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Your Financial Survival Guide

*navigate your
retirement savings*



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rates of income tax 2021/22.

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
£99,730



£150,000

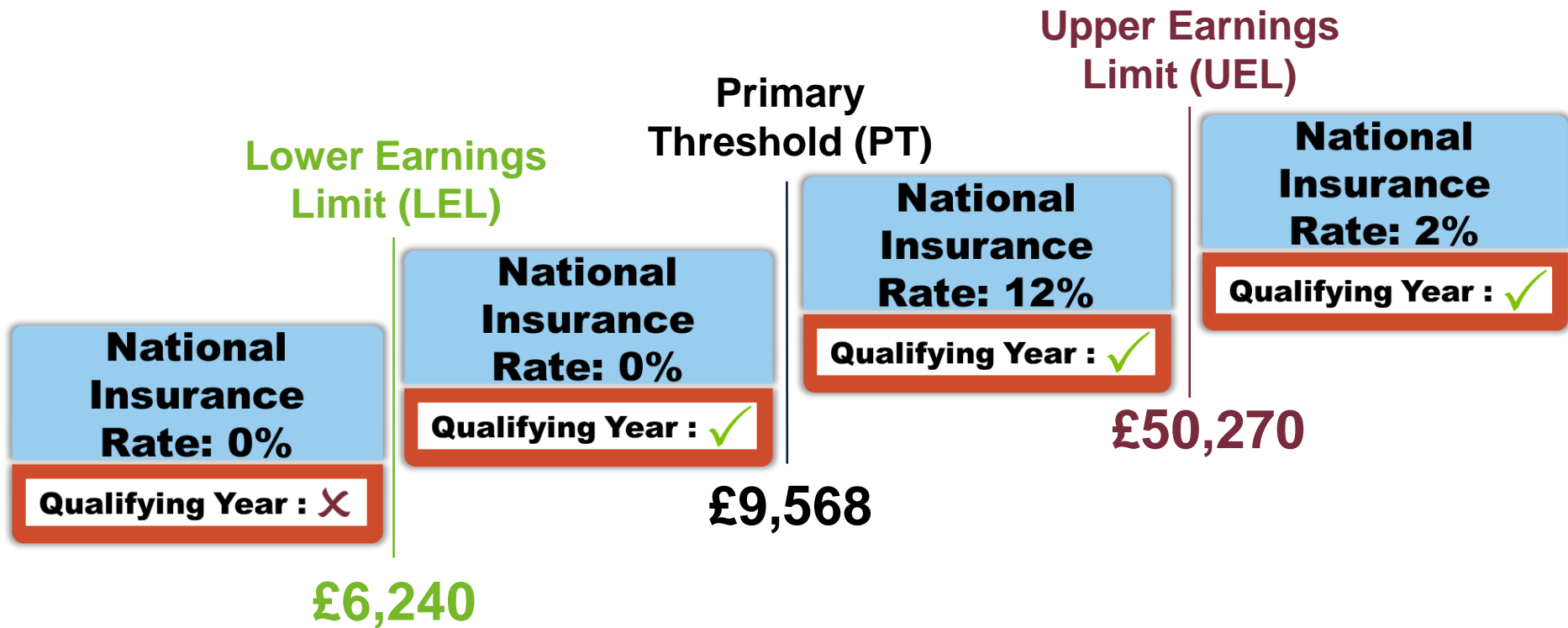
Additional Rate Tax

on earnings above
£150,000

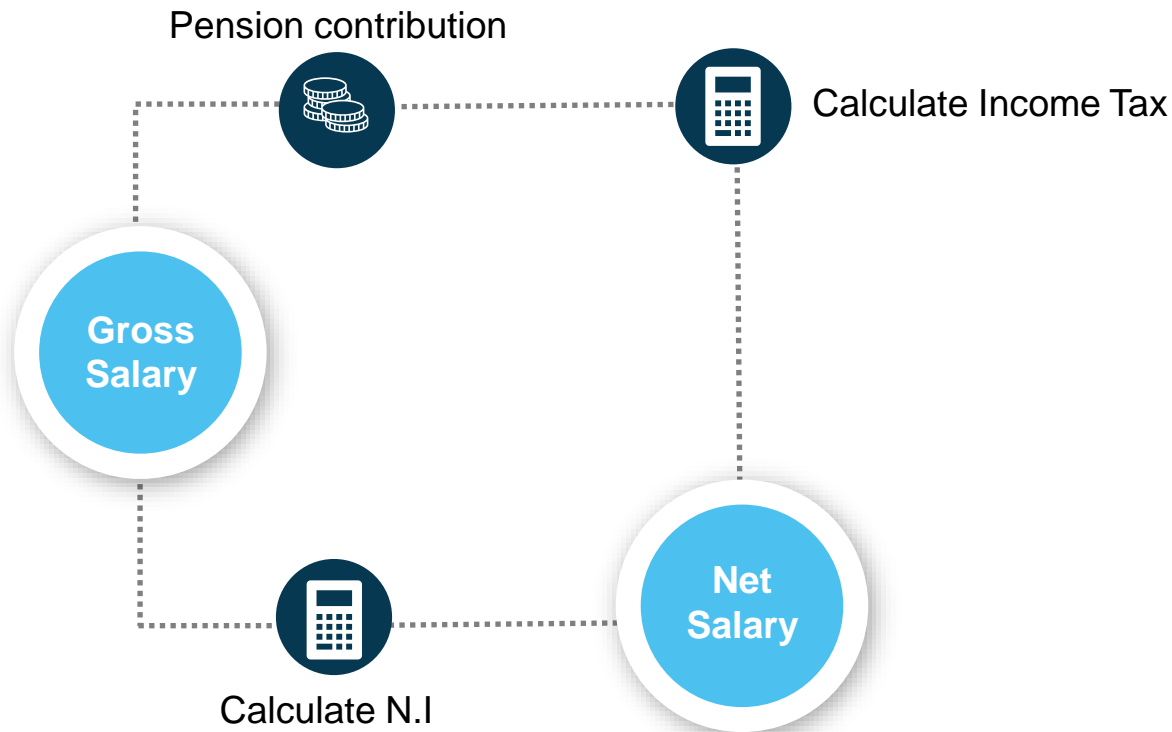


*Only those earning less than £100,000 get full tax free personal allowance

National Insurance 2021/22.



pension tax relief.



You save:

**Basic-rate
Taxpayers
up to 20%***

**Higher-rate
Taxpayers
up to 40%***

* Tax relief on pension contributions is limited to the greater of 100% of relevant earnings and £3,600.

Salary Exchange.



You save:

**Basic-rate
Taxpayers
up to 32%***

Saving made up of:

- 20% income tax, &
- 12% National Insurance

**Higher-rate
Taxpayers
up to 42%***

Saving made up of:

- 40% income tax, &
- 2% National Insurance

* Tax relief on pension contributions is limited to the greater of 100% of relevant earnings and £3,600.

defined benefit schemes.

Sometimes referred to as final salary or career average schemes.

You and your employer
make contributions



You build up the right to a secure
pension income in retirement



Scheme rules determine when
your pension normally starts



You may be able to elect to receive
your pension before or after this time*

You can also choose to receive a tax
free cash lump sum at retirement



*Your starting pension is normally reduced if it is received before your Schemes normal retirement age

calculating a final salary scheme.



Pensionable service

(e.g. 10 years)

The number of years you've been a member of the scheme.



Accrual rate

(e.g. $10 \times 1/60 = 10/60$)

The proportion of your earnings you'll get as a pension for each year as a member



Final Pensionable earnings

(e.g. $10/60 \times £25,000$)

Final pensionable salary are determined by scheme rules



DB income

(e.g. = £4,167pa)

Your DB income in retirement

career average – an example

An individual has 3 years pension membership before leaving the scheme:

- Year 1 pensionable salary = £30,000
- Year 2 pensionable salary = £31,000
- Year 3 pensionable salary = £32,000

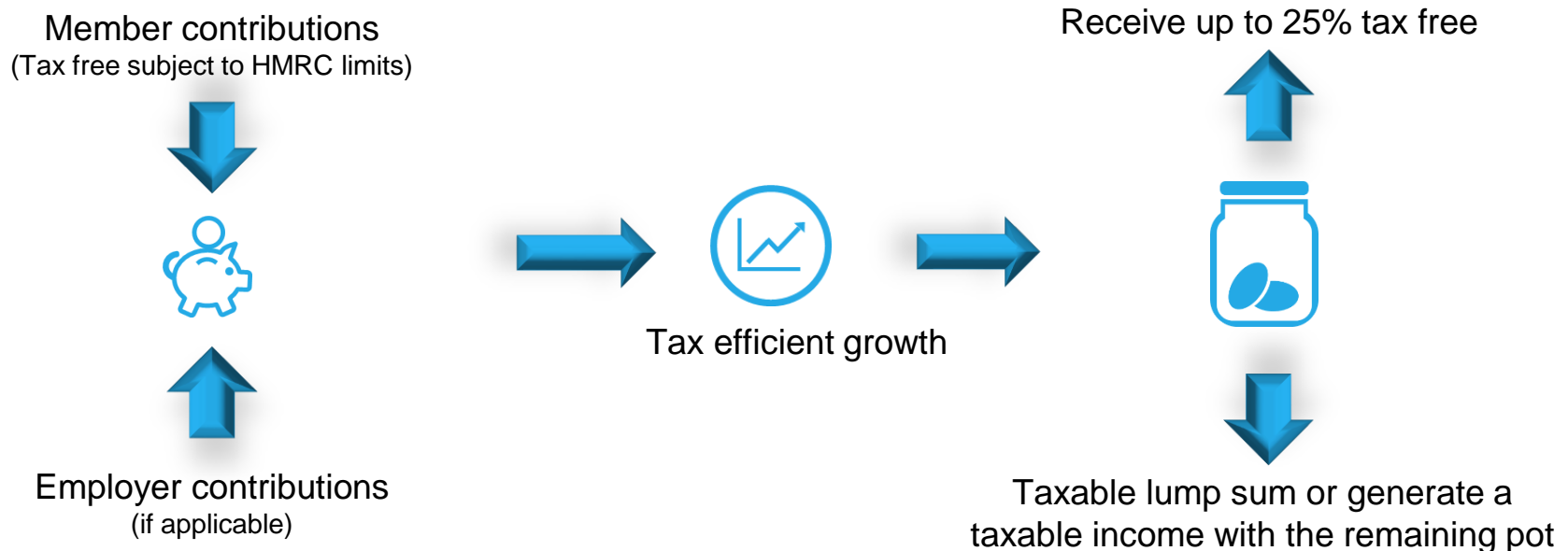
On a 1/60th scheme, they would receive 1/60ths of their pensionable salary for each year they were a member

	Year 1	Year 2	Year 3
Year 1 pension	£500 (1/60 of £30,000)	£505 (CPI 1%)	£520 (CPI 3%)
Year 2 pension	-	£517 (1/60 of £31,000)	£532 (CPI 3%)
Year 3 pension	-	-	£533 (1/60 of £32,000)
Pension at end of year 3			£1,585

Please note: scheme rules determine how benefits are calculated

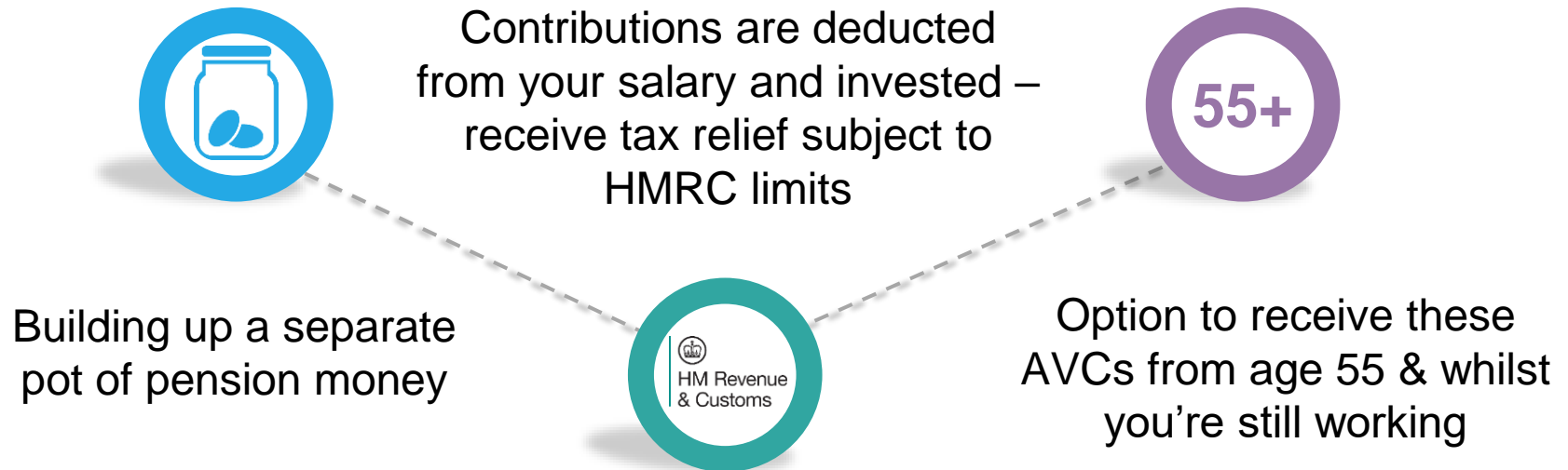
defined contribution (DC) schemes.

- The UCRSS and Peoples Pension are examples of a DC pension schemes
- The USS is a hybrid so can be made up of both DB and DC savings
- If you make AVCs as a member of a DB scheme, these will be held on a DC basis

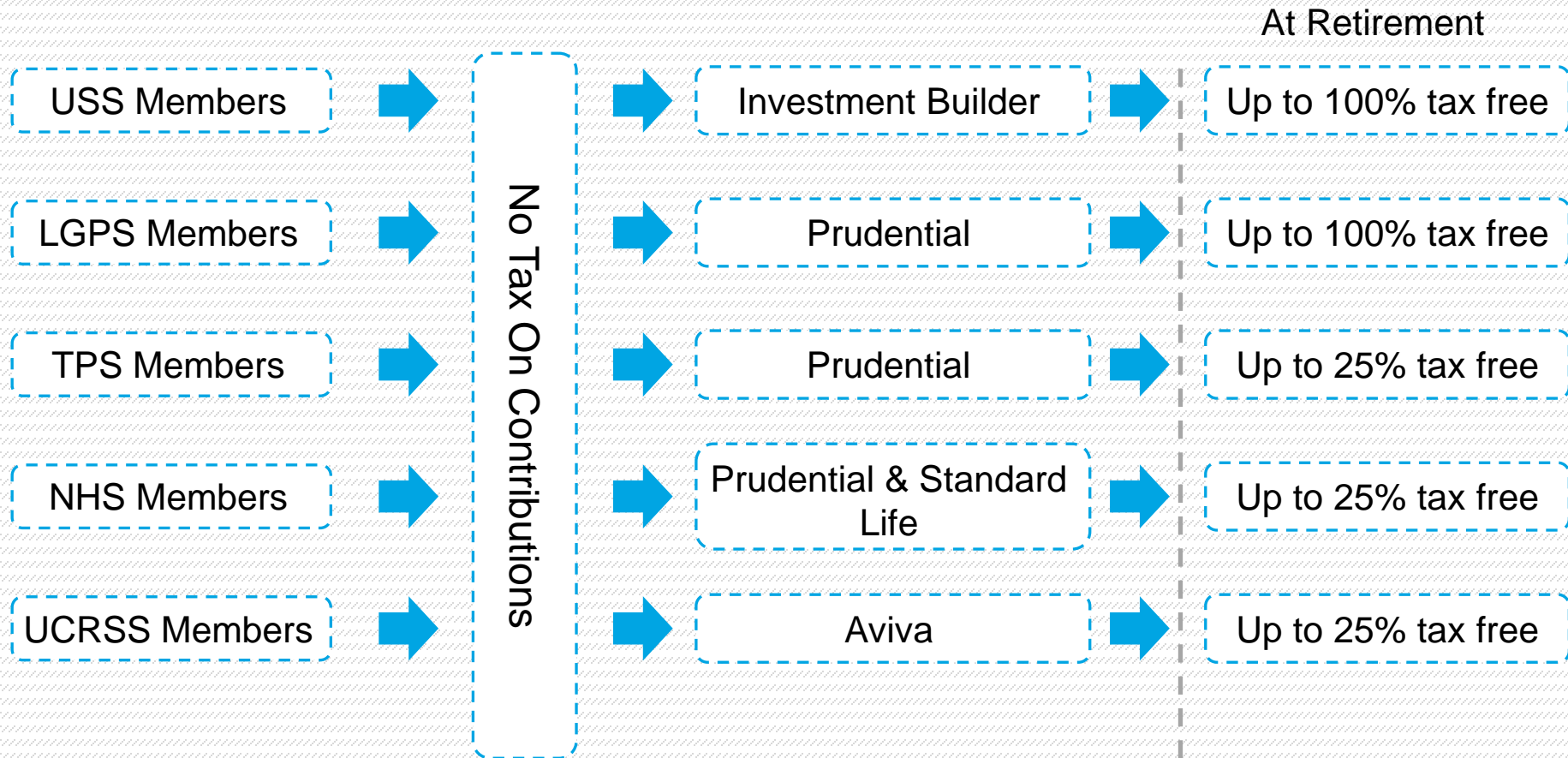


Workshops are available aimed specifically at member of the UCRSS

additional voluntary contributions.



AVC summary.



Tax relief on contributions and maximum tax free cash entitlement is subject to HMRC limits

LGPS – salary exchange

LGPS members are able to make AVCs using salary sacrifice

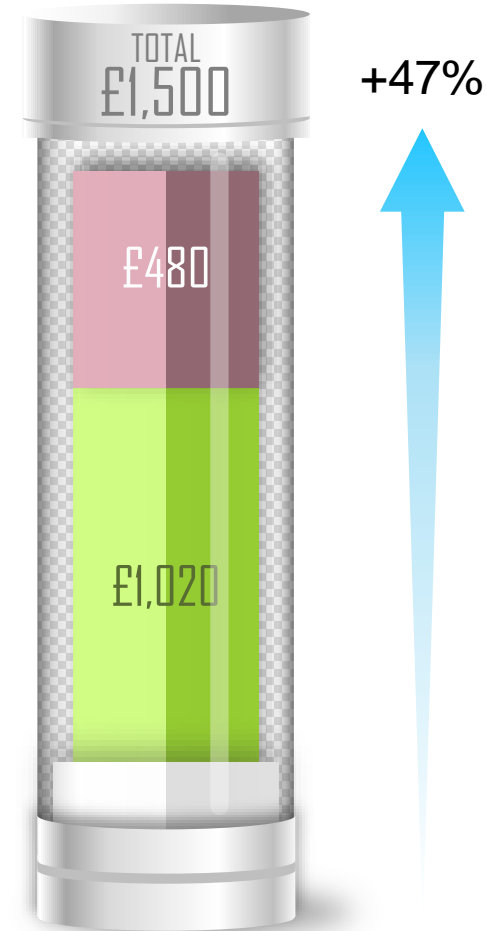
- Annual Salary £30,000
- Employee AVC = £1,500pa (5%)
- Tax Saving = 20%
- NI Saving = 12%
- Personal Cost = £1,020pa



Tax savings



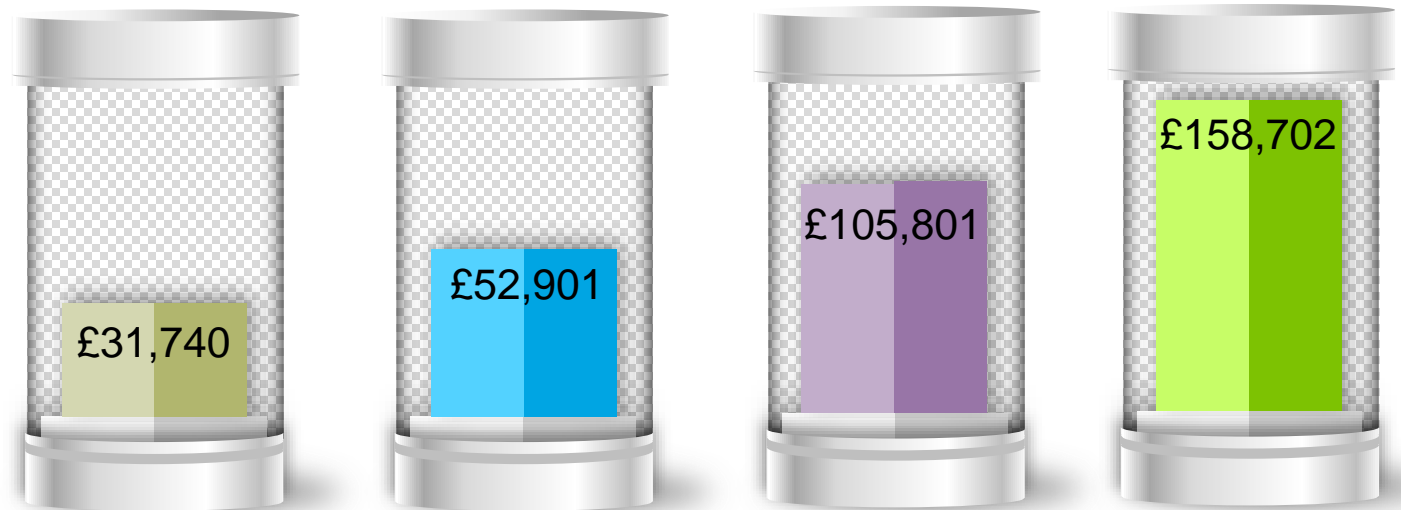
Employee AVC (5%)



how your contributions may add up.

The below example is based on a 40 year old earning £30,000pa.

Pensionable salary: £30,000 | Planned Retirement: Age 68



Contributions

3%

5%

10%

15%

Figures shown are for illustrative purposes only.

how your contributions may add up.

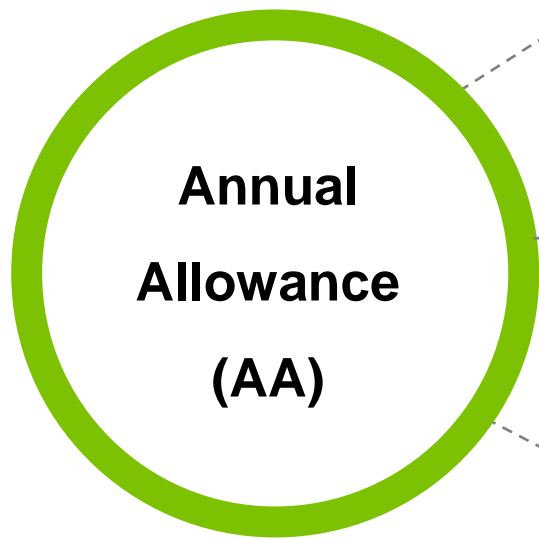
What assumptions are used to estimate this future pension value?

- Contributions rates remain unchanged
- Annual pay increases by 2.5%pa
- Charges of 0.75%pa are taken from the pension pot
- The pension investments grow by 5% each year
- Inflation of 2.5% applies - the value of the pension pot shown in the example is in today's money



The assumptions used are from the Money Helper Pension Calculator. These have been used for illustrative purposes only.

limits on tax efficiency.



The annual allowance is £40,000*



This may be reduced if your total taxable income exceeds £200,000



Carry forward may be available from up to the 3 previous tax years



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

limits on tax efficiency.

Lifetime allowance (LTA)

- £1,073,100 (2021/22)
- DB pensions are converted at 20:1
- DC pensions and tax-free lump sums valued at monetary amount



If you think you may be affected, ask about this on your follow up call and register for the “Senior reward” webinar



your pension scheme.

01

The Teachers Pension Scheme

www.teacherspensions.co.uk/members

www.teacherspensions.co.uk/members/videos.aspx

02

The Universities Superannuation Scheme

www.uss.co.uk

03

The Local Government Pension Scheme

www.lgpsmember.org/arm/already-member-how.php

www.lgpsmember.org/arm/already-member-extra.php

04

The UCRSS – members should sign up to ‘MyMoney’

www.avivamymoney.co.uk

05

The NHS Pension Scheme

www.nhsbsa.nhs.uk/member-hub

other useful contacts.

01

Money Helper pension calculator

www.moneyhelper.org.uk/en/pensions-and-retirement/pensions-basics/pension-calculator

02

Money Helper credit card calculator

www.moneyhelper.org.uk/en/everyday-money/credit-and-purchases/credit-card-calculator

03

Financial help relating to COVID 19 (mortgage holidays, loans, insurance)

www.moneyhelper.org.uk

04

General tax and National Insurance information

www.hmrc.gov.uk

05

Pension Tracing Service

www.gov.uk/find-pension-contact-details

thank you.

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www.wealthatwork.co.uk/mywealth