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Welcome to: savings and investments - advanced

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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.

Agenda

- Asset classes
- Diversification
- Investment funds
- The Haleon share plans
- Tax allowances
- Next steps

Asset classes

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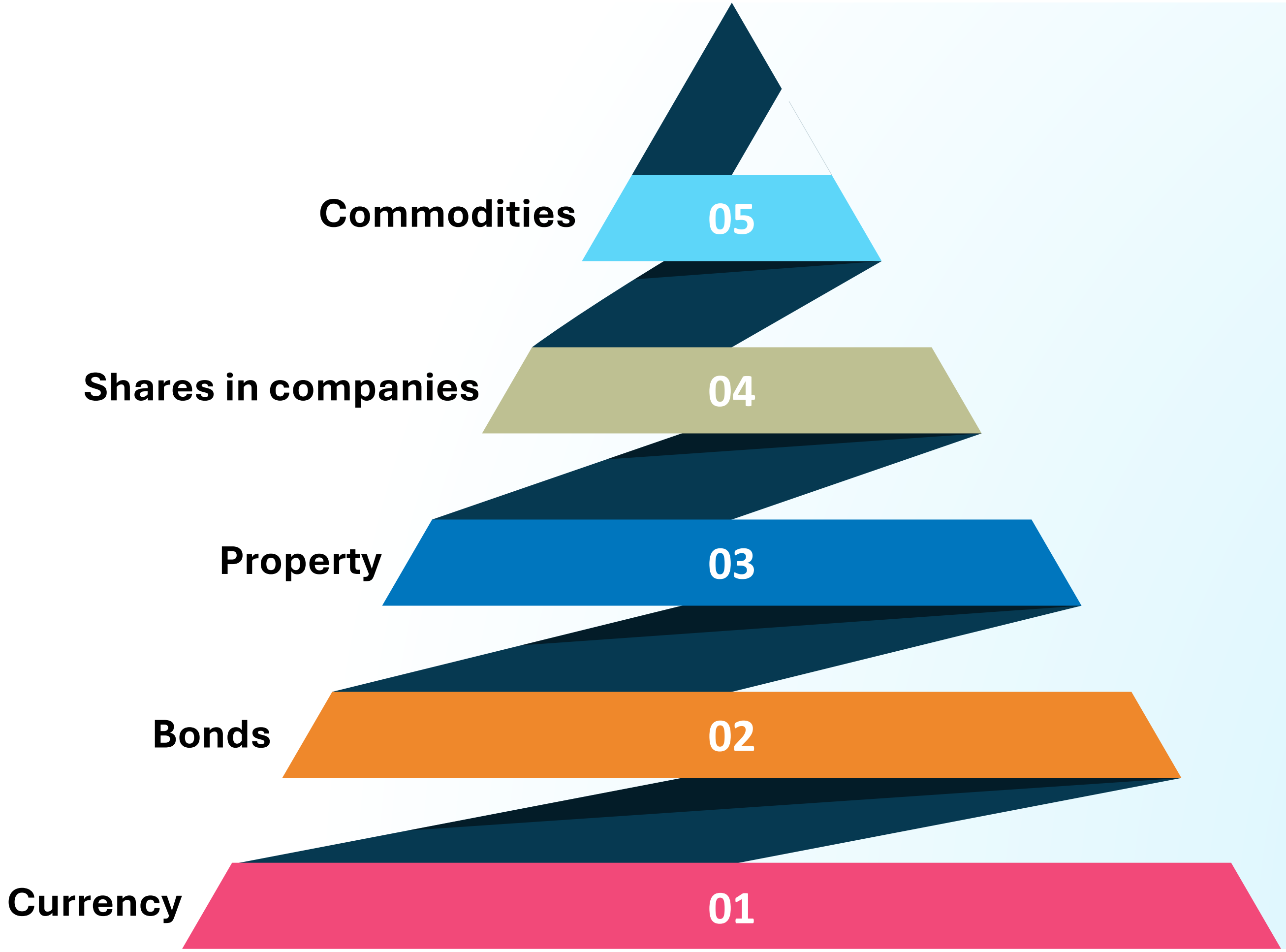
Types of investments



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Cash savings

Physical cash

Cash in the bank

Other currencies

- Easily accessible
- Capital is secure
- Low returns on investment
- Inflation
- Currency Exposure

Bonds

Bonds are issued by companies or governments to raise money in return for interest.

A bond usually has an interest rate and term attached to it

The issuer pays the interest rate annually until the bond matures

The investor receives their initial investment back at maturity

Default

Credit

Inflation

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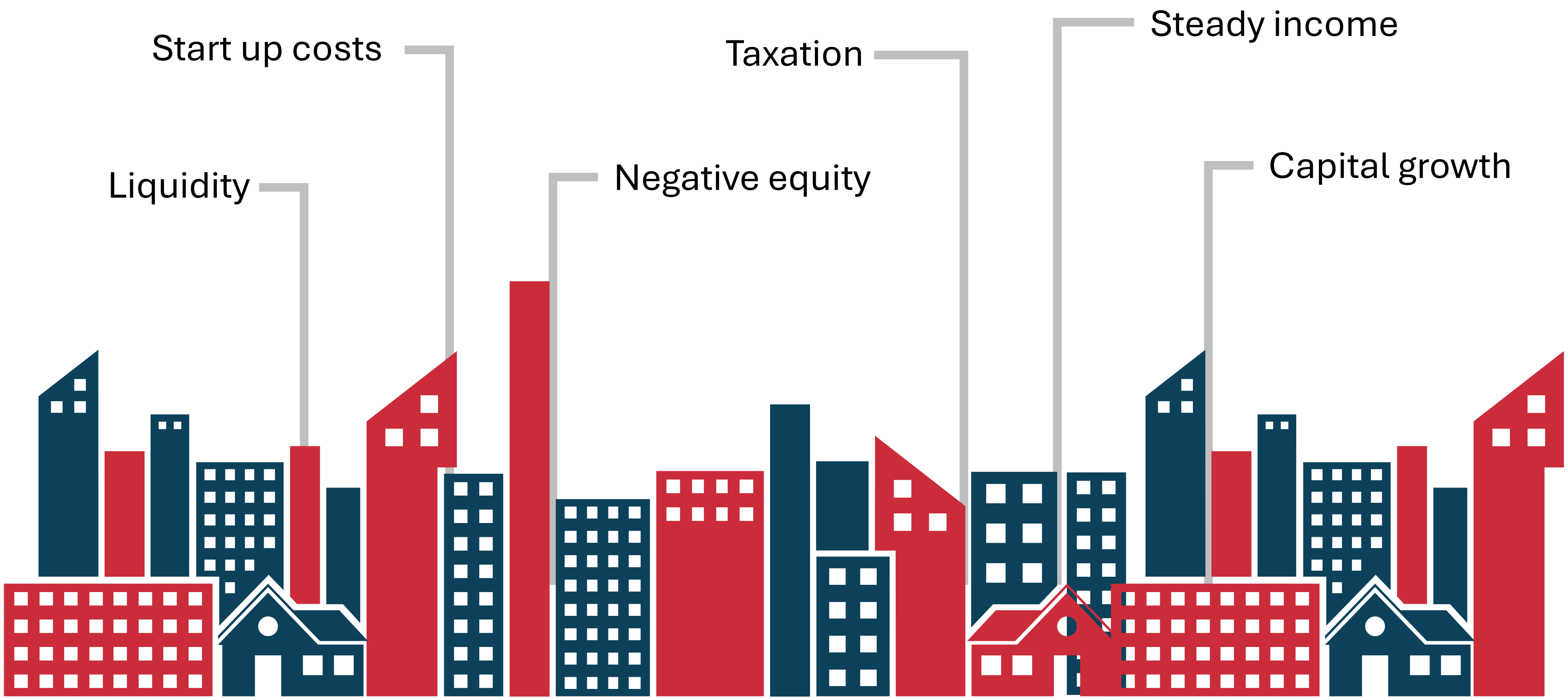
Property

Property is usually looked at as a long term investment.



