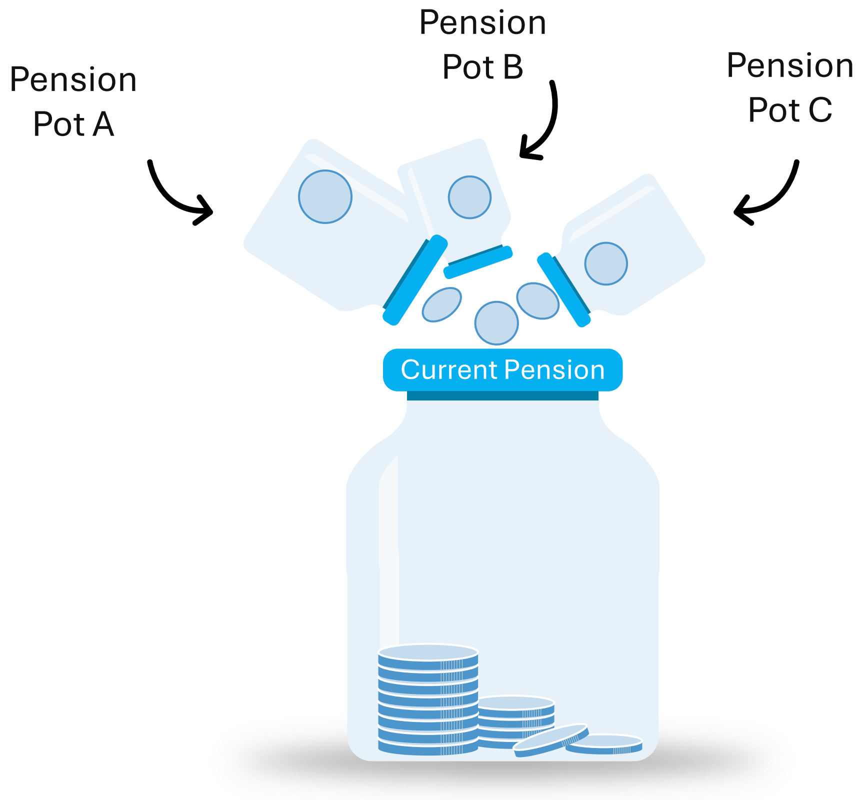
- Lump Sum Allowance (LSA): The maximum tax-free cash is limited to 25% of the pension value, subject to a total cap of £268,275 (which is set to be frozen)
- Lump Sum and Death Benefits Allowance (LSDBA): The maximum amount of non-taxable lump sums that can be taken from a pension, set at £1,073,100.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

Pension consolidation

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



You can keep these as separate pots

OR

Enquire about transferring them into your current workplace pension plan

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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 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

Transferring from DB to DC

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

WARNING!

