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late career session.

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staff development opportunities.

- Development Programmes
- Online Training
- Management and Leadership Development
- UoL Programme Funding
- Programme Leaders

Click ‘Staff Organisational Development’ on the front page of the Portal to find out more http://www.linc-on.co.uk/Login.aspx?ReturnUrl=%2fmy-profile%2flogout.aspx

salary sacrifice.

‘Salary sacrifice’ is a scheme where employees agree to reduce their gross salary in ‘exchange’ for a benefit of the same value

Employee makes savings in Income Tax and National Insurance

All other benefits based on original salary figure, known as “Reference Salary”

Arrangement must normally run for 12 month period
And some State benefits could be affected

Some of the benefits available through Salary Sacrifice:
Childcare Vouchers
Cycle2work and Gym Membership
UL Learning
Car Scheme
Car Parking

car scheme.

- A new benefit has been launched allowing you to buy a car through salary sacrifice
- Your new car can be paid for monthly, from your gross pay (before tax and NI)
- Your car will be taxed as a benefit in kind, however tax costs are determined by the value of the car and CO_2 emissions
- No deposit is needed
- A wide range of brand new cars are available
- Including hybrid and other cars with low CO_2 emissions
- All insurance and maintenance costs are included in the monthly cost of the car

cycle to work.

How it works	Who is eligible	Potential savings
Buy a bike up to £1,000 in value The company covers the cost Payment is taken for gross wages monthly	All employees You must use the bike to cycle to work You can also use your bike outside work	32% for basic rate tax payer 42% for higher rate tax payers 47% for additional rate tax payers

In addition to this scheme, hire bikes are available on campus (via Halfords)

childcare vouchers.

- How it works:
  - Exchange Gross Salary for Childcare Vouchers to pay for “approved childcare”
- Who is eligible:
  - All employees with children up to age 15 (16 if disabled) are eligible to join
- How much can I save?:
  - This will depend on your tax rate

	Basic rate (20%)	Higher rate (40%)	Additional rate (45%)
Voucher Value	£2,916 (£243pm)	£1,488 (£124pm)	£1,320 (£110pm)
Tax Saving	£583.20	£595.20	£594.00
NIC Saving	£349.92 (12% NIC)	£29.76 (2% NIC)	£26.40 (2% NIC)
Saving	**£933.12**	**£624.96**	**£620.40**

tax free childcare.

- Phased launch beginning on 28 April 2017
- Receive a government contribution of £20 for every £80 you contribute
- Subject to a maximum of £8,000 per child (£2,000 government contribution)
- Tax free childcare will be available from GOV.UK
- You can choose to remain in the current Childcare Voucher scheme
- You can join the current Childcare Voucher scheme until April 2018

your pension.

defined benefit schemes.

- Sometimes referred to as final salary or career average schemes
- Both you and your employer make contributions
- You will build up the right to a pension income
- When you can receive a pension income will be determined by the scheme rules
  - You may be able to start receiving a pension income earlier than the normal pension age
  - A reduction will be applied to your starting pension if taken early

defined contribution schemes.

- Sometimes referred to as money purchase schemes
- Many workplace pensions are now defined contribution schemes
- You build up a ‘pension pot’ and you choose how this pot of money is invested
- You choose how you generate an income in retirement
- You may instead choose to draw you entire pension pot in one go at retirement
- If you make AVCs as a member of your defined benefit scheme, these will be held on a defined contribution basis

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

- 1/60 of £30,000= £500 + 1% CPI
- 1/60 of £31,000 = £517 + 1% CPI
- 1/60 of £32,000 = £533 + 1% CPI
- We then total these figures to give pension income of £1,550
- CPI is then added for each year of accrual to give a total of £1,581*

*CPI figure of 1% used for illustrative purposes only. The CPI each year may vary and could be higher or lower that 1%

scheme changes – an overview.