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Shares in companies

Shares are units of ownership in a company and are issued by the company to raise funds.

- High potential returns
- Easy to purchase
- Low minimum investment

- Capital at risk
- Volatility
- Timing
- Time to research
- Taxable
- Concentration

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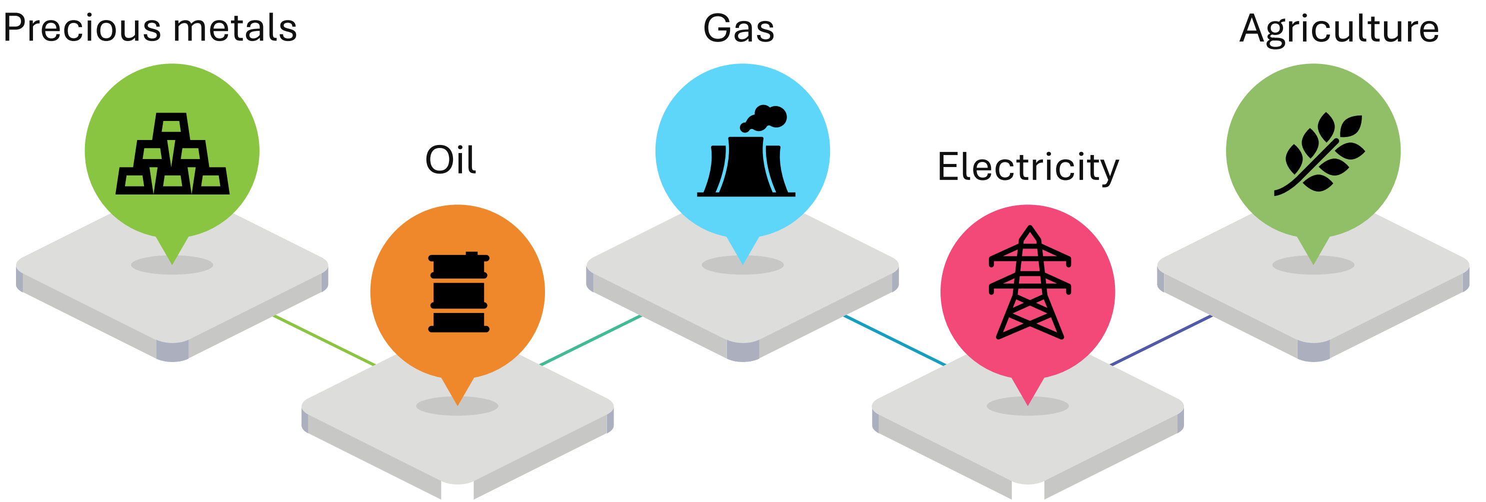
Commodities



- Inflation
- Weather
- Political unrest
- Global events
- New technologies
- Concentration
- Volatility
- Timing
- Supply & demand

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Diversification

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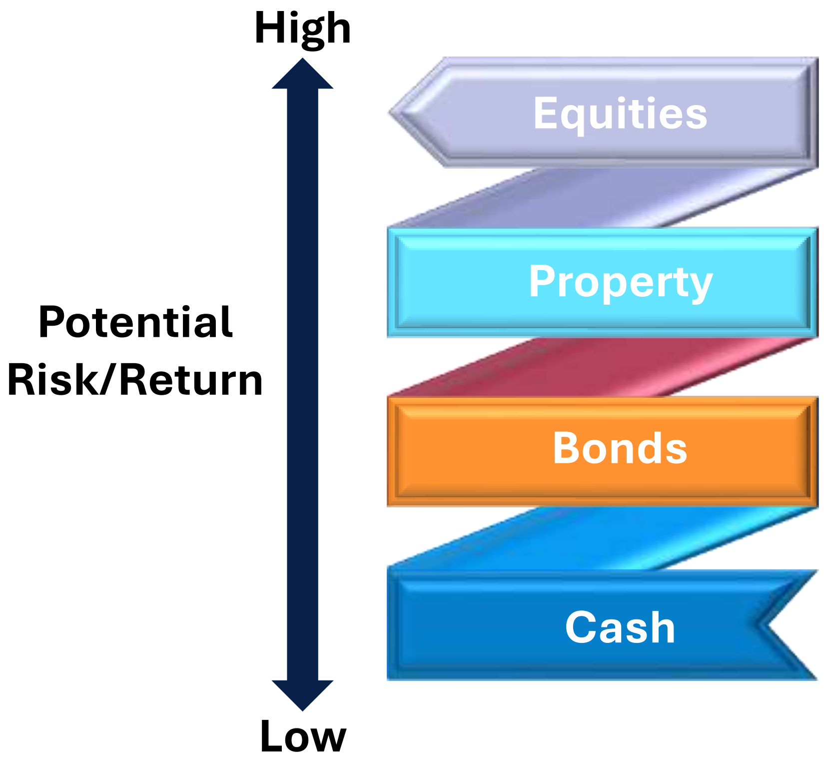
Investment risk and returns

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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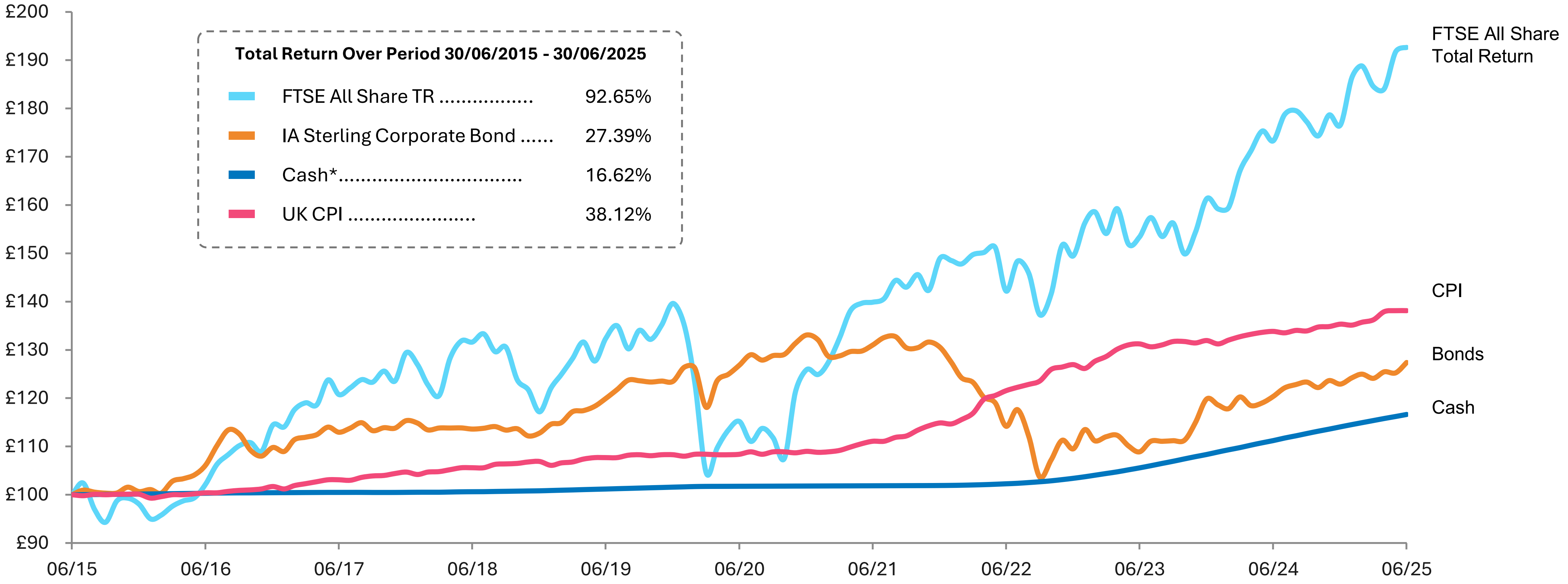
Risk and returns: the real world

