

Making the most
of your maturity



About us

WEALTH at work is a leading financial wellbeing, retirement and workplace savings specialist.

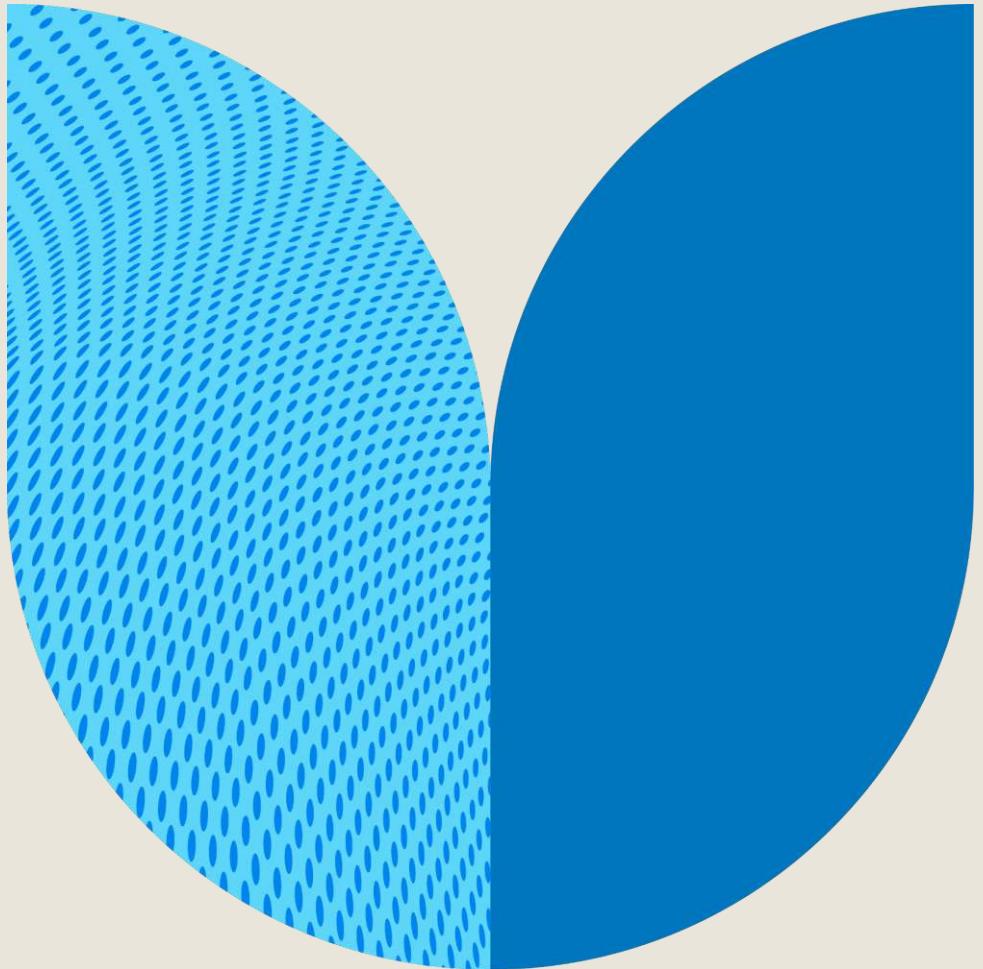
Established in 2005, we work with hundreds of organisations across both the private and public sector.

Our financial education services are delivered on a bespoke basis.

What we'll cover today

- Understanding any risks around your investments
- How do you invest and what are your options
- How your maturity could benefit your retirement plans
- Using the maturity to help pay off any debts
- Next steps

Understanding any risks around your investments



Sharesave 2022 – share price performance

The option price for this scheme is £2.27. Based on a share price of £3.60, you could receive a gain of £1.33 per share.

Monthly Savings	Total Savings	Shares Under Option	Value Of Shares	Capital Gain
£100	£3,600	1,583	£5,699	£2,101
£200	£7,200	3,167	£11,401	£4,203
£300	£10,800	4,751	£17,104	£6,306
£400	£14,400	6,335	£22,806	£8,408
£500	£18,000	7,919	£28,508	£10,510

Any difference between your total savings and the cost of shares will be returned to you as cash.

Where you are now



A member saved the maximum amount into the plan

- At maturity, they held 7,919 shares
- Share value £28,508
- Utilised tax planning strategies to negate their Capital Gains Tax liability

Goals:

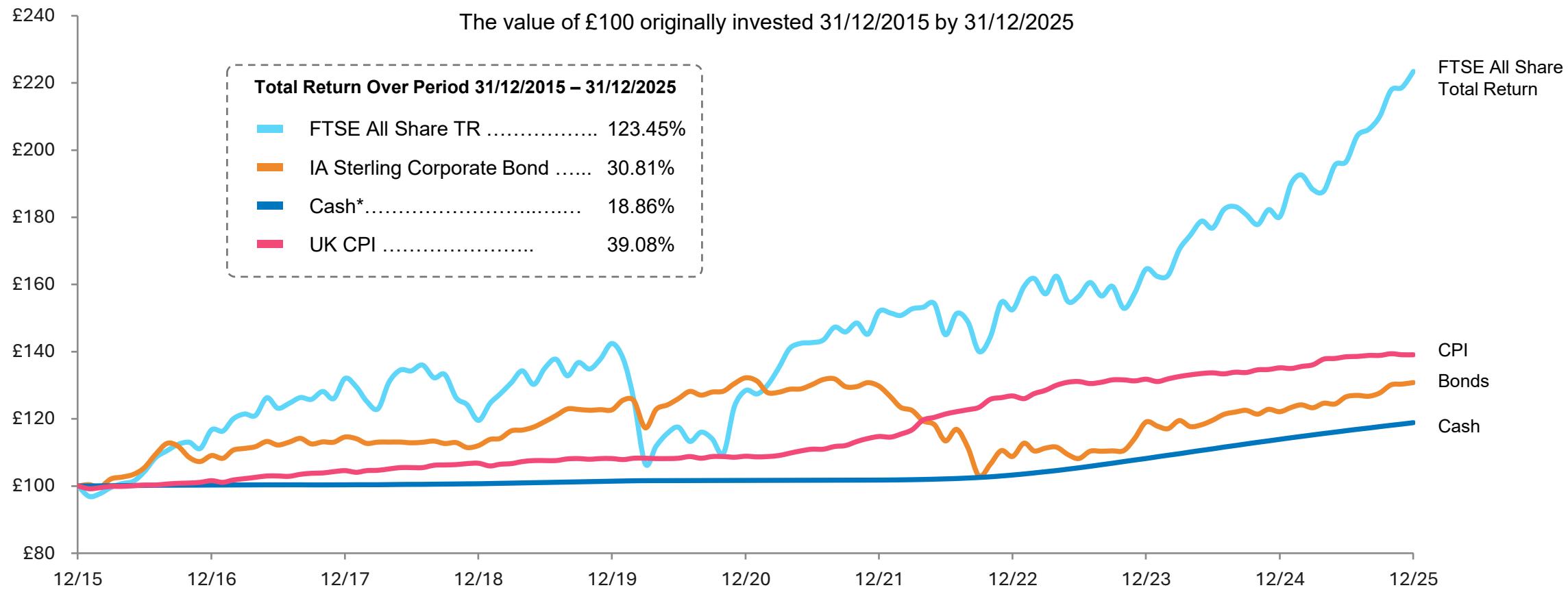
To start their investment journey and build up a pot towards some of their longer-term goals