LGPS

- 1/80ths final salary
  Plus Automatic Lump Sum
- 31st March 2008
- 1/60ths final salary
  No Automatic Lump Sum
- 31st April 2014
- 1/49ths CARE
  No Automatic Lump Sum

TPS

- 1/80ths final salary
  Plus Automatic Lump Sum
- 1st January 2007
- 1/60ths final salary
  No Automatic Lump Sum
- 1st April 2015
- 1/57ths CARE
  No Automatic Lump Sum

USS

- 1/80ths final salary
  Plus Automatic Lump Sum
- 1st October 2011
- 1/80ths CARE
  Plus Automatic Lump Sum
- 31st March 2016
- 1/75ths CARE
  Plus Automatic Lump Sum
- 1st October 2016
  DC element for earnings >£55k

Note: the changes did not impact all members on the dates shown

LGPS members.

Sally joined the LGPS on 31 March 2005 and earns a salary of £30,000pa. She retired on 31st March 2015.

Built up before 31 March 2008

Membership years	Accrual Rate (final salary)	Benefits
3	3/80 PLUS Automatic lump sum 3/80 X 3	£1,125 £3,375 TFC

Built up between 31 March 2008 and 31 April 2014

Membership years	Accrual Rate (final salary)	Benefits
6	6/60	£3,000

Built up after 31 April 2014

Membership years	Accrual Rate (career average)	Benefits
1	1/49	£612

£4,737

TPS members.

Mike joined the TPS on 1 April 2000 and earns a salary of £30,000pa. He is 14 years from retirement so was immediately impacted by the April 2015 changes

Built up between 1 April 2000 and 1 April 2015

Membership years	Accrual Rate (final salary)	Benefits
15	15/80 PLUS Automatic lump sum 15/80 X 3	£5,625 £16,875 TFC

£6,151

Built up after 1 April 2015

Membership years	Accrual Rate (career average)	Benefits
1	1/57	£526

TPS members.

Benefits built up after 1 April 2015

- Your pension accruals did not move to a 1/57 career average if:
  - You were an active member immediately before 1 April 2012

  And
  - Were within 10 years of your Normal Pension Age on that date
- You will move to a 1/57 career average basis at a future date if:
  - You were an active member immediately before 1 April 2012

  And
  - You were between 10 and 13.5 years to your Normal Pension Age

USS members.

Sarah joined the USS on 31 March 2000 and earns a salary of £30,000pa. She retired on 31 March 2017.

Built up between 31 March 2000 and 31 March 2016

Membership years	Accrual Rate (final salary)	Benefits
16	16/80 Automatic lump sum (16/80) X 3	£6,000 £18,000 TFC

£6,400

Built up after 31 March 2016

Membership years	Accrual Rate (career average)	Benefits
1	1/75 Automatic lump sum (1/75) X 3	£400 £1,200 TFC

USS members.