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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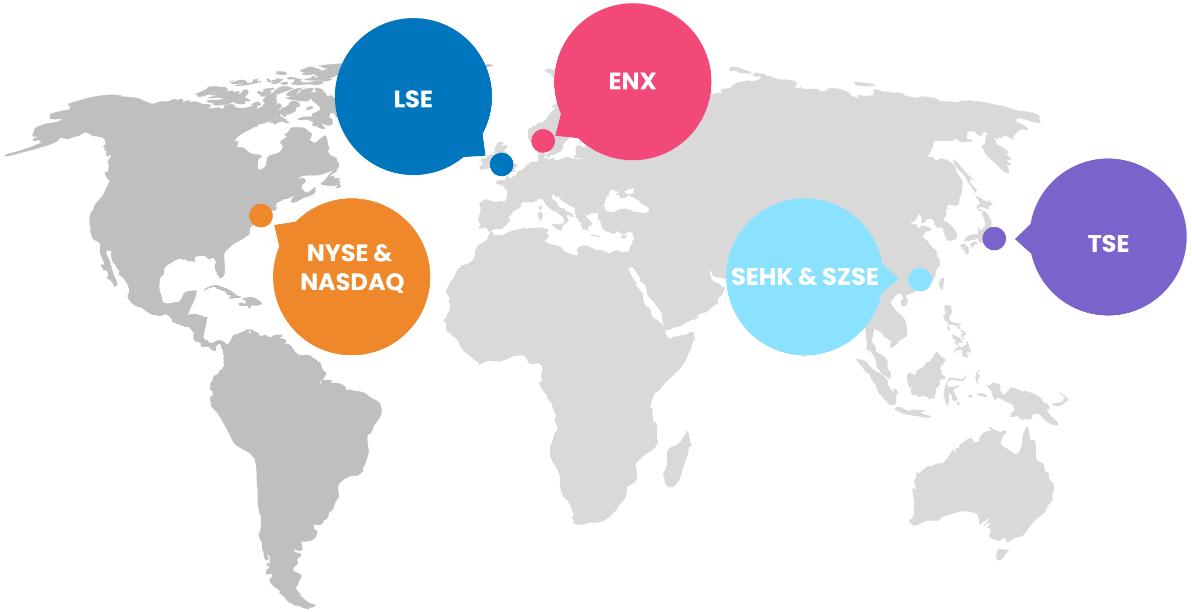
What is the stock market?

stocks issued

stocks bought

stocks sold



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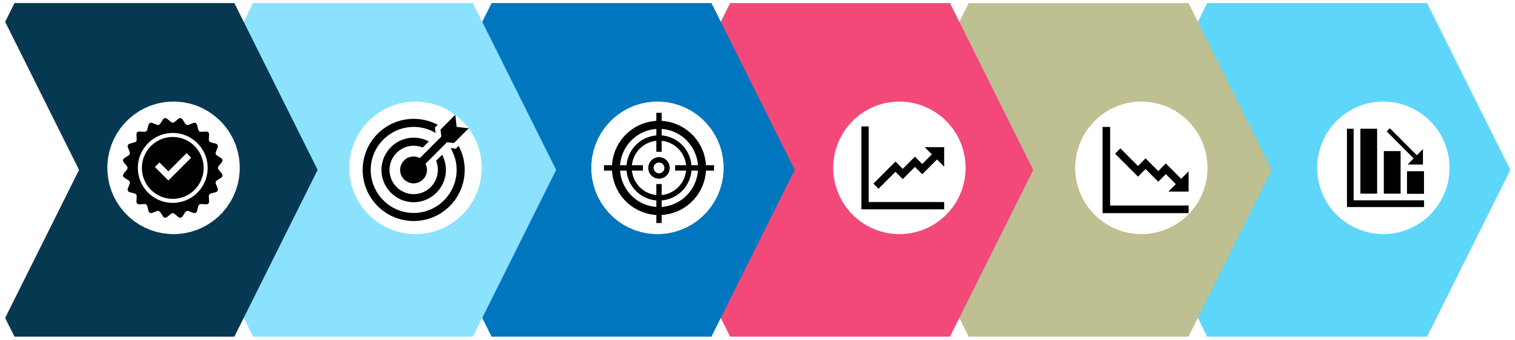
Buying shares

When buying shares yourself, there are a number of different ways you can execute the order.

Market Order
Makes a purchase at the next available time at the current price

Limit Sell
Will sell stock once the stock reaches a specific price

Stop Sell
Will sell stock if the stock drops to a specific price



Limit Buy
Will place an order once the stock drops to a specific price

Stop Buy
Will buy stock if the stock raises to a specific price

Trailing Stop
Will sell stock if the stock ever drops by a specified amount

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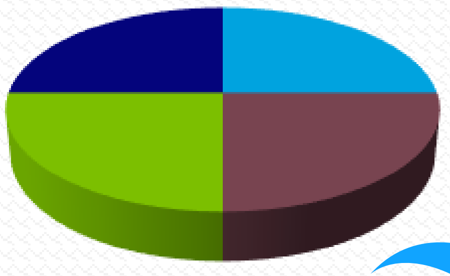
Single share

Holding shares in a single company exposes you to concentration risk.

% share price over one year

Small Pharma	-44%
Corp Company	+54%
X Cars	+130%
Big Pharma	-44%

25% held in each stock



+24%

Portfolio change

Figures shown for illustrative purposes only. Past performance is not a guide to the future.