To lower the burden of credit card debt on their finances

To pay off some of their mortgage and lower their remaining term



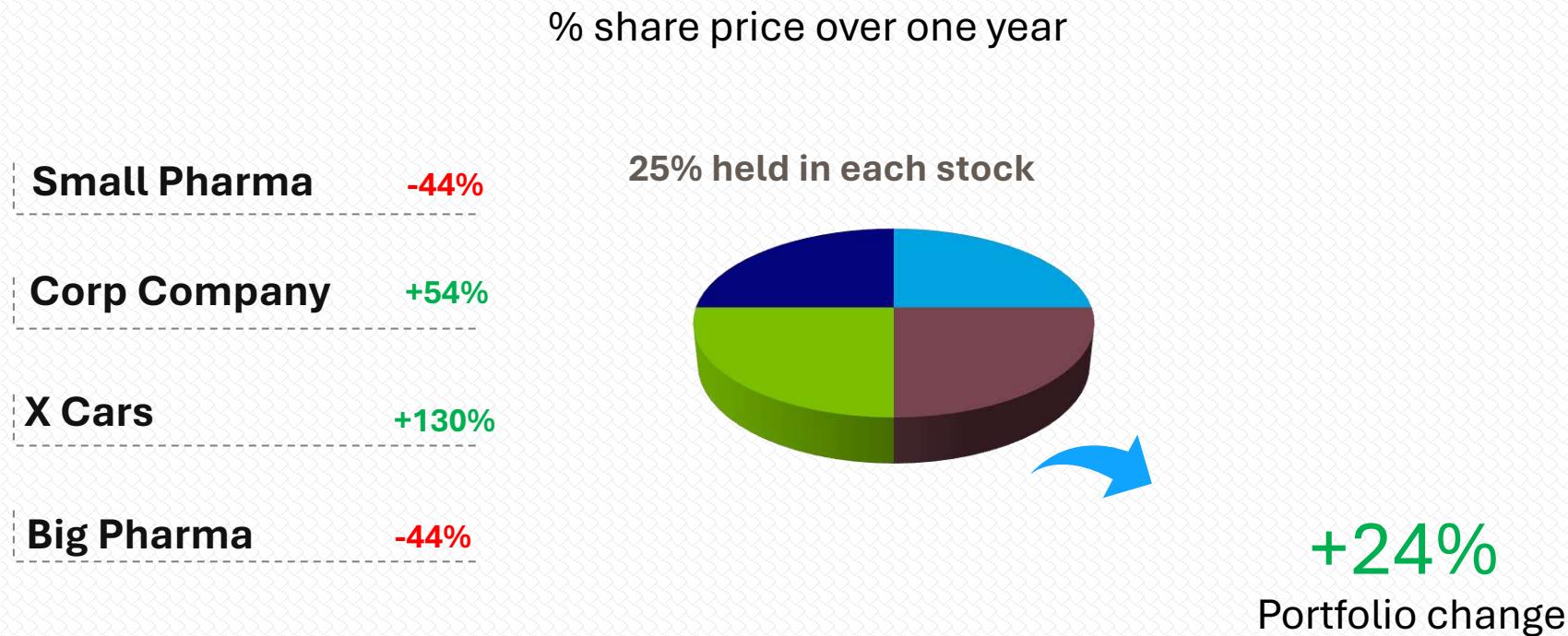
Risk and returns: the real world



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

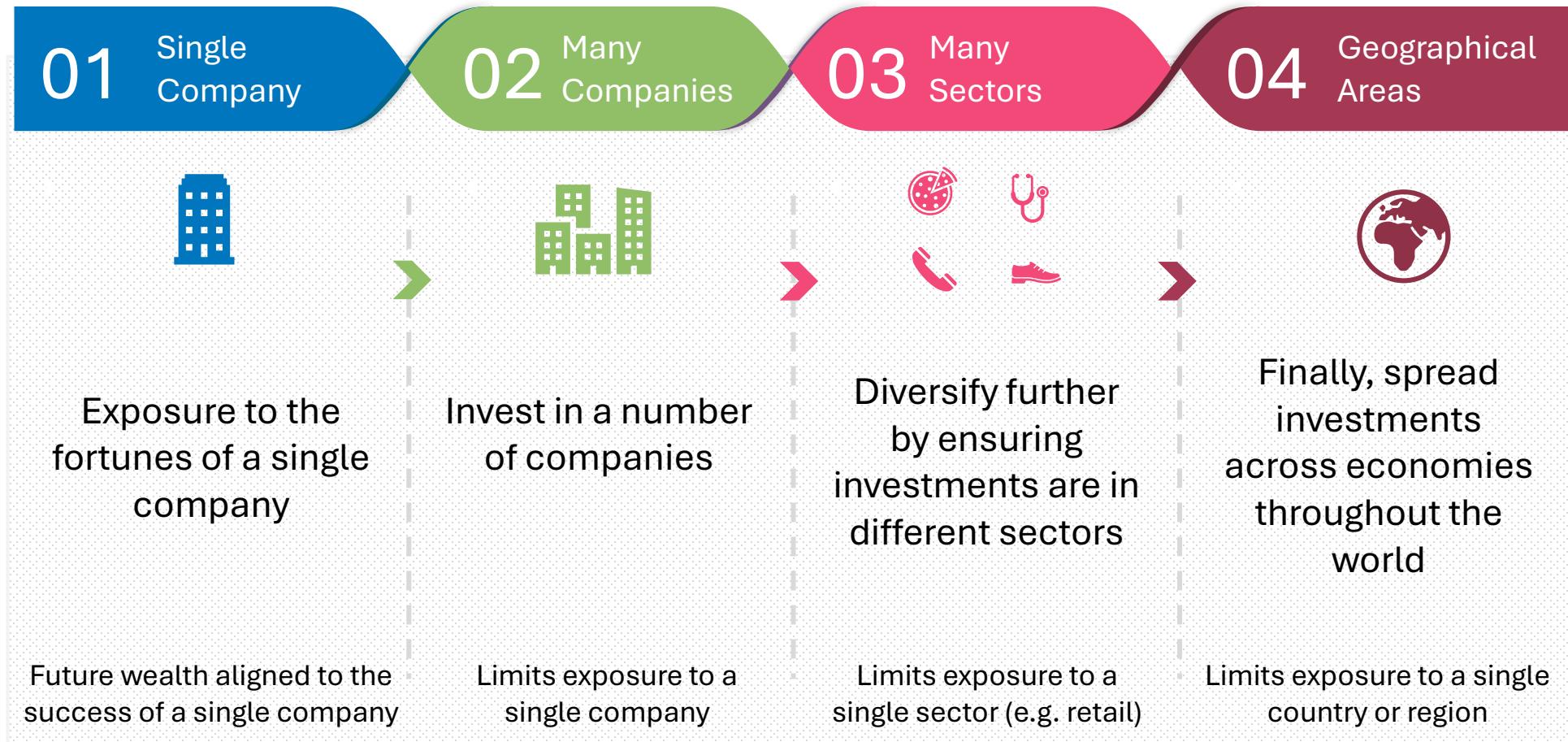
Single share

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



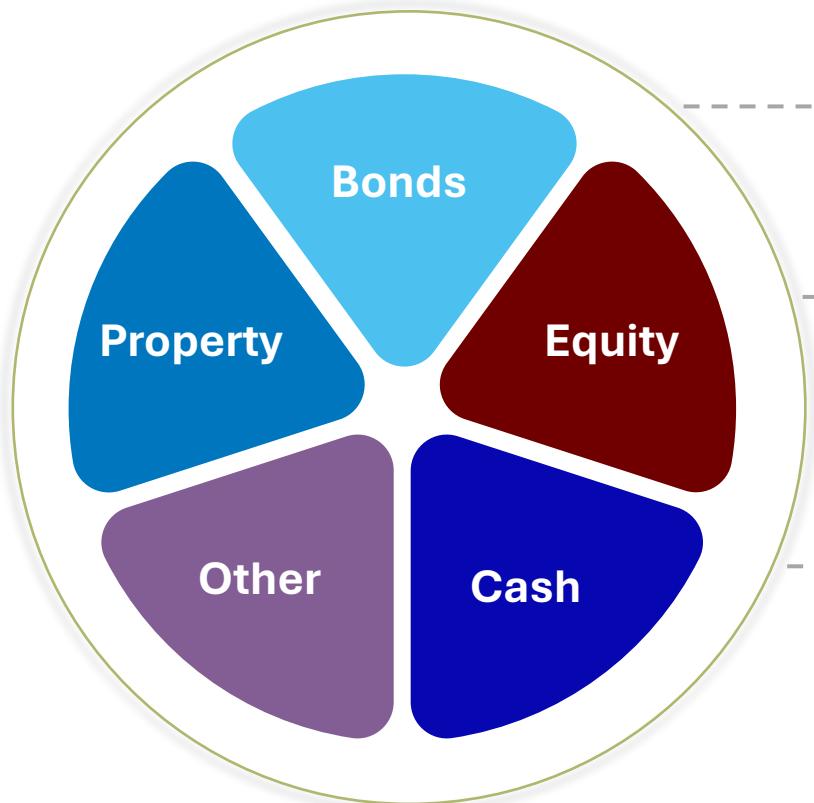
Figures shown for illustrative purposes only. Past performance is not a guide to the future.

Diversification



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?

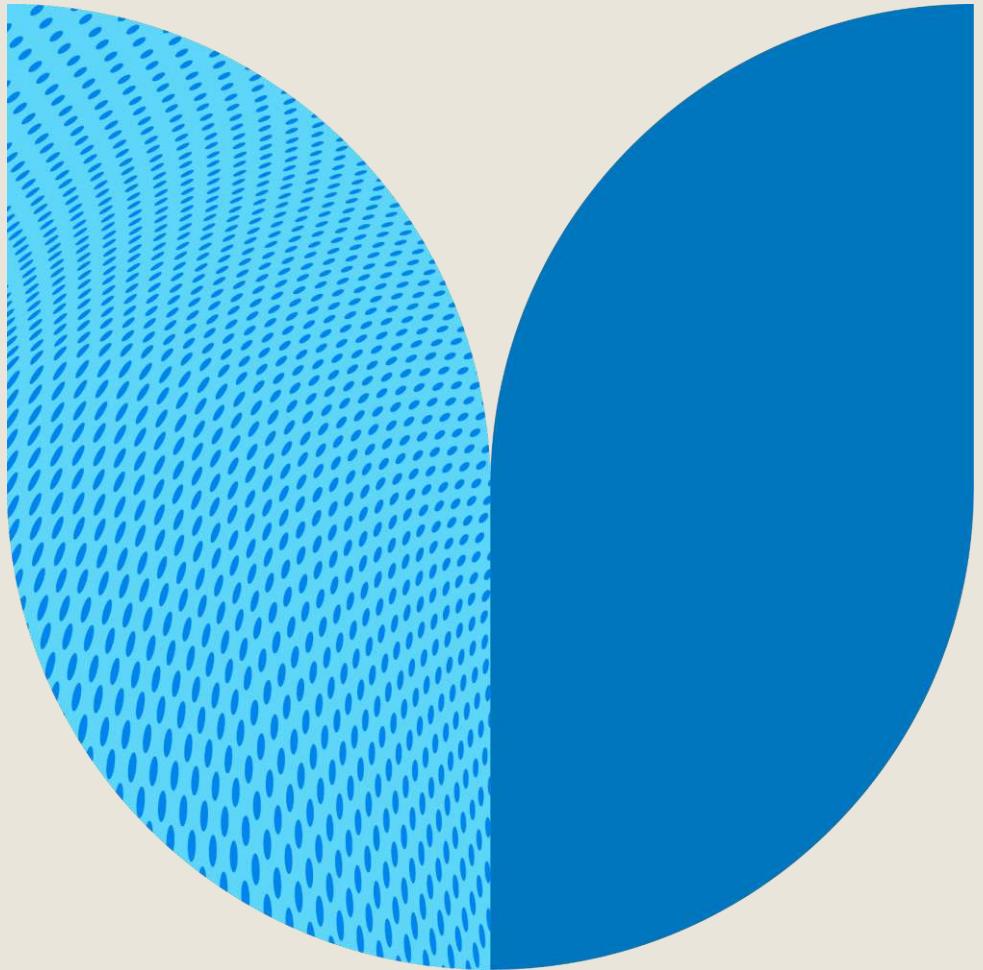
How do you know when to buy and sell?