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

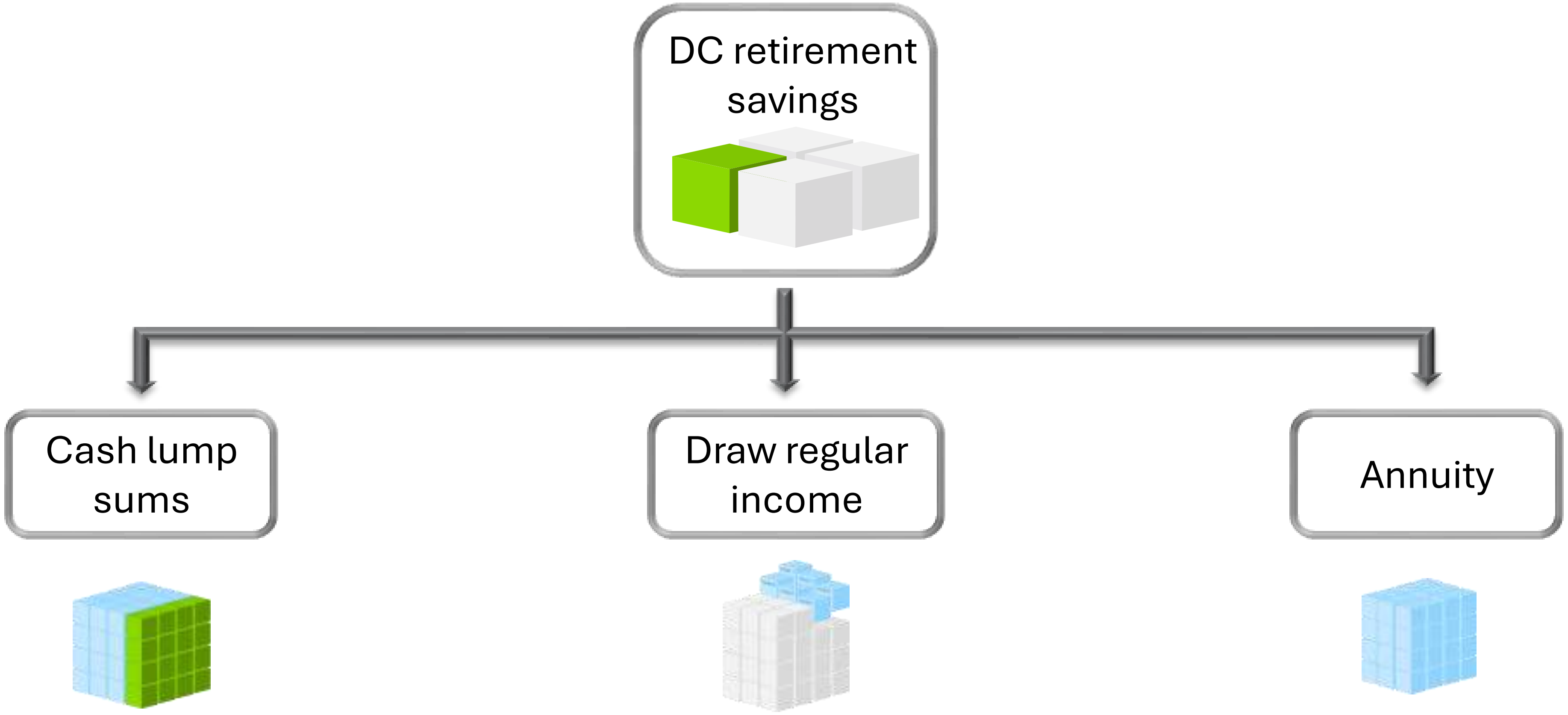
Certainty is replaced with risk

COST

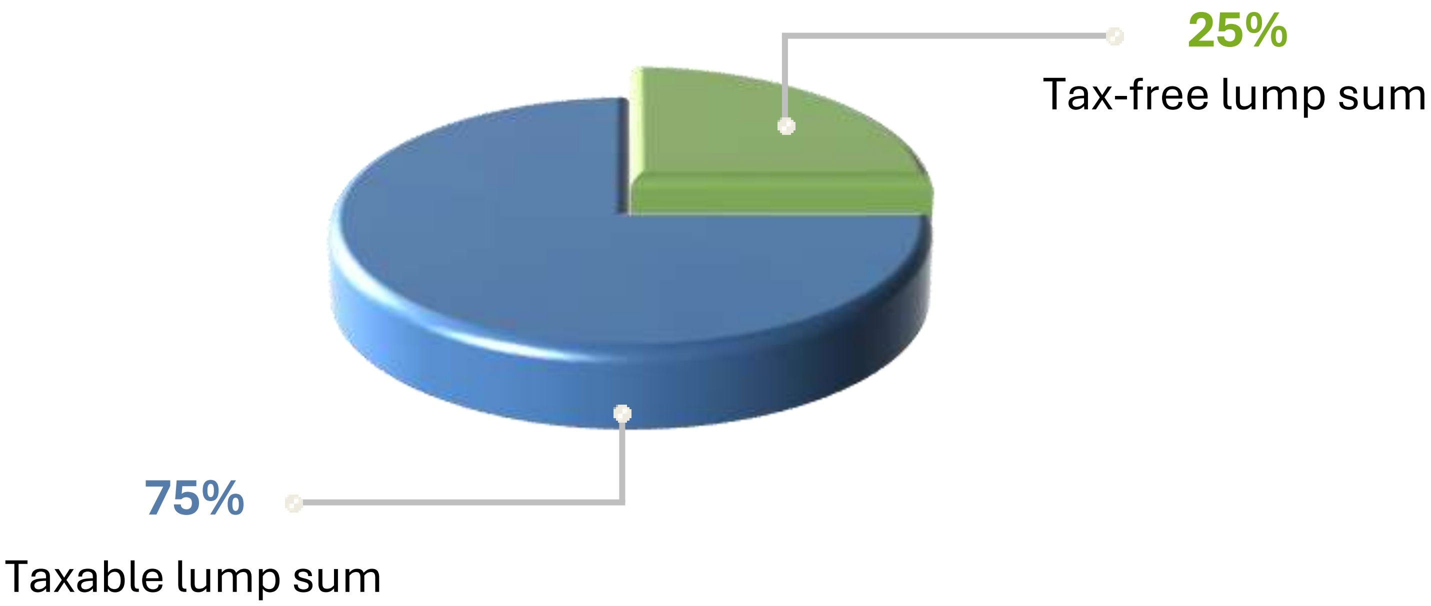
The cost of advice must be disclosed at the outset

Generating a retirement income

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

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Receiving a taxable cash lump sum

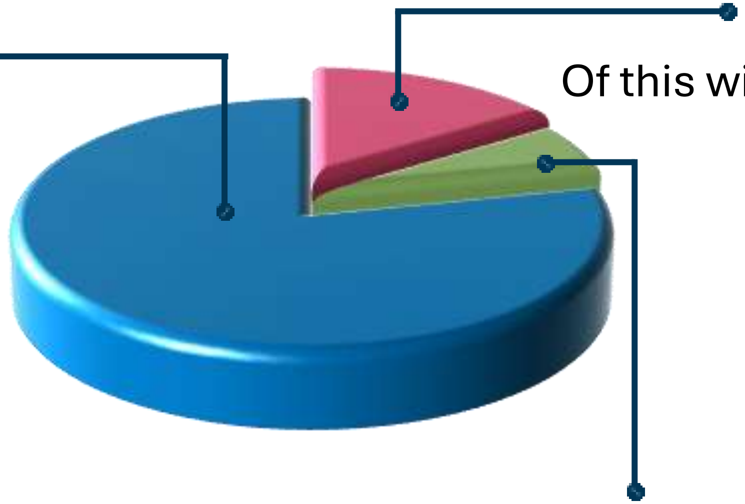
An individual who receives a £100,000 cash lump sum from a pension:

Tax-free Cash Lump sum	the first 25% of the pot £25,000	ZERO TAX
Personal Allowance	the next £12,570	ZERO TAX
20% Basic Rate	the next £37,700	£7,540 tax
40% Higher Rate	the next £24,730	£9,892 tax

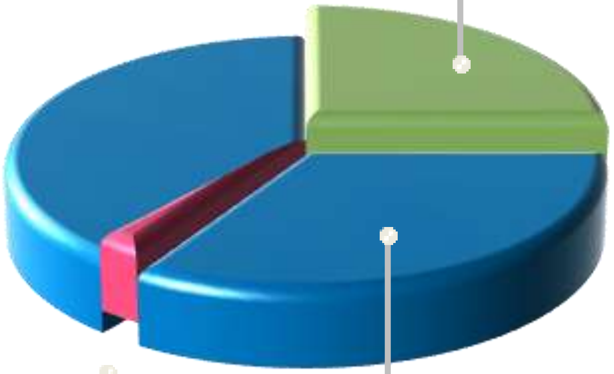
Total tax charge of £17,432

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



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

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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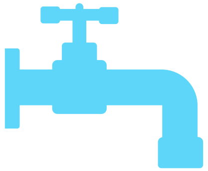
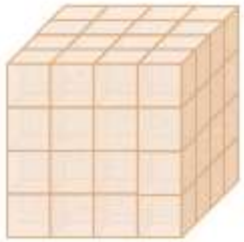
Generating a retirement income

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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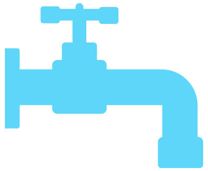
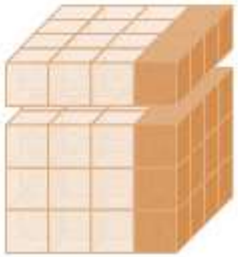
Generating a retirement income

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

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Generating a retirement income

£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

£13,107.50

£12,570 within Personal Allowance

£537.50 taxed at 20% = £107.50

Net income = £13,000

£7,000

No tax payable

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

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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?

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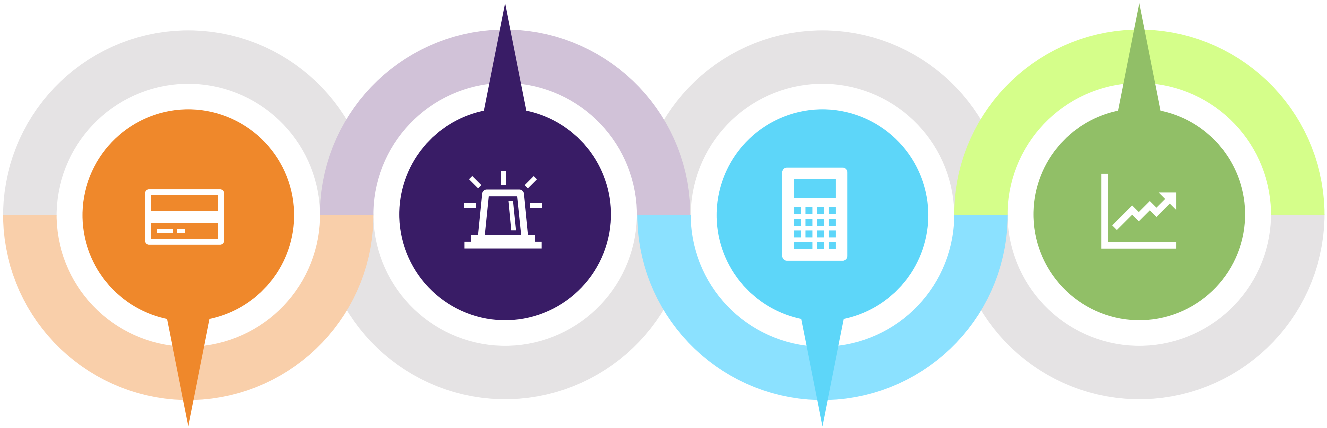
How much tax-free cash?

Have a clear plan for how much you need:



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Inflation, savings and investments

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

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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

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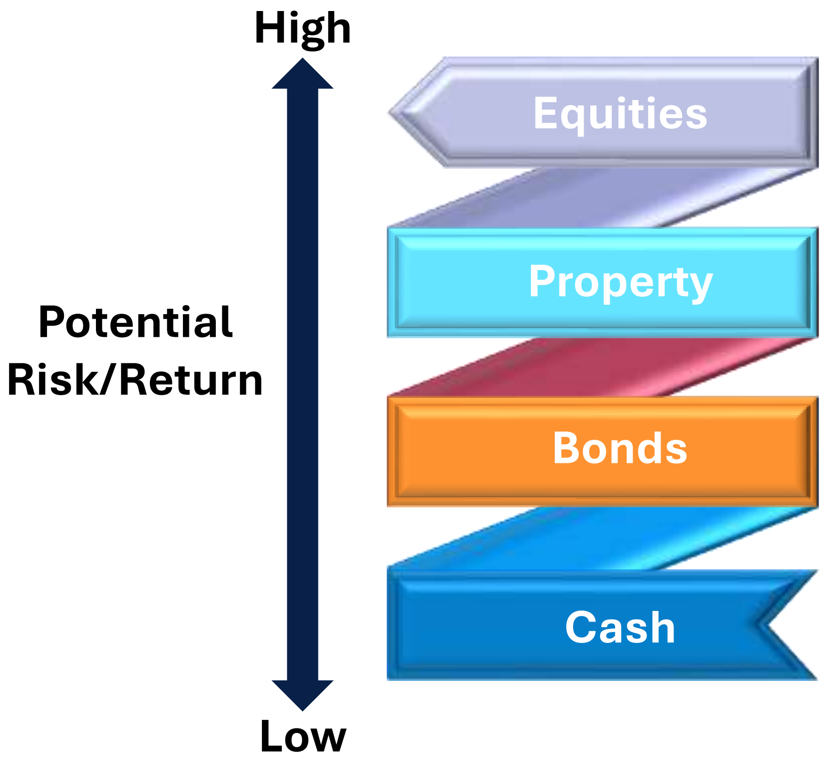
Investment risk and returns

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



- Market volatility, timing, company specific risk
- Liquidity, void periods, taxation, negative equity
- Default, credit, inflation
- Inflation, interest rates, potential currency exposure

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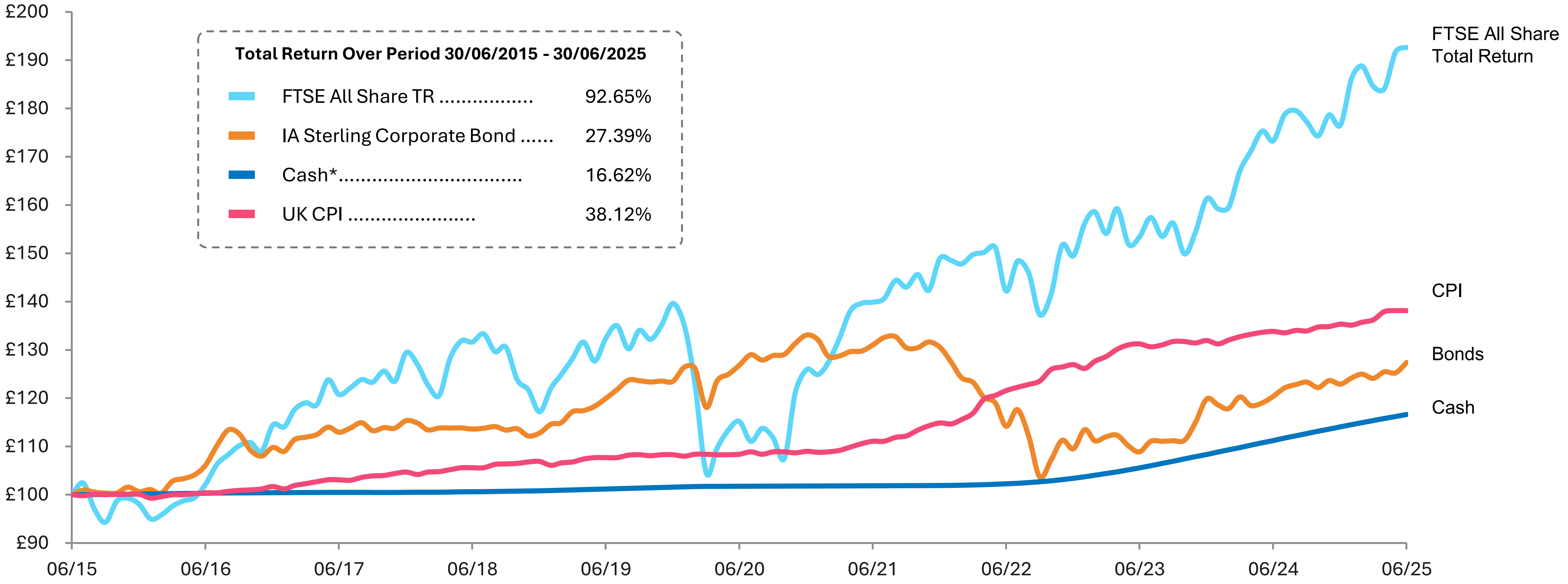
Risk and returns: the real world

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



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

Source: Financial Express & Bloomberg

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

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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.

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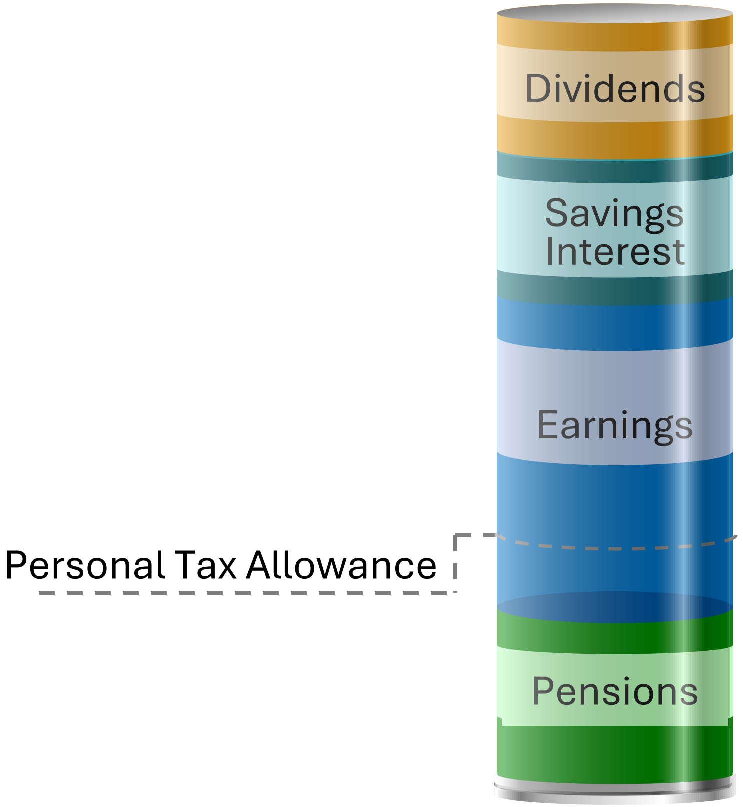

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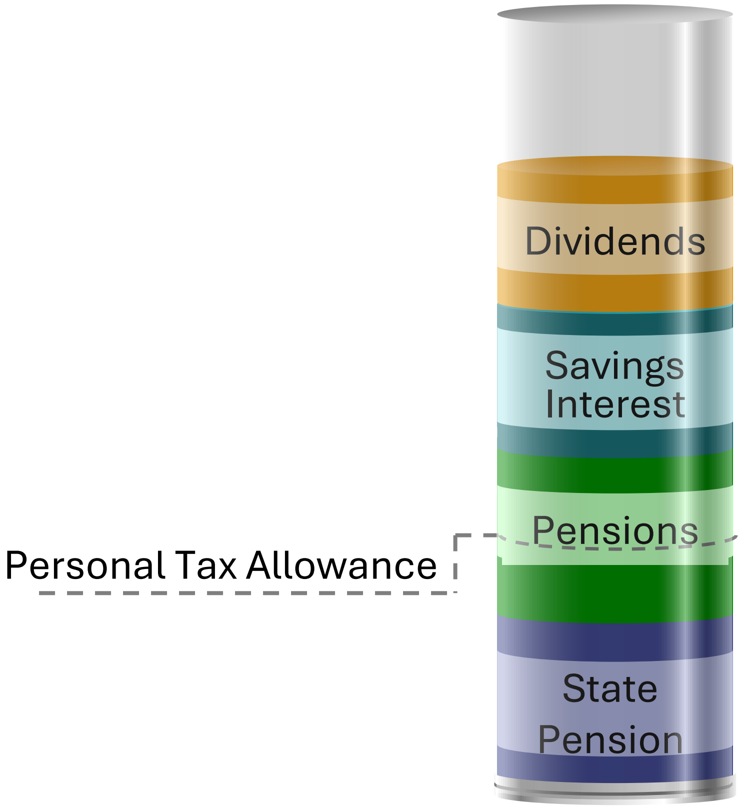

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Taxation of State Pension

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

PAYE Coding Notice
Tax code for the year 2025-26

Personal Allowance	£12,570
Less your State Pension	*£12,014*
Net Allowance	£556
Tax Code	**55L**

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

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

39.35%

Dividend income within the additional rate band

33.75%

Dividend income within the higher rate band

8.75%

Dividend income within the basic rate band

£500

Tax-free dividend allowance

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

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Capital gains tax (CGT)

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

Main exemptions

Main residence

Pensions & ISAs

Transfers between spouse / civil partner

£3,000

Annual exemption each tax year

Gains within the basic rate tax band

18%

24%

Gains above the basic rate tax band

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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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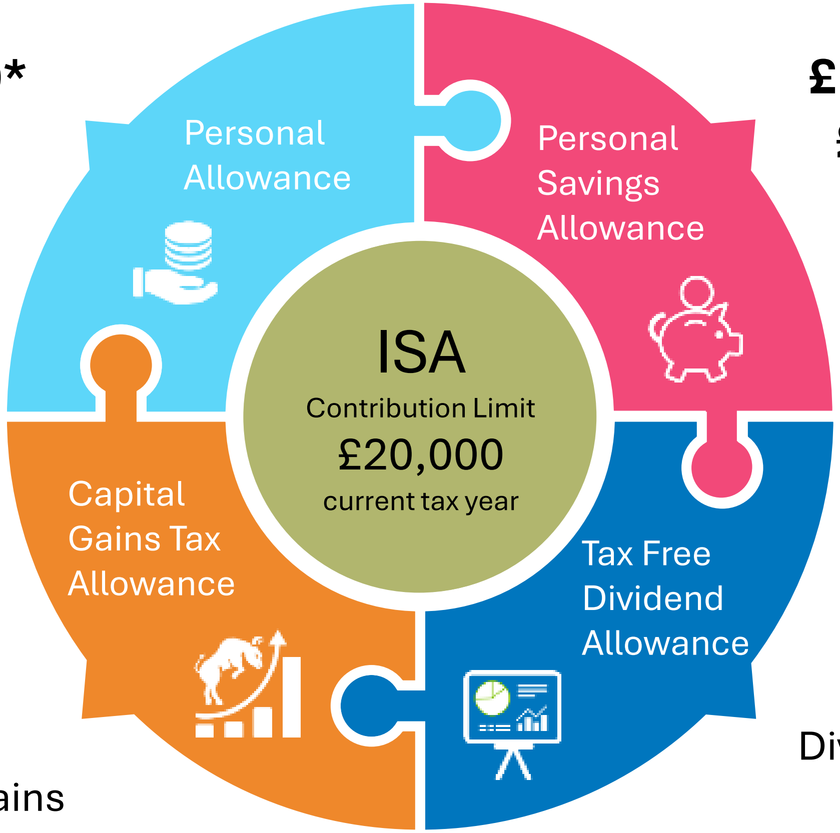
Tax allowances summary

£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

Inheritance tax (IHT)

Nil Rate Band

£325,000

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

Residence Nil Rate Band

£175,000

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

Transfer unused portion

up to £500k

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

IHT Charge

40%

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

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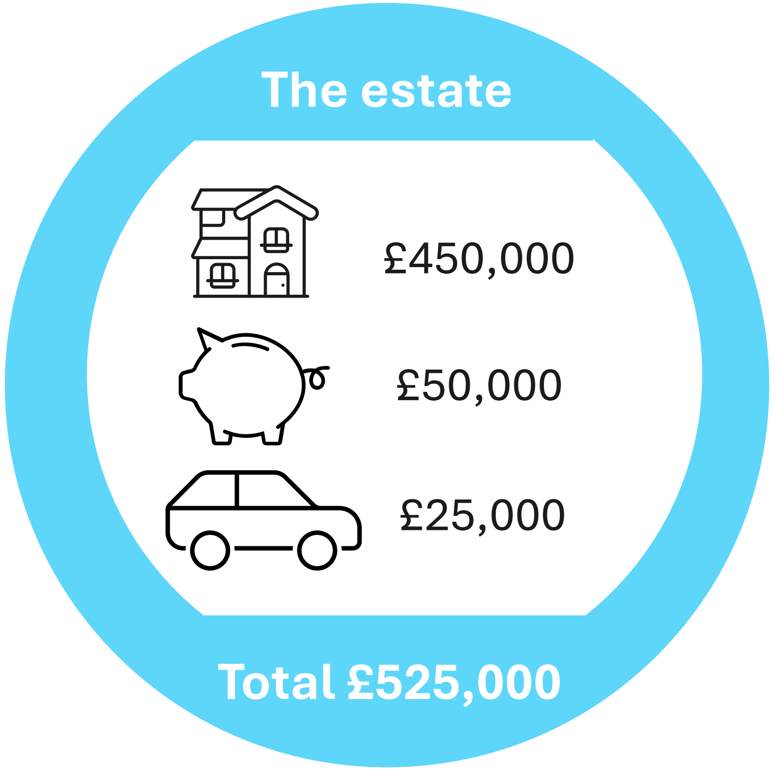
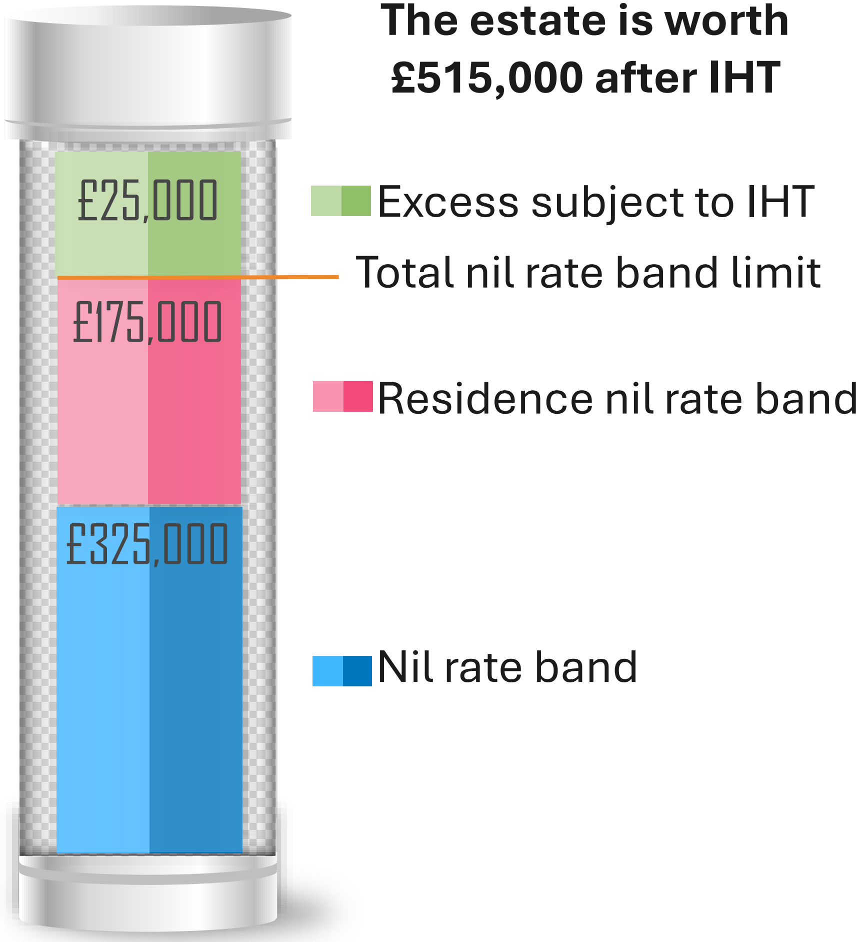
Inheritance tax (IHT) - example



The estate is being passed to a direct descendant

The estate is worth £515,000 after IHT



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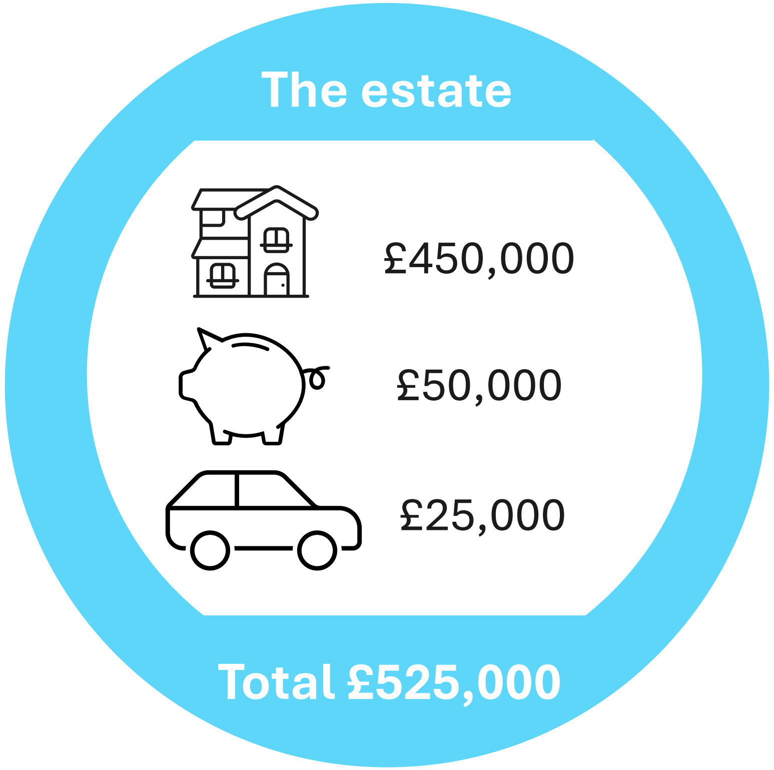
Inheritance tax (IHT) - example



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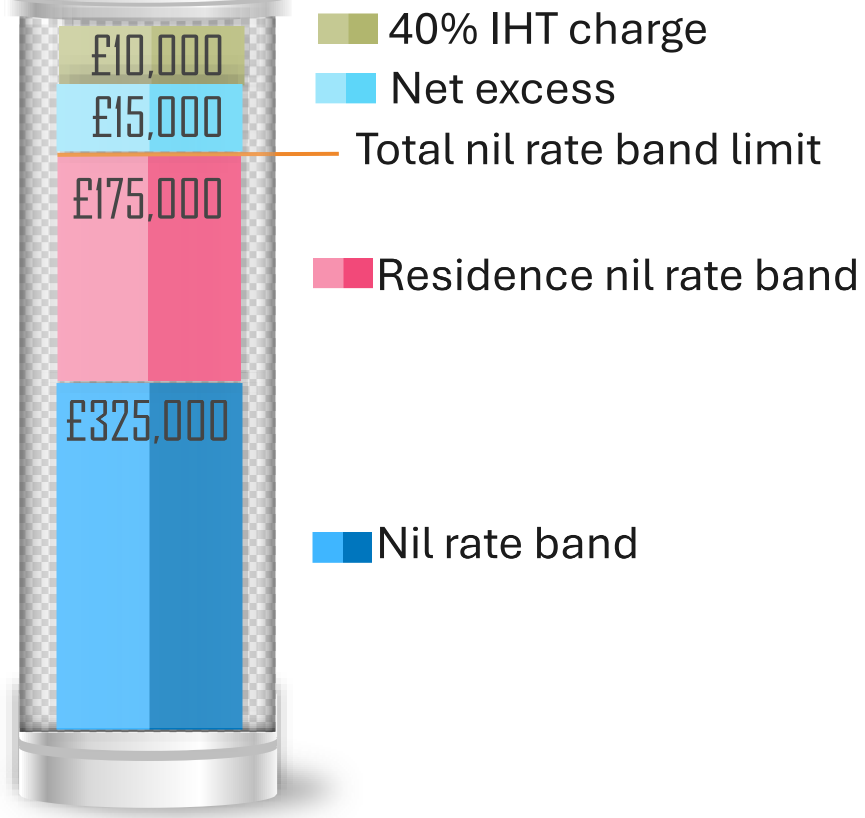

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Intestacy rules – England & Wales

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

Married / Civil Partner?

Yes – Children?

- Yes: Spouse / Civil Partner - £322,000 + ½ the remainder
- Yes: Children - the rest
- No: Spouse / Civil Partner - everything

No – Children?

- Yes: Children - Everything
- No: Parents, siblings, grandparents, aunts/uncles or crown takes all

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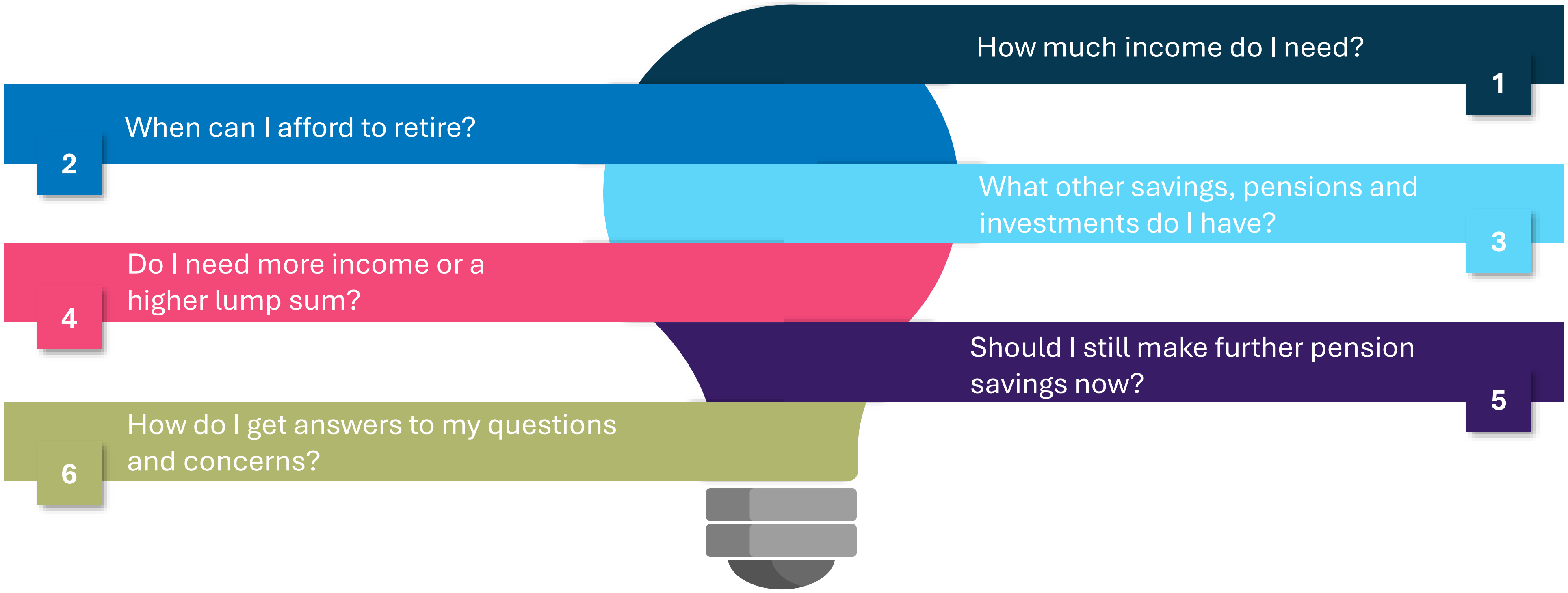
Making the right decisions



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Next steps

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Useful contacts

MoneyHelper
www.moneyhelper.org.uk
01

State Pension forecast
www.gov.uk/check-state-pension
02

Government - information on tax
www.gov.uk/browse/tax
03

Pension Tracing Service
www.gov.uk/find-pension-contact-details
04

Citizens Advice - information on benefits
www.citizensadvice.org.uk/benefits
05

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LifeSight contact information

01737 230 473

lifesightsupport@willistowerswatson.com

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

www.lifesight-epa.com / TotalReward Online (if on the network)

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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
  - Your plan will ask you whether you have received guidance or regulated advice before you take a pension income

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Financial guidance

Personal budgeting and setting goals

www.moneyhelper.org.uk

State Pensions, Income Tax and ISAs

www.gov.uk

www.hmrc.gov.uk

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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 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**

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Thank you.