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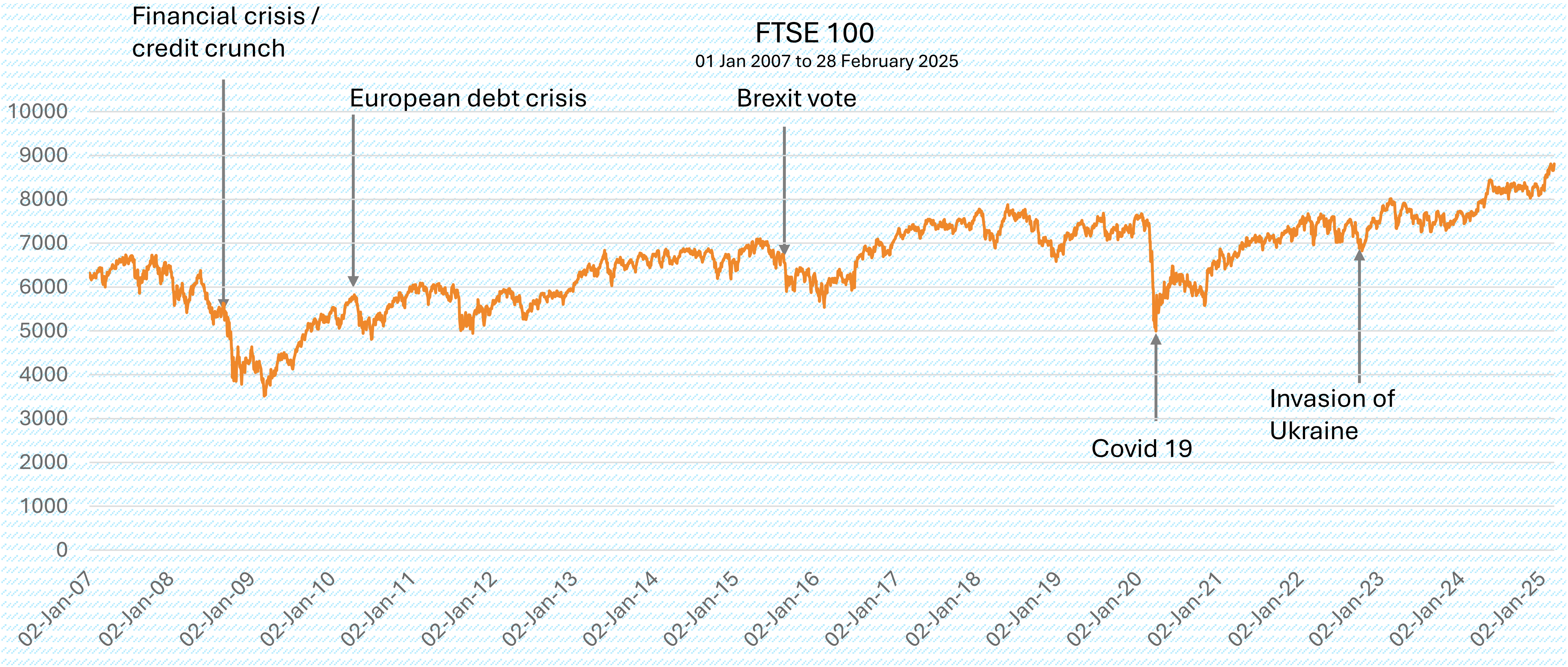
Volatile markets



Data source: Google Finance. For illustrative purposes only. Investment returns are not guaranteed

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Diversification

01 Single Company	02 Many Companies	03 Many Sectors	04 Geographical Areas
Exposure to the fortunes of a single company	Invest in a number of companies	Diversify further by ensuring investments are in different sectors	Finally, spread investments across economies throughout the world
Future wealth aligned to the success of a single company	Limits exposure to a single company	Limits exposure to a single sector (e.g. retail)	Limits exposure to a single country or region

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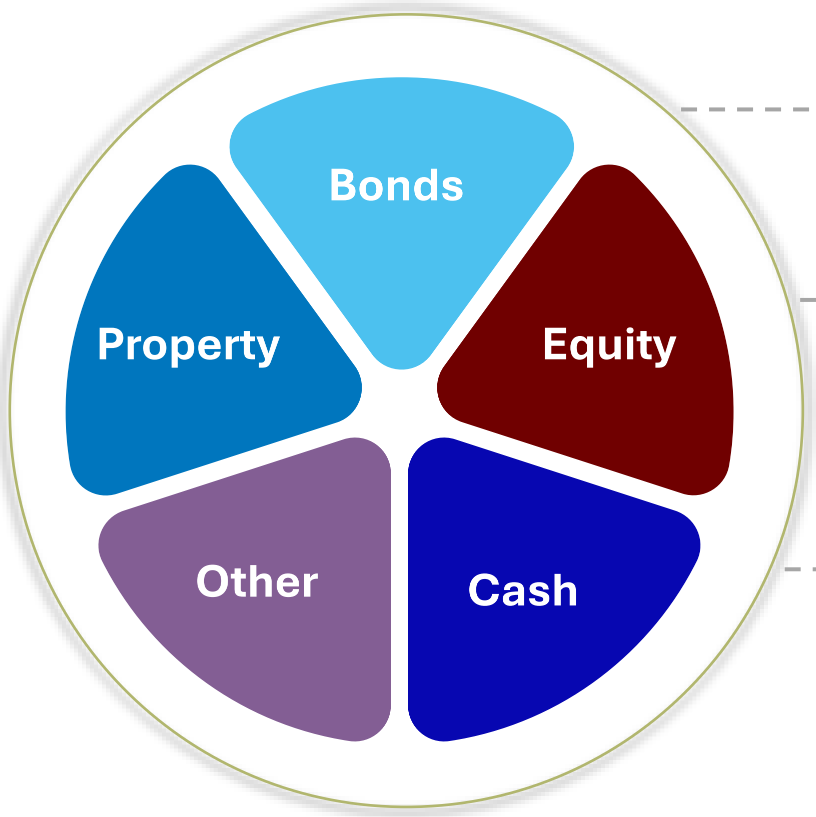
Diversification

As well as diversifying within equities, you could also look to diversify in the assets you hold.



Which assets should you buy?

What proportion of each do you need?

How do you know when to buy and sell?

Investment funds

Passive funds

Passive funds (often called index trackers) aim to track a particular market by selecting shares from a number of companies and grouping them together to create a “basket”.

- Purchase a share of a basket
- Could represent an industry, geographical area or a blend
- Aims to replicate the market regardless of performance
- Usually have relatively low fees

Passive funds

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Actively managed funds

Actively managed funds pool together money from investors and shares are selected by a fund manager.

UK Shares: 46%
Overseas Shares 24%
Corporate Bonds: 15%
Property: 7%
Commodities: 5%
Government Bonds: 3%

Investment and allocation shown for illustrative purposes only

- Shares are traded regularly
- Reacts to market conditions
- Can be expensive vs passive funds

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Decentralised finance (DeFi)

Investment in crypto currency, tokens, non-fungible tokens (NFTs) and assets has become more popular. But it can be one of the most risky form of investments.

Aims	Issues
Remove the need for banks and government	Highly volatile*
Increase security through blockchain	Targeted by cyber criminals
Cheap and fast payments without borders	Lack of regulation

you should only invest what you can afford to lose.

*excluding some fiat backed stable coins

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How can you invest?

There are a number of different places you can go to set up an investment account. These include:

High Street Banks

Stockbroking services offered by high street banks

Online Investment Platforms

Online accounts or apps allowing you to hold many investment types in one place

Insurance Companies

Some well known insurance companies offer online investment accounts

Financial Adviser

Provides advice & can transact on your behalf and provide regular reviews

Within each of these services you can often access 'tax wrappers' such as an ISA or SIPP

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Haleon share plans

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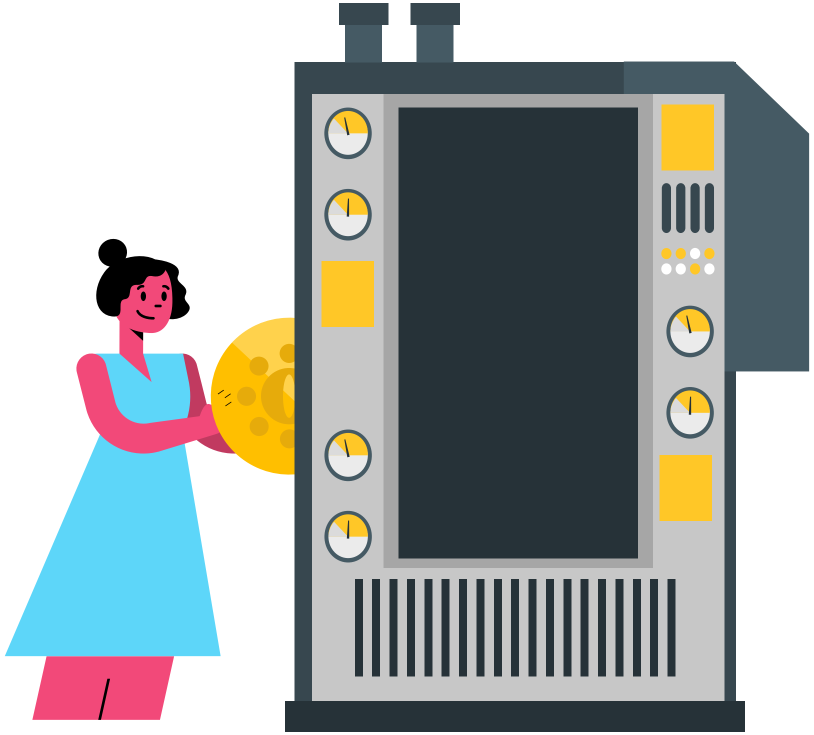
Share reward