Time in the market, not timing the market

50 Years of Global Index Fund performance.



How to invest and what are your options



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

The rule of 72

A simple way to estimate how long it takes for an investment to double.

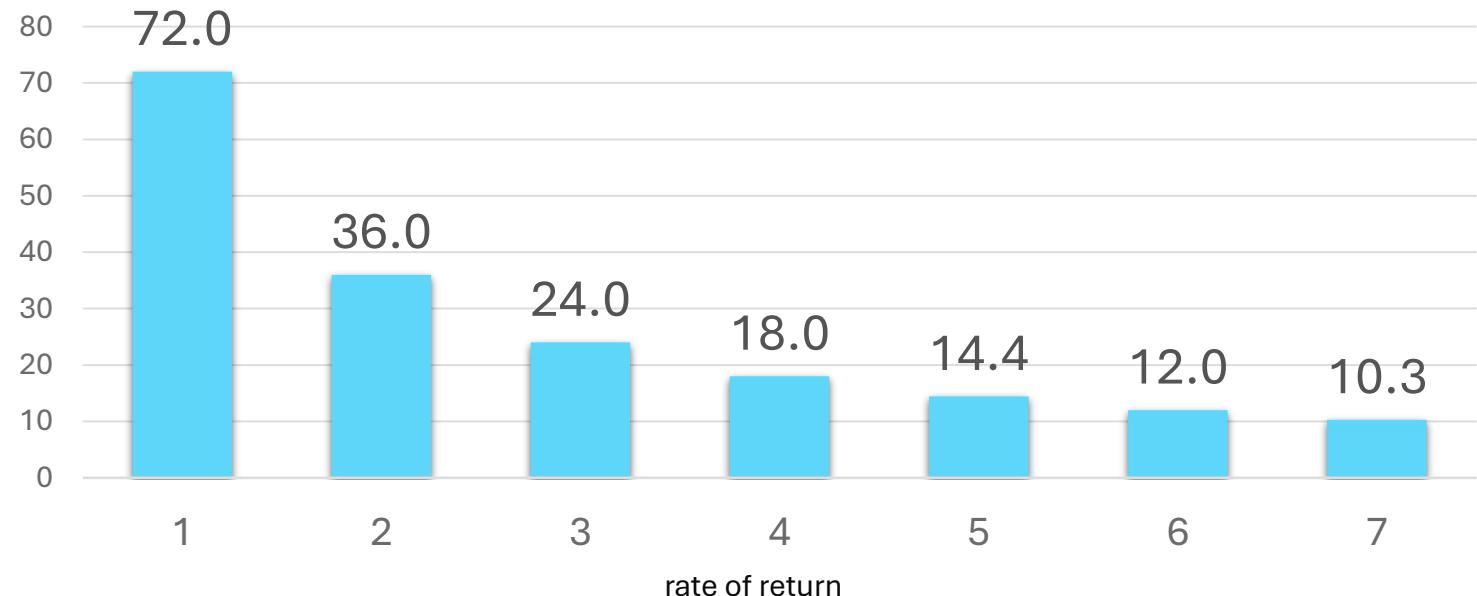
The formula

$$72 \div \text{Return rate}$$

— Years to double
your investment

e.g. $72 \div 6 = 12 \text{ years}^*$

Years to double



*Approximation only. It would take 11 years and 327 days to double an investment with a return of 6%.

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



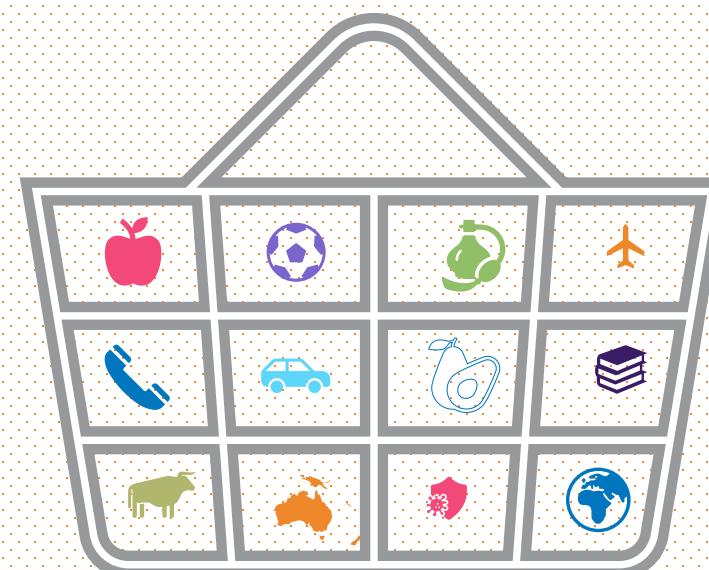
Could represent an industry, geographical area or a blend



Aims to replicate the market regardless of performance



Usually have relatively low fees



Passive funds

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”.



Index World



FTSE 250 Index



Corporate Bond Index

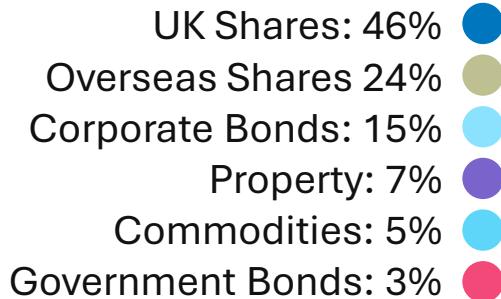


Global Technology Index



Actively managed funds

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

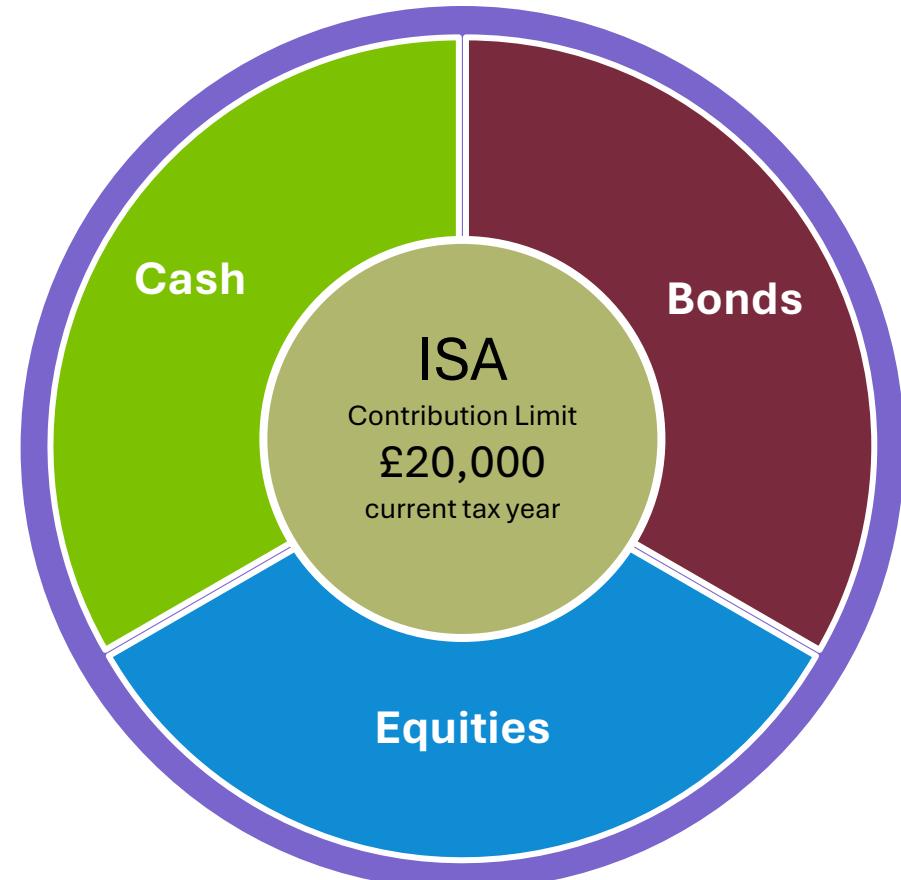


Investment and allocation shown for illustrative purposes only

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

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



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.

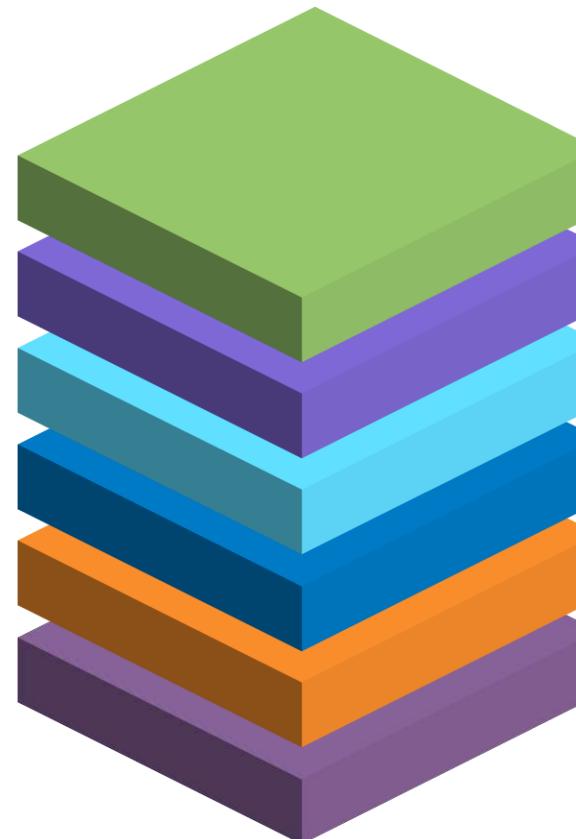
Investment trusts



Stocks and shares



Open Ended
Investment Companies



Currency



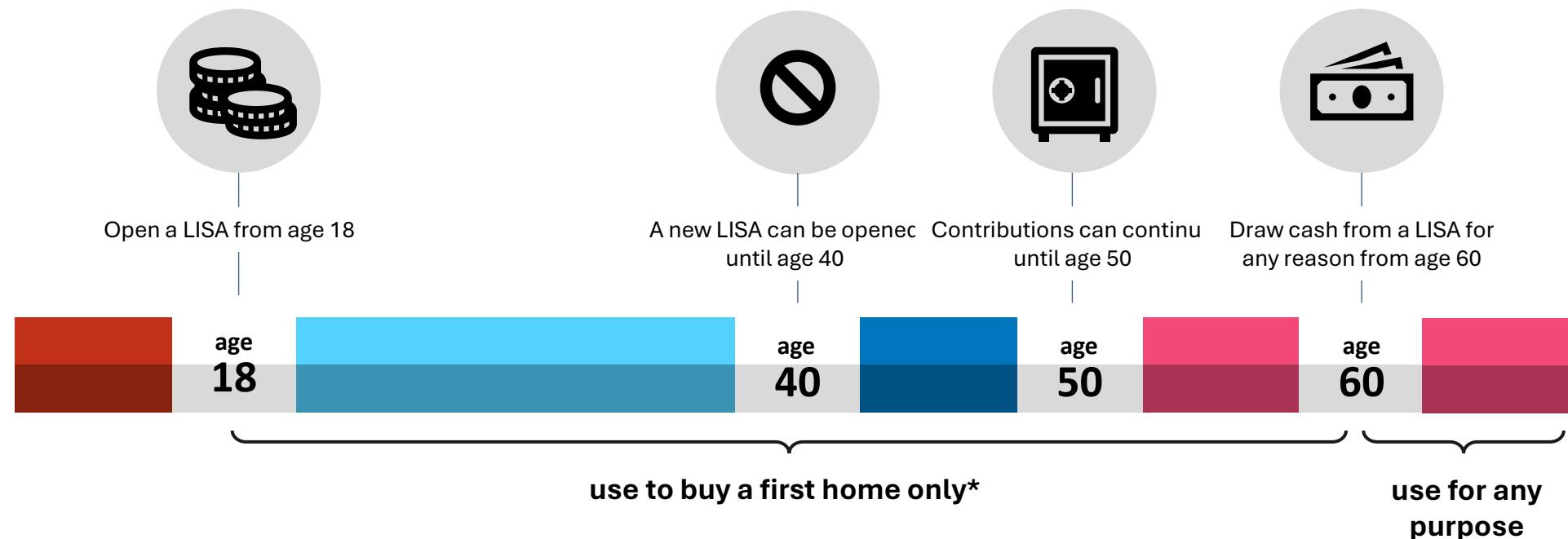
Exchange Traded
Funds



Bonds

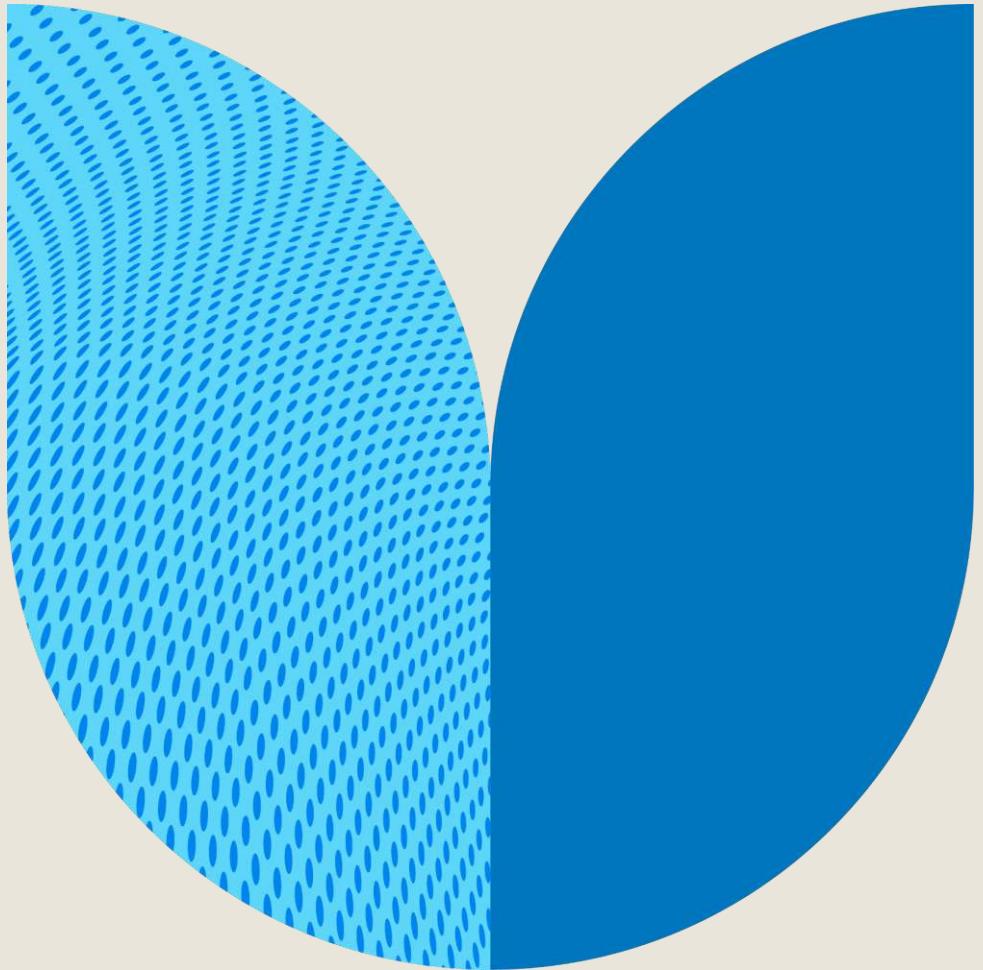
Lifetime ISAs

- 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.

How your maturity could benefit your retirement plans



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

Changing income needs



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



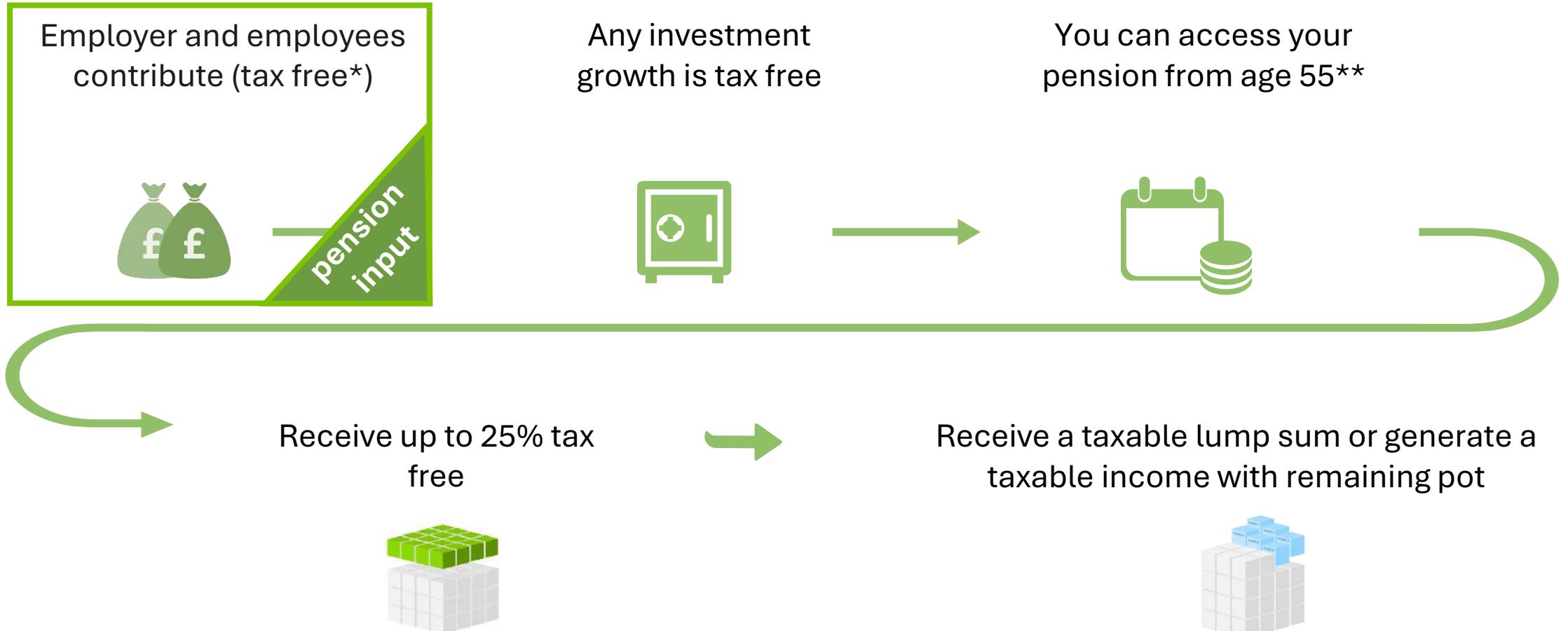
3 year old car replaced every 5 years



2 weeks in the Med and 3 long weekend breaks in the UK every year



Defined contribution (DC) schemes



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

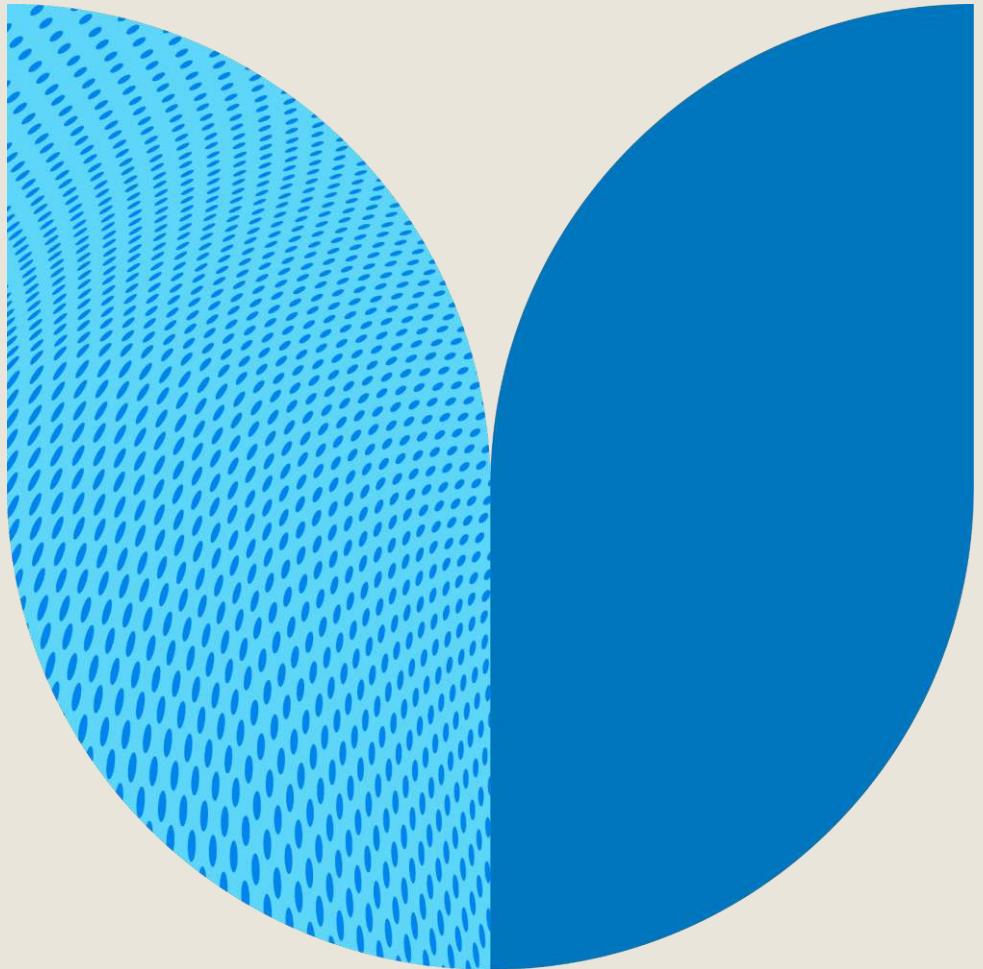
- Lump Sum Allowance (LSA): The maximum tax-free cash is limited to 25% of the pension value, subject to a total cap of £268,275 (which is set to be frozen)
- Lump Sum and Death Benefits Allowance (LSDBA): The maximum amount of non-taxable lump sums that can be taken from a pension, set at £1,073,100.
- Those individuals who hold Lifetime Allowance (LTA) protection will have allowances based on their protected LTA



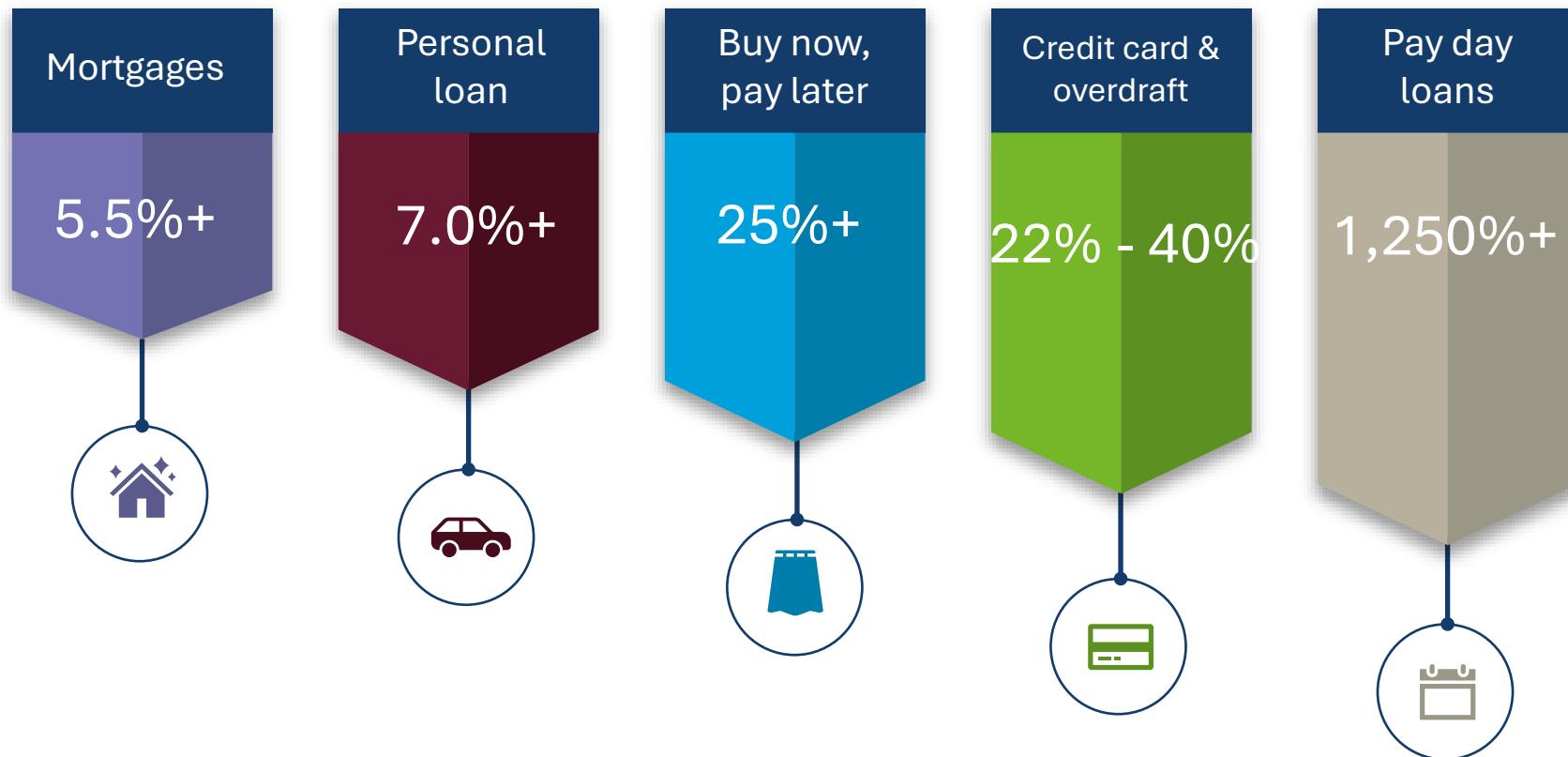
If you think you may be affected, ask about this on your follow up call

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

Using the maturity to help pay off any debts

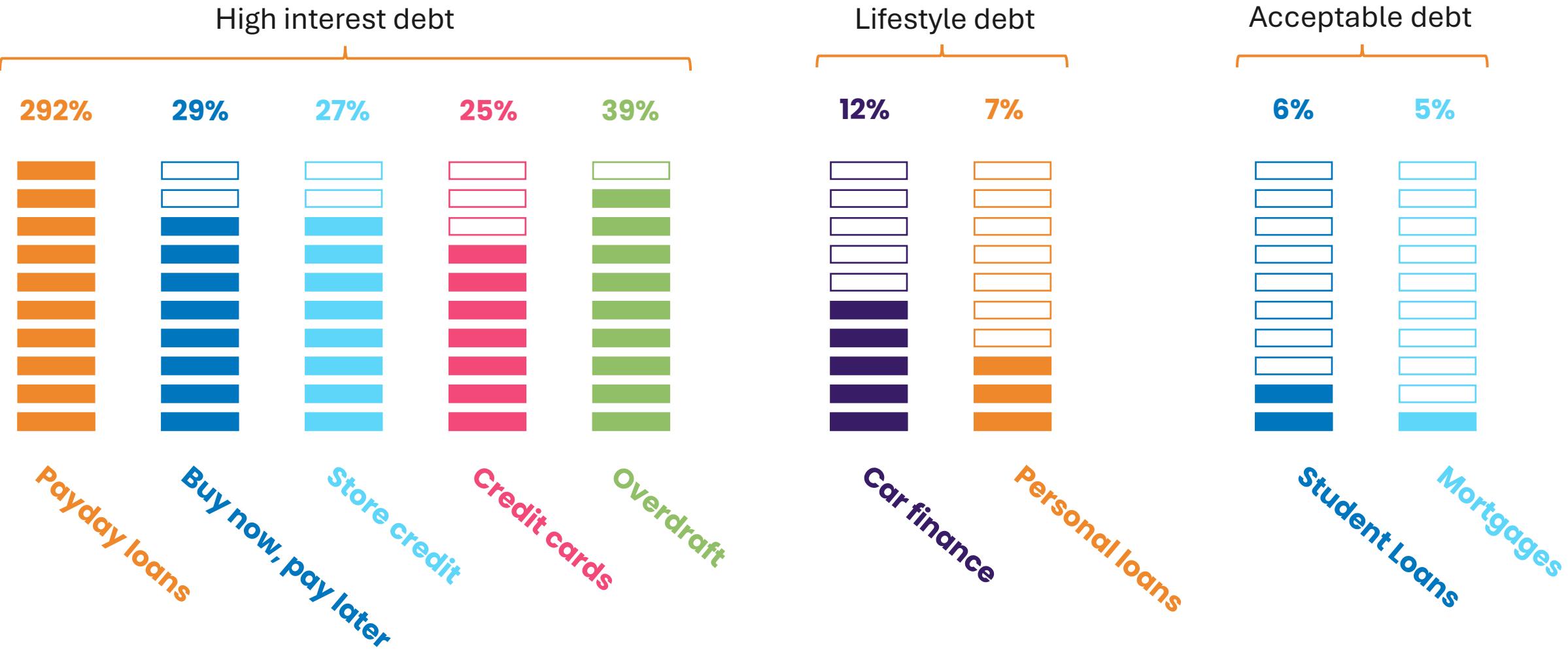


Types of debt



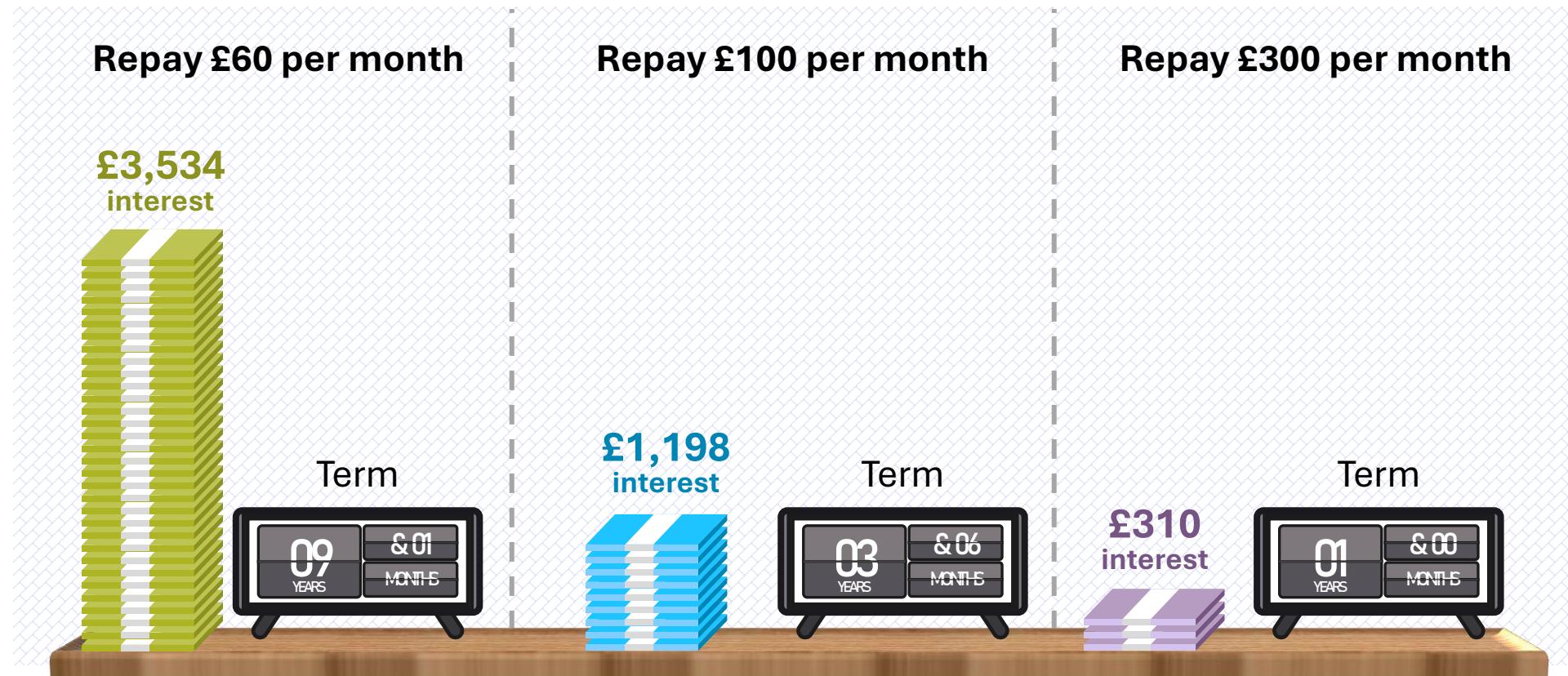
*All rates are approximate examples only.

Prioritising debt repayment

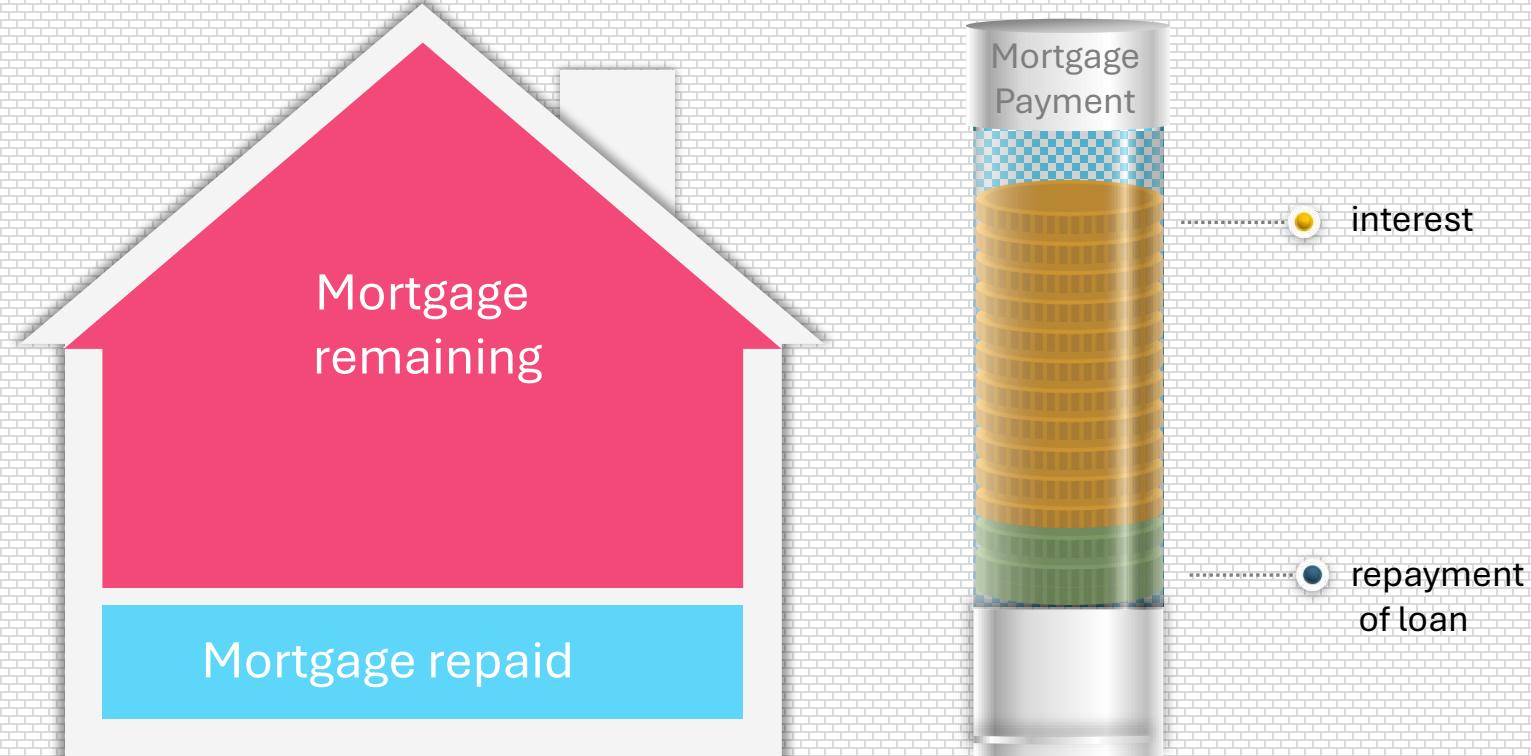


Credit card overpayments

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



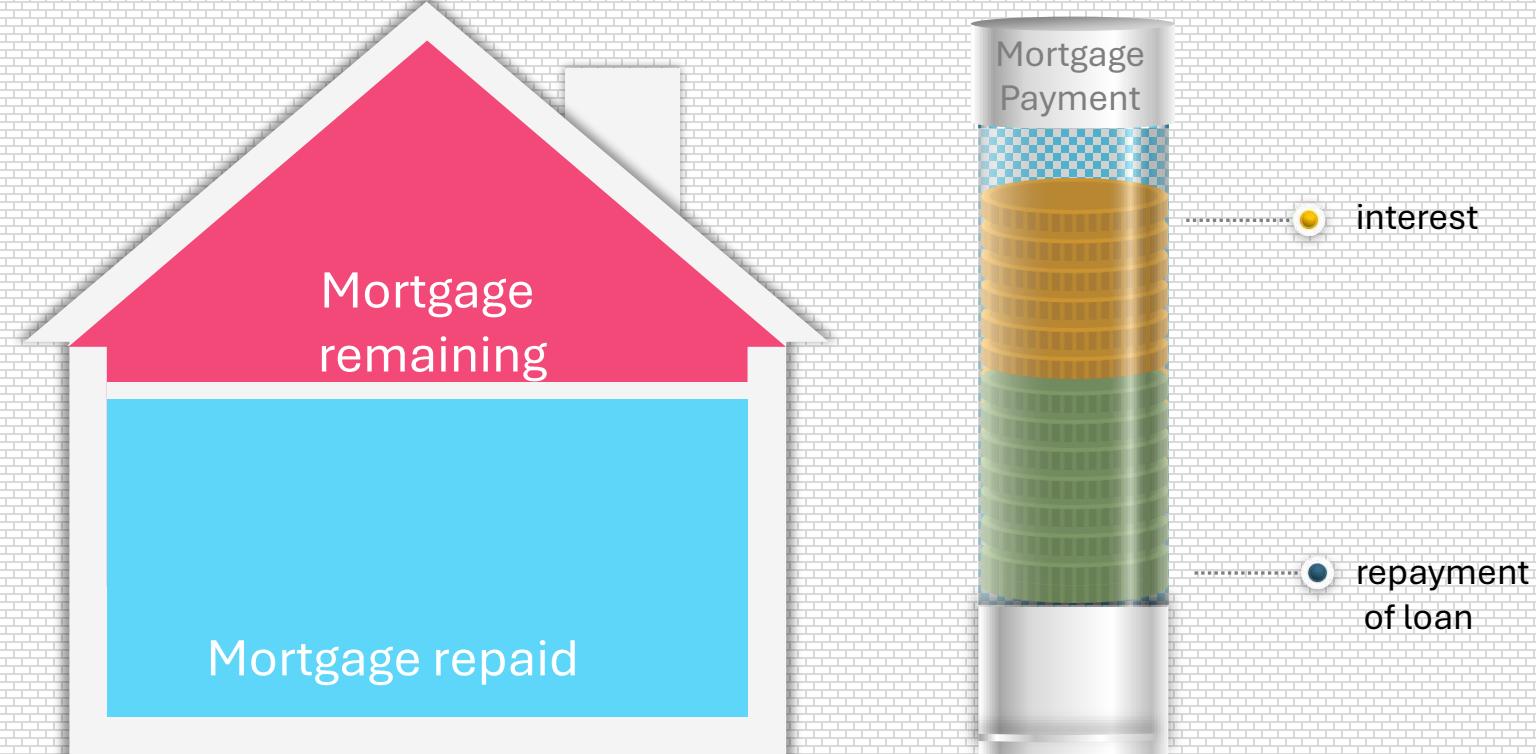
Purchasing a home

Start of term**End of term**

Purchasing a home

Start of term

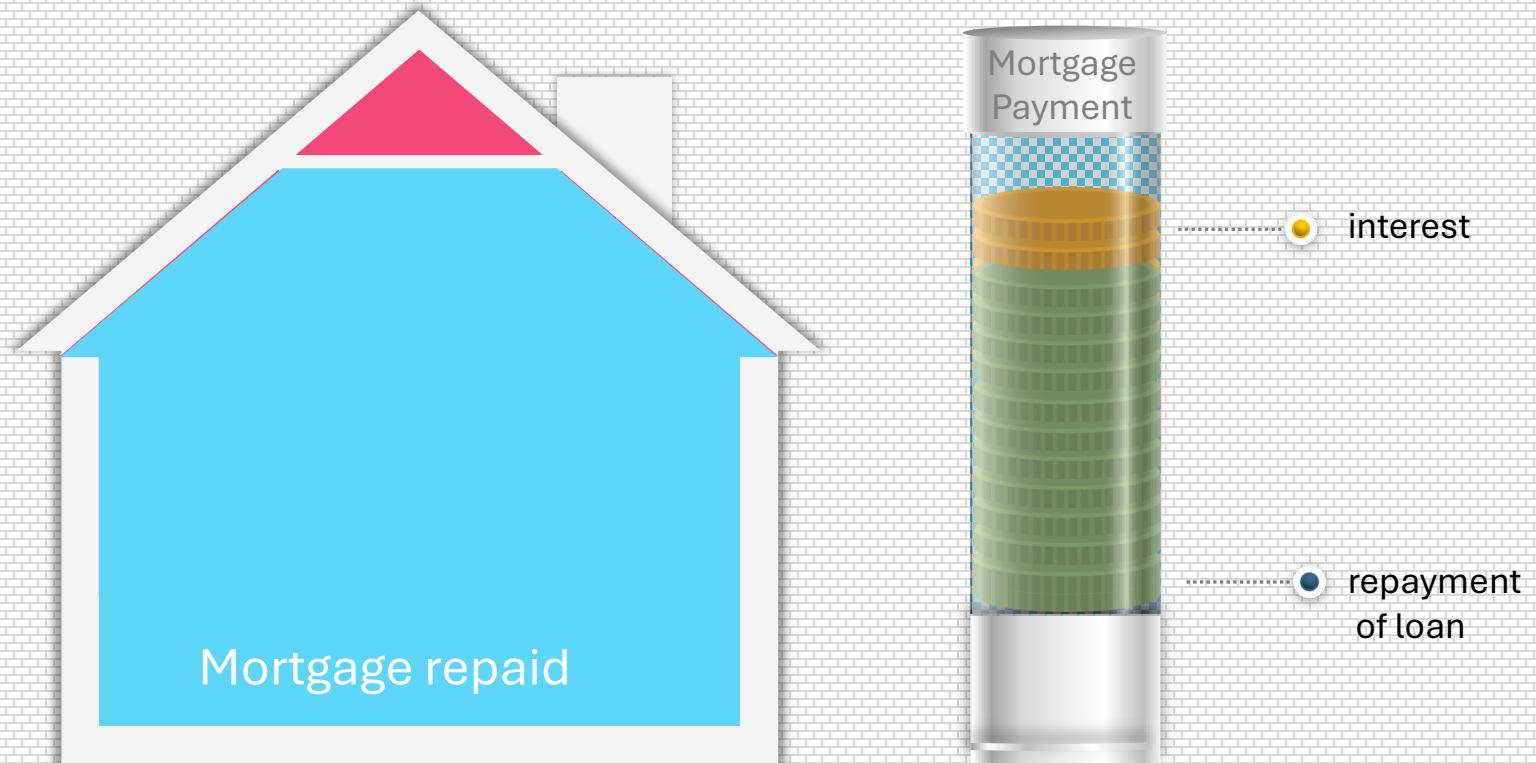
End of term



Purchasing a home

Start of term

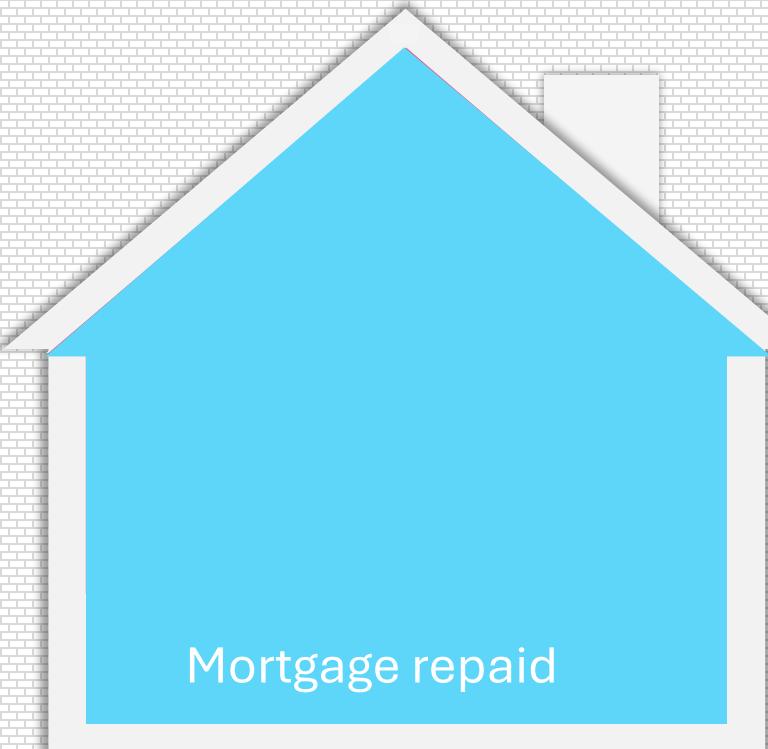
End of term



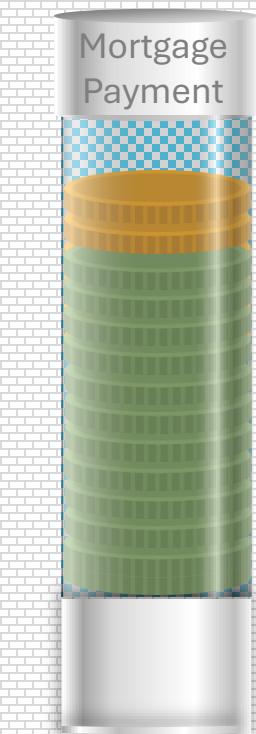
Purchasing a home

Start of term

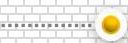
End of term



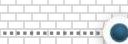
Mortgage repaid



Mortgage
Payment



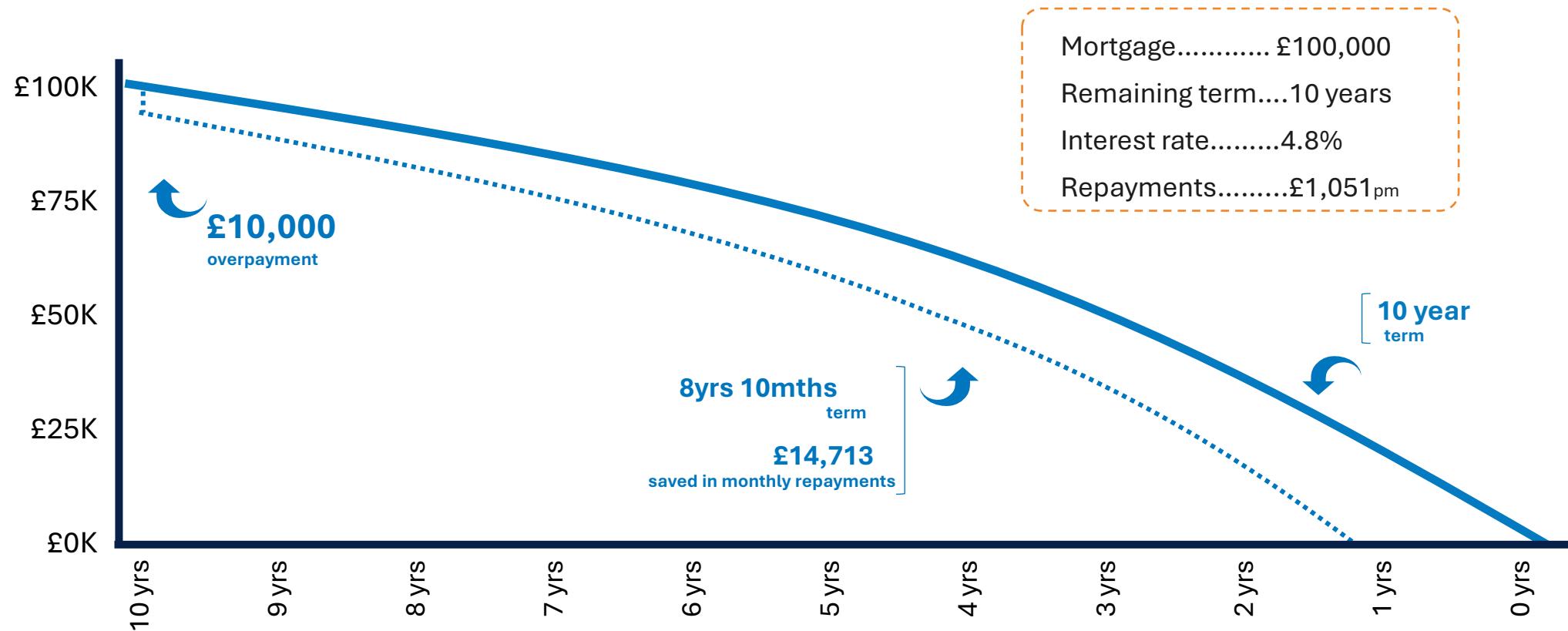
interest



repayment
of loan

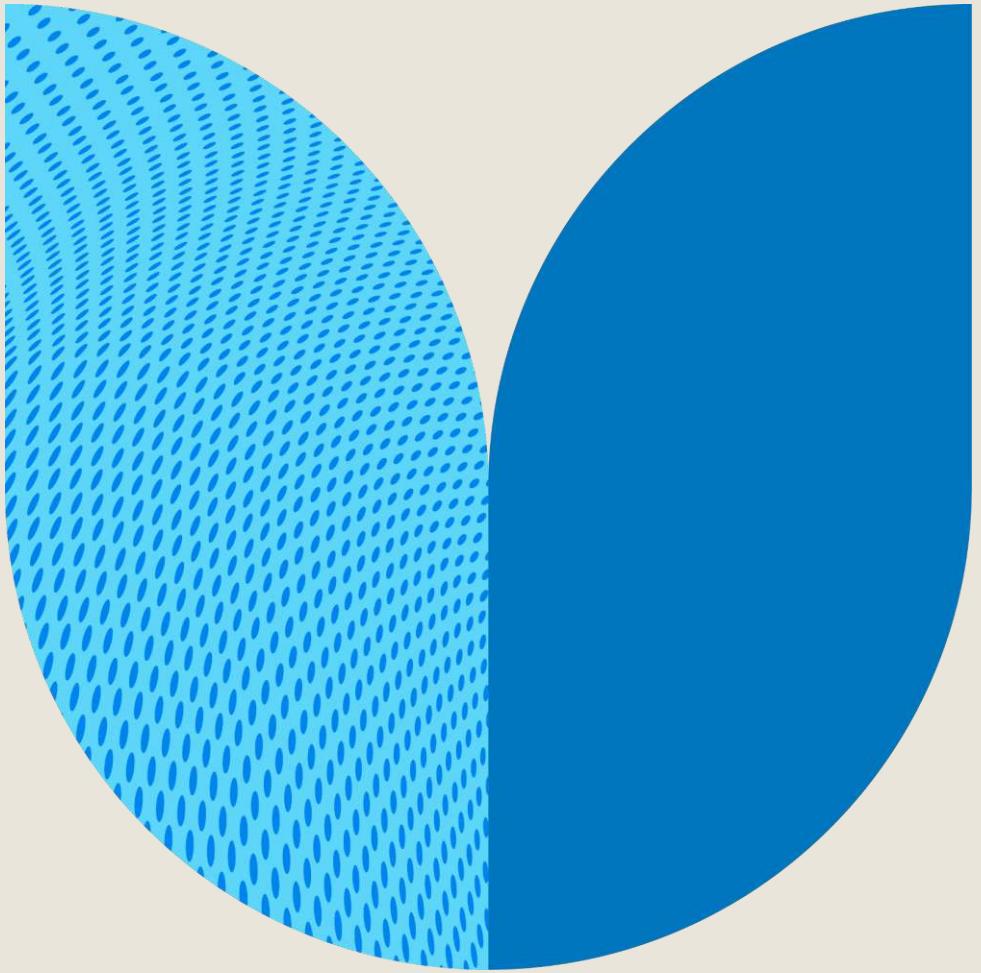
Reducing your mortgage

It may be possible to make a one-off lump sum 'overpayment'.



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. Figures have been rounded.

Next steps



Useful contacts

**Government - information on tax**www.gov.uk/browse/tax**01****Save As You Earn (SAYE) information**www.gov.uk/tax-employee-share-schemes/save-as-you-earn-saye**02****Money Helper**www.moneyhelper.org.uk**03****Computershare – Sharesave Maturity**

Call: 0800 098 8603

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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>

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**

Thank you

0800 028 3200

www.wealthatwork.co.uk/mywealth