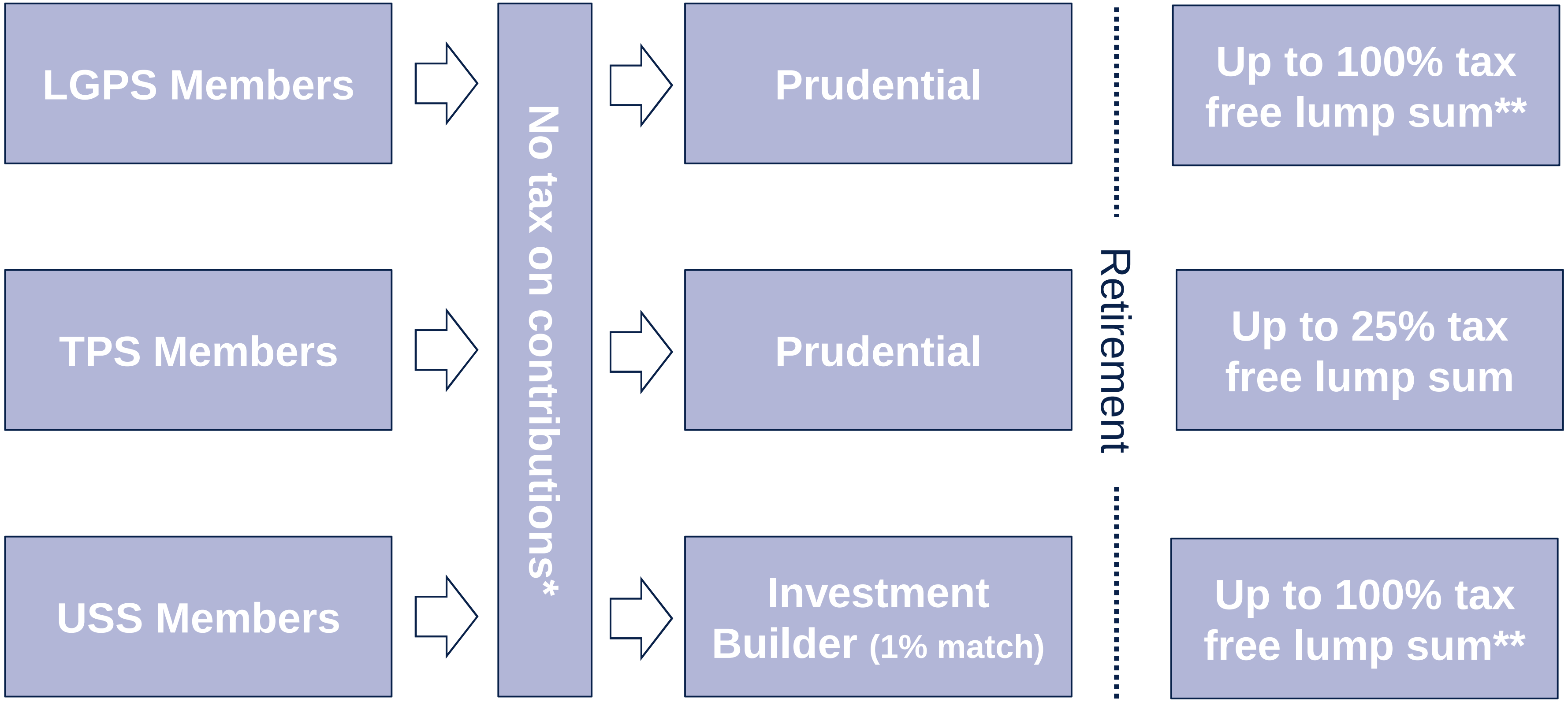
What happens if I earn more than £55,000pa?

- Benefits based on salary up to £55,000 are based on a 1/75 career average
- Benefits on salary above £55,000 will be paid into a DC scheme (USS Retirement Investment Builder)
- Contributions into the USS Retirement Investment Builder will be at a rate of 20% on salary in excess of £55,000
  - This includes the 8% contribution you are making
- Any USS member can make voluntary contributions to the USS Retirement Investment Builder
- Voluntary contributions are matched up to 1%

additional voluntary contributions.

- A way of building up a pot of money, in addition to your defined benefit pension
- Use the money to generate a pension income
- Or use the money to provide a lump sum at retirement
- It may be possible to receive part or all of these savings tax free at retirement

additional voluntary contributions.



*Total contributions to all pension schemes must not exceed the greater of 100% of earnings or £3,600 to receive tax relief
**Subject to HMRC limits. The total value of your scheme pension will determine the value of AVCs that can be received tax free

USS investment options.

Investment Choices

- **Default Lifestyle Fund** — Aim to reduce investment risk as you approach retirement
- **Ethical Lifestyle Fund** — Ethical investment approach –similar risk approach to the default strategy
- **Self select your investments** — Select from a range of funds with varying degrees of risk

LGPS and TPS investment options.

AVC Investment Choices

Default With Profits Fund

Invests into a range of investment types - returns are received through bonuses*

Lifestyle Funds

Aims to reduce risk as you approach retirement. Choose between 6, 8 and 10 year glide paths

Self select your investments

Select from a range of funds with varying degrees of risk

*A market value reduction may apply if you move out of the with profits fund

additional pension contributions.

- LGPS and TPS members can buy extra pension by paying APCs regularly
- The amount it costs depends on:
    - How much extra pension you want to buy
    - The age you start paying the extra contributions
    - The length of time you want to pay them for
- LGPS members - you can only buy extra pension for yourself and not for additional dependants’ benefits
- You can buy back lost pension from unpaid leave such as during maternity
- Members of the USS scheme are no longer able to buy added years

state pension.

state pension.

- The new state pension came into effect from 6 April 2016
  - The amount you can expect is currently £159.55pw
  - The Additional State Pension does not apply
- A reduction to this may be applied if:
  - You have less than 35 years of National Insurance (NI) credits
- AND/OR
  - You have been contracted out of the Additional State pension
- For every qualifying year attained beyond 35 any such deduction will be reduced
- Request a State Pension statement
  - www.gov.uk/state-pension-statement

Visit www.gov.uk/state-pension-statement

other retirement savings.

other savings and investments.

- In addition to your pension, you may have retirement savings held outside your pension
- Even if you do not hold these now, it is possible you may accrue additional savings at some point during your retirement
- Non pension savings may come from sources including:
    - Cash savings
    - Shares you have invested into during your career
    - A lump sum released by downsizing your home
    - Tax free cash from your pension
    - Any inheritance you may receive

other savings and investments.

Cash
Deposits
'Other' cash based investments

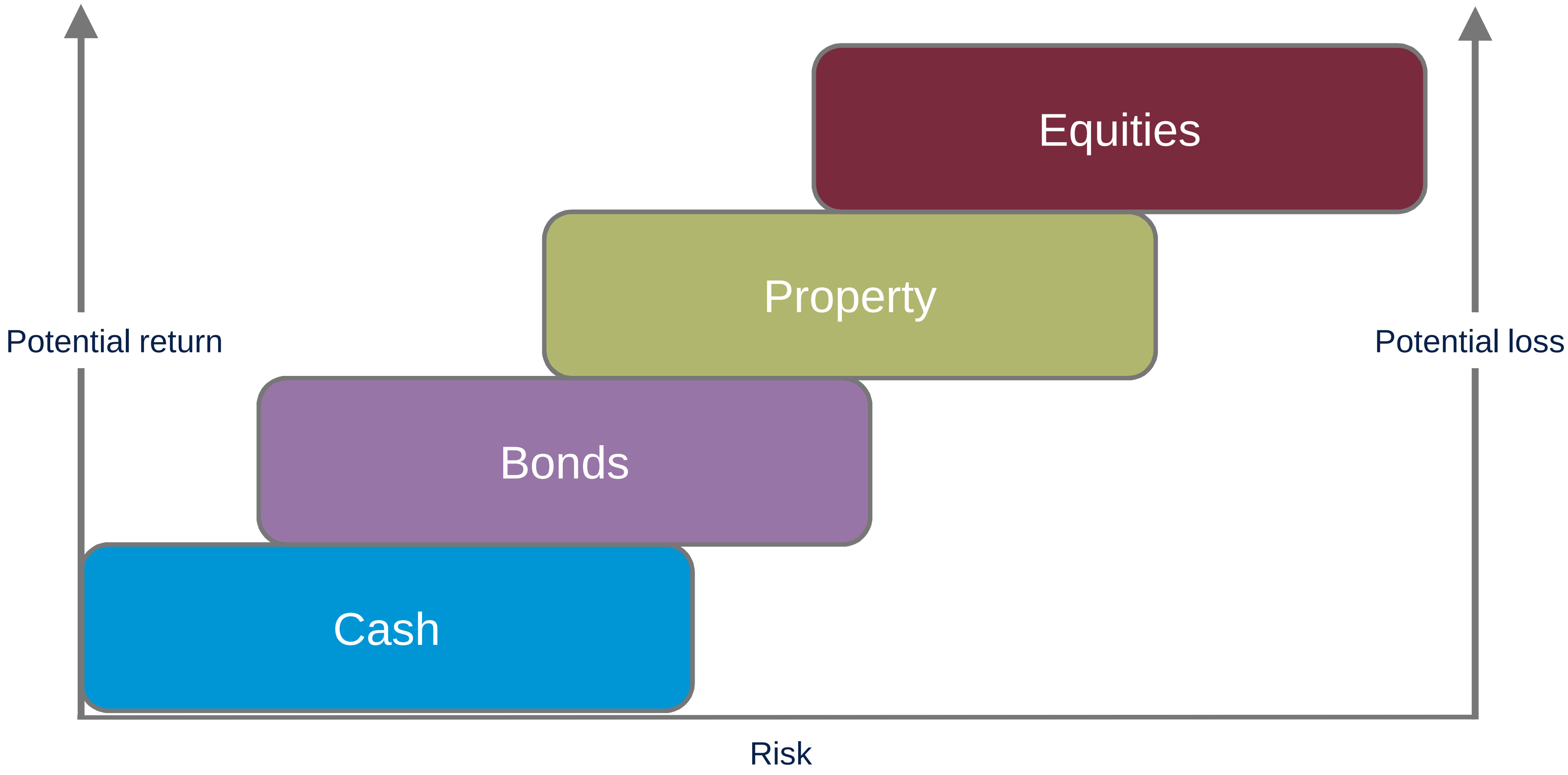
Gilts / Sovereign debt
Corporate bonds

Property
Direct ownership
'Pooled Funds' e.g. Unit Trusts, OEICs

Equities
Direct shares
'Pooled Funds' e.g. Unit Trusts, OEICs

risk and return.

The more risk you are willing to take – the higher the **potential** return and loss



The value of investments can fall as well as rise and is not guaranteed

types of risk.

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

Cash		
Inflation risk	**Interest rate risk**	**Currency risk?**

Equities		
Market risk	**Company specific risk**	**Timing risk**

Property		
Liquidity risk	**Void periods**	**Taxation risk**

Bonds		
Default risk	**Credit risk**	**Inflation risk**

ISAs.

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

capital gains tax.

- A tax on gains when certain investments are sold or transferred
- Main exemptions are:
  - Your main residence
  - Investments held in an ISA or pension
  - Transfers between spouses or civil partners
- Annual exemption - £11,300
- Taxable gain is added to income to determine the rate of tax payable
  - Gains within basic rate income tax band are taxable at 10%*
  - Gains above basic rate threshold are taxable at 20%*

*An additional 8% CGT is payable on gains relating to non exempt residential property

group exercise.

1. How much tax free interest can a basic rate tax payer receive each year

A. £0 **B**. £500 **C.** £1,000 **D.** £2,000

2. What is the ISA contribution limit for the 2017/18 tax year?

A. £10,000 **B.** £15,240 **C.** £17,250 **D.** £20,000

3. A higher rate tax payer receives gains totalling £11,000 in the 2017/18 year. The CGT charge applicable is:

A. 0% **B.** 10% **C.**18% **D.** 20%

estate planning.

nil rate bands.

- Inheritance Tax (IHT) is a tax charge applied to an individual’s estate, usually at the point they die
- There are two separate nil rate bands that may be applicable to an estate before calculating an IHT charge
- In the 2017/18 tax year these are:
  - The residence nil rate band of £100,000
  - The nil rate band of £325,000
- The residence nil rate band is only applied to a home that is left to a direct descendant
- The nil rate band can be applied to any part of an estate that is chargeable to IHT

nil rate bands.

- The residence nil rate band is £100,000 in the 2017/18 tax year
- This will gradually increase to £175,000 in the 2020/21 tax year
- The nil rate band of £325,000 and the residence nil rate band of £175,000 could provide a combined IHT exemption of £500,000
- Where a spouse has been passed both nil rate bands by their deceased spouse this will double their combined IHT exemption to £1,000,000

Date	Standard Nil Rate Band	Residence Nil Rate Band*
2017/18	£325,000	£100,000
2018/19	£325,000	£125,000
2019/20	£325,000	£150,000
2020/21	£325,000	£175,000

*There will be a tapered withdrawal of this allowance for estates with a net value exceeding £2m

your estate.

A person's estate is made up of everything they own at the point they die. This may include:

Savings and investments
£50,000

Personal Possessions
£20,000

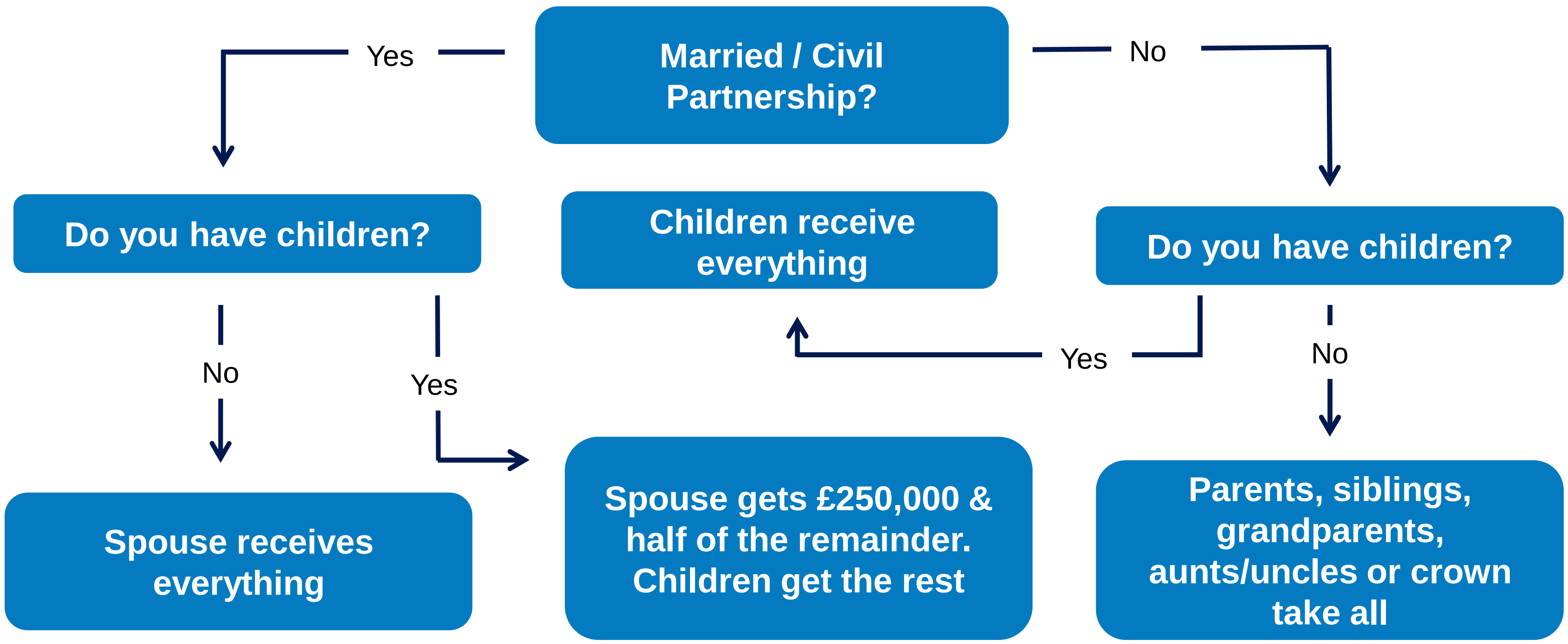
Home
£400,000

your estate.

- £100,000 of the £400,000 home would fall within the residence nil rate band
- The next £325,000 of the estate (including the remaining part of the home) would fall within the nil rate band
- £45,000 of the estate would exceed the combined value of these nil rate bands
- This £45,000 would be taxed at 40%, resulting in a £18,000 IHT charge

intestacy rules.

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



writing a will.

- It is advisable to always ensure you have an up to date will in place
- Updating or re writing your will is particular important after a significant life event, such as marriage or the birth of your child
- Divorce will automatically remove any entitlement to your ex spouse from your will
- A solicitor will be able to produce a valid will for you
- You should only consider writing a will yourself if you are confident about its validity
- You should also regularly review your death nominations for both your life assurance and pension

next steps.

further information.

Your pension scheme

- www.teacherspensions.co.uk
- www.uss.co.uk
- www.lgps2014.org.uk

Other useful contacts

- State Pension statement - www.gov.uk/state-pension-statement
- Pension guidance - www.pensionwise.gov.uk
- General tax and National Insurance information - www.hmrc.gov.uk
- Information and guidance - www.moneyadviceservice.org.uk
- Local financial advisers – https://register.fca.org