- Contribute 10% of salary up to £125 pm
- 1 free share for every share you buy
- Savings on Income Tax and National Insurance
- Dividends can buy dividend shares or can be paid as cash
- Shares can be sold tax free after 5 yrs (dividend shares 3 yrs)
- Shares can be transferred to an ISA, or sold and the proceeds transferred to a SIPP subject to HMRC limits



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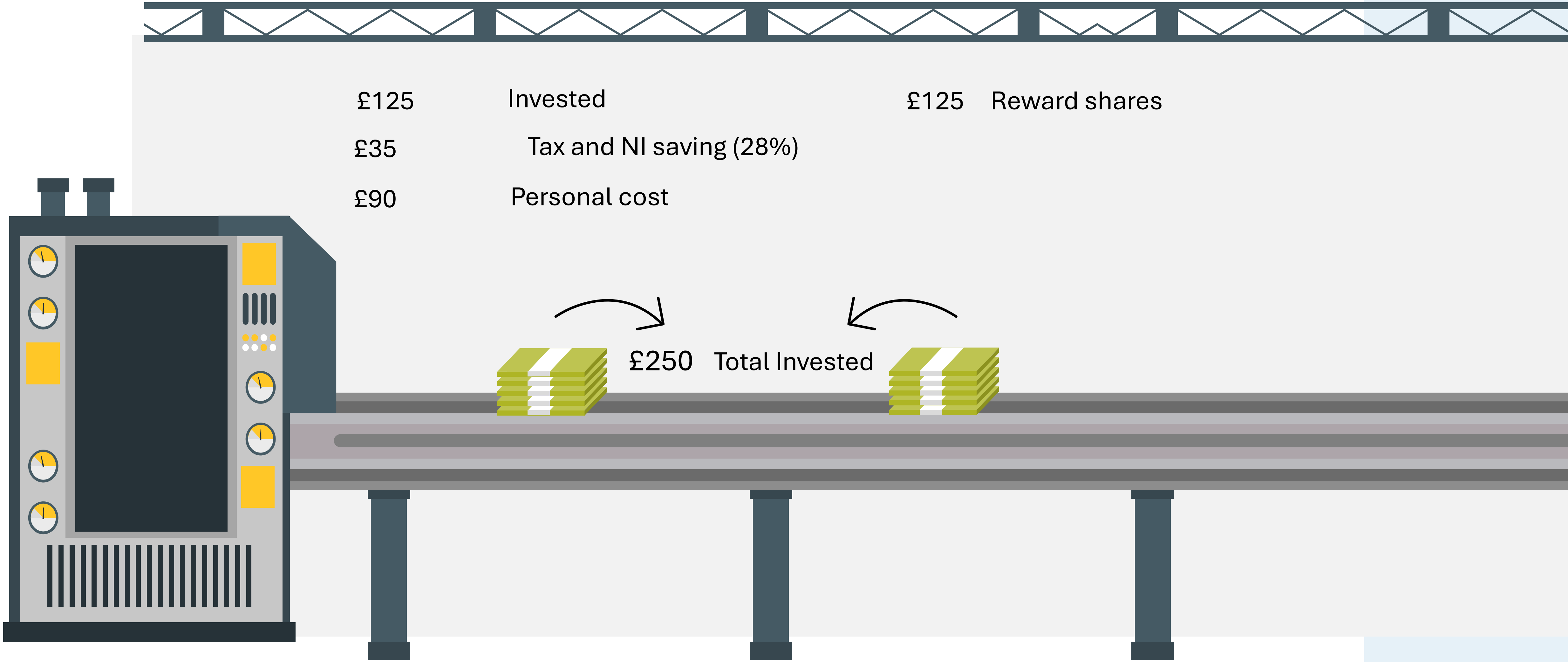

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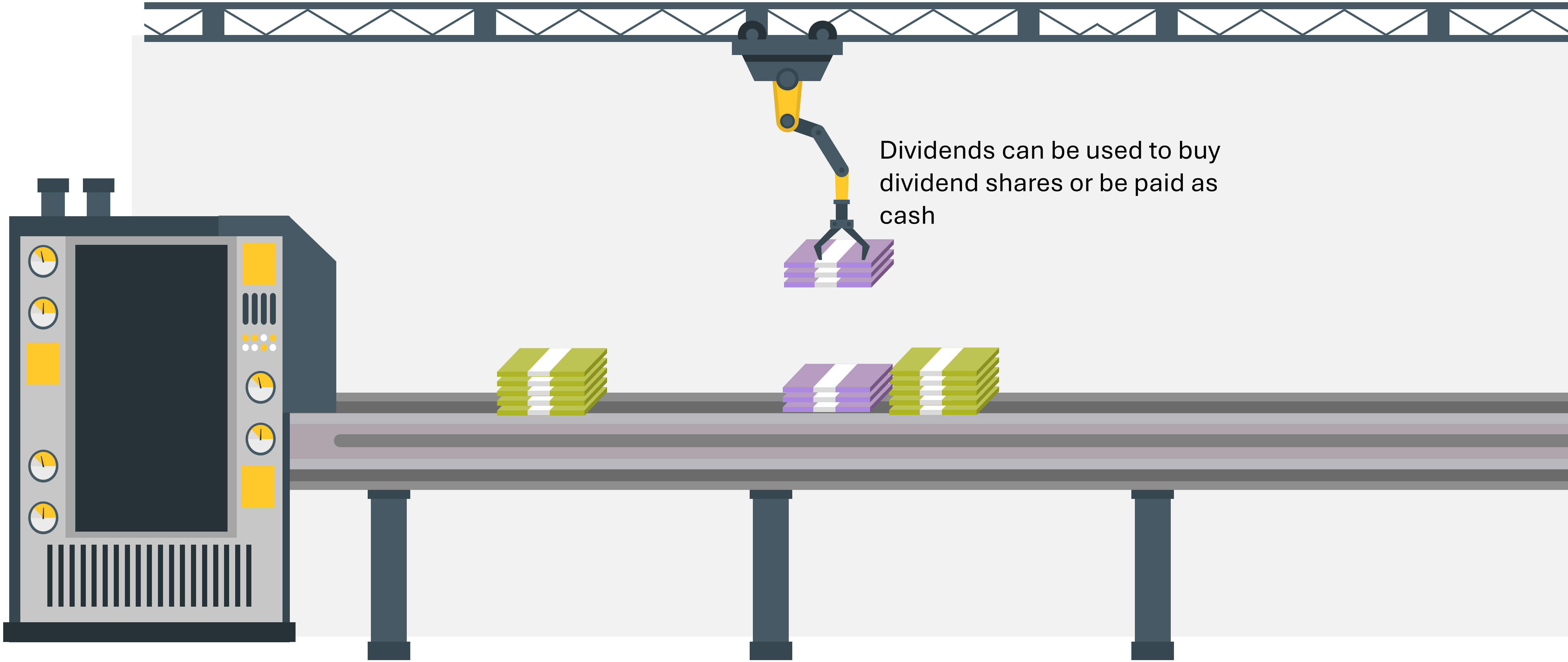

Dividends can be used to buy dividend shares or be paid as cash

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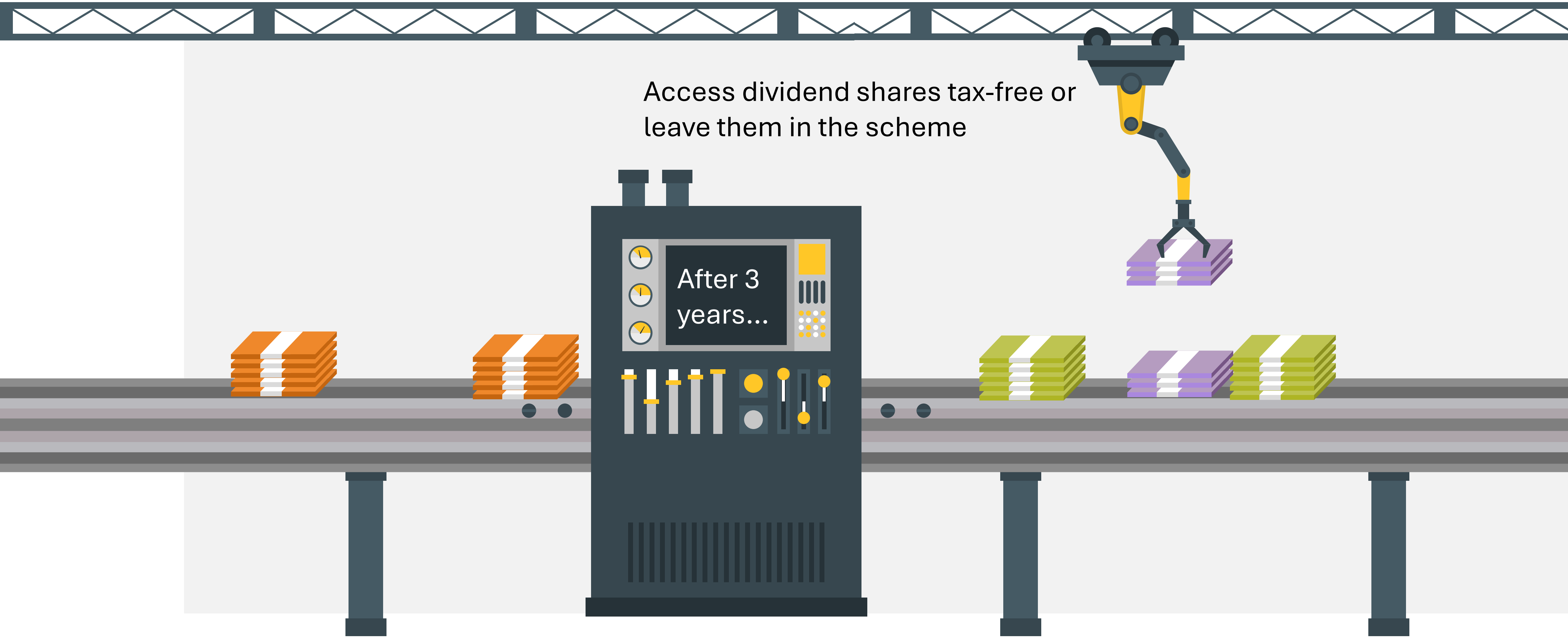
Access dividend shares tax-free or leave them in the scheme



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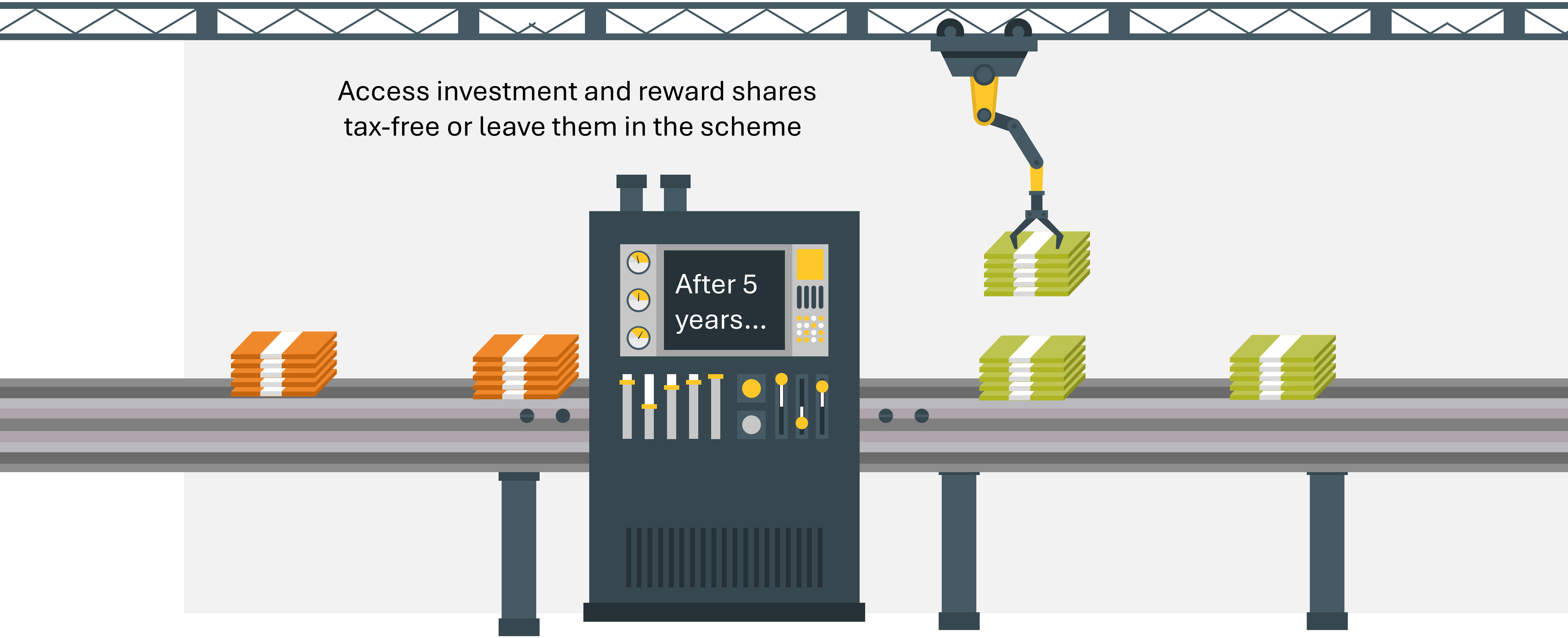
Access investment and reward shares tax-free or leave them in the scheme



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Share save

Save between £5 and £500 per month

Option price is set at the start of the term and will be 20% below the share price at that time

At the end of the term, buy shares or take savings tax free*

Save for a 3 year period

Possible tax free bonus at the end of the contract

Shares can be transferred to an ISA**

*your option can be exercised anytime within 6 months from the end of the term

**subject to HMRC limits

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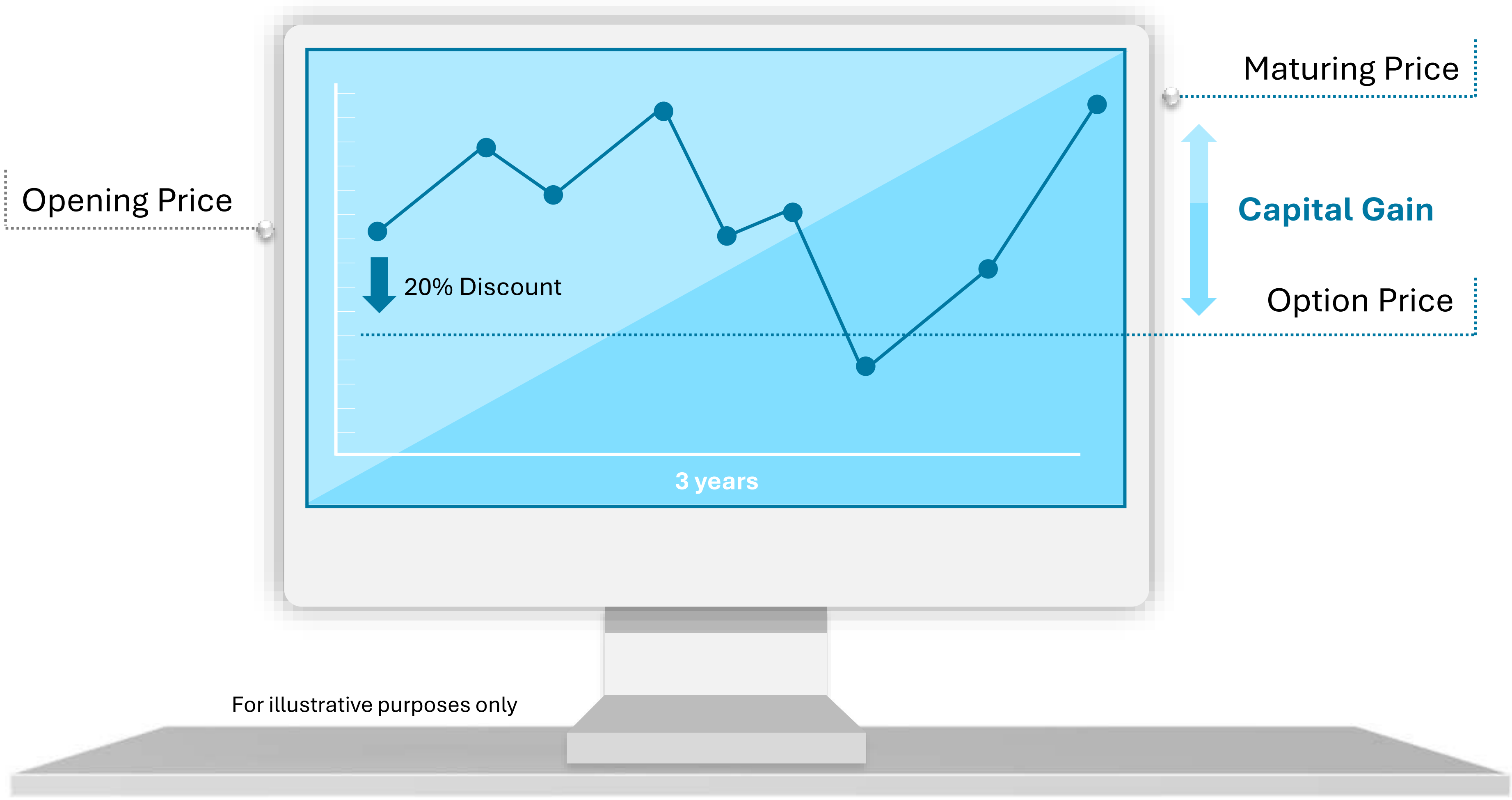
Share save



For illustrative purposes only

Share save options

Exercise Option and receive shares immediately

Exercise Option and sell shares immediately

Exercise Option and transfer shares into an ISA*

Close Share Save account and obtain repayment of savings plus bonus (if applicable)

*Subject to HMRC limits

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Tax allowances

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Personal savings allowance

£1,000	Basic rate	20%	£20,000
£500	Higher rate	40%	£10,000
£0	Additional rate	45%	

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

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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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Cash ISA

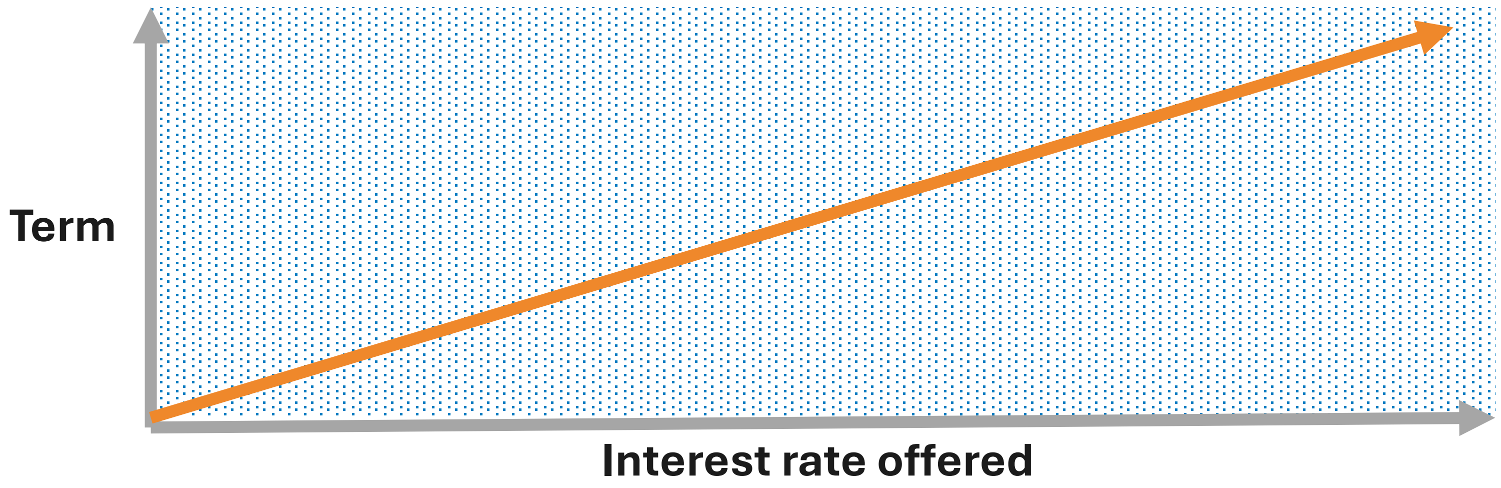
A cash ISA is like a normal savings account, but with the advantage of protecting your savings interest from tax.

Easy access cash ISA

Make one off or regular contributions

Usually offer a similar rate of interest to other savings accounts on the market

Fixed term cash ISA



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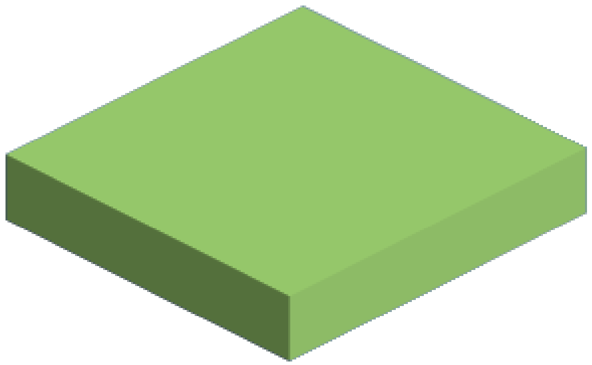
Stocks and shares ISA

Hold multiple asset classes in a stocks and shares ISA to protect them from tax on dividends or Capital Gains Tax.



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Stocks and shares ISA

Hold multiple asset classes in a stocks and shares ISA to protect them from tax on dividends or Capital Gains Tax.

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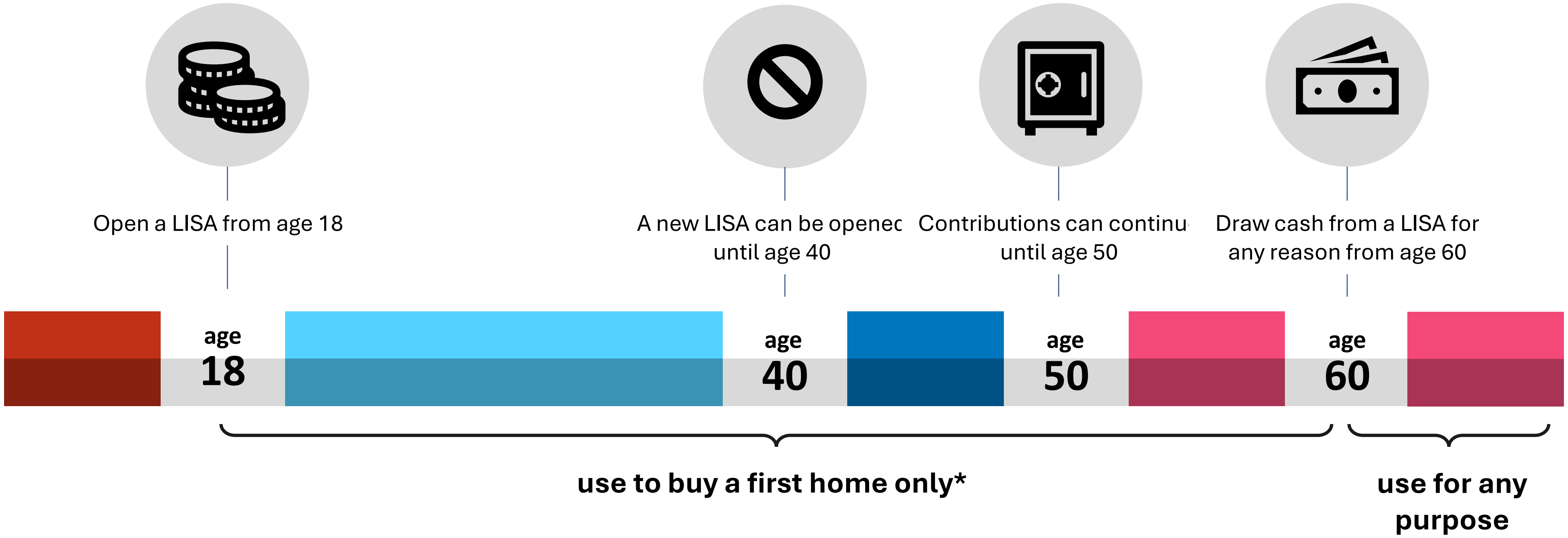
Lifetime ISAs

- Contribute up to £4,000 per annum
- Receive a 25% bonus on all contributions



*Withdrawals for any other reasons incur a 25% penalty charge except in the case of terminal illness.

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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

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

18%
Gains within the basic rate tax band

24%
Gains above the basic rate tax band

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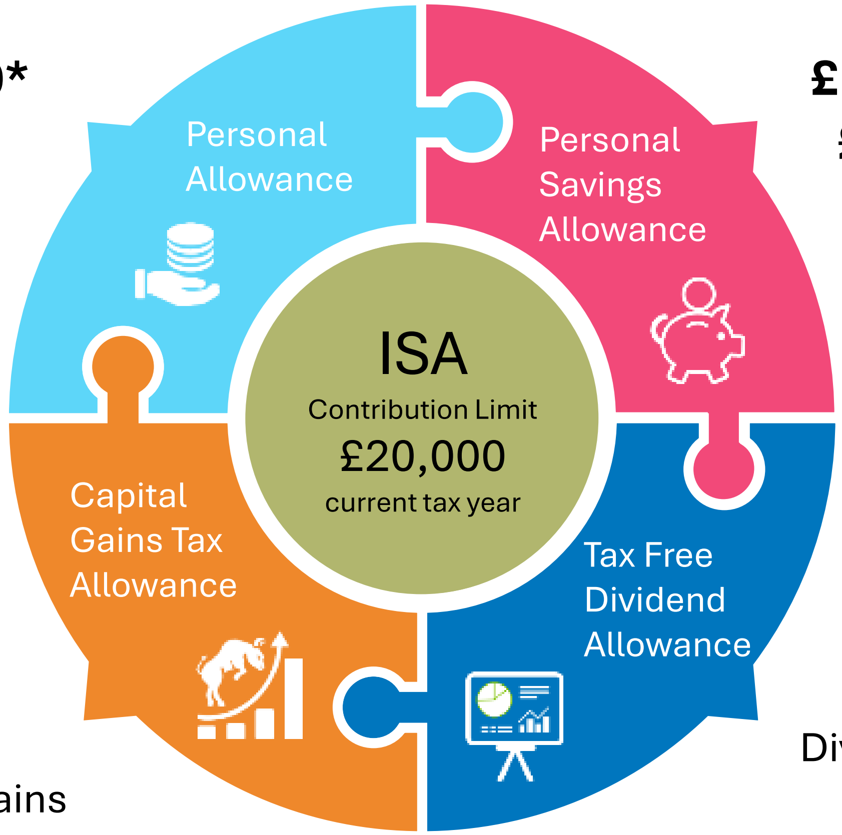
Tax allowances summary

£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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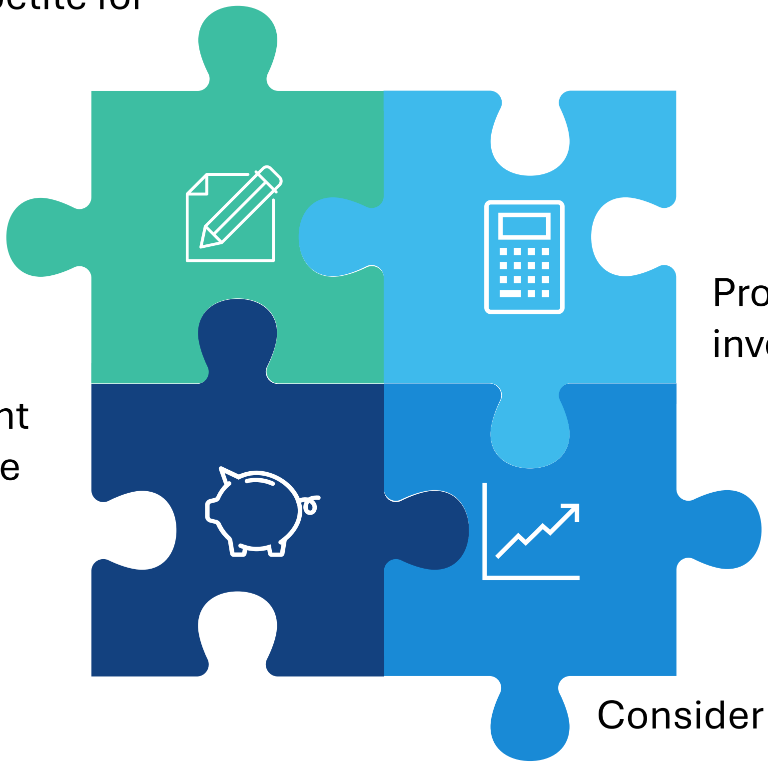
Summary

Consider your appetite for risk



Produce a savings and investment plan

Review where your current savings & investments are being held

Consider your pension contributions

Next steps

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

Further information and advice

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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Thank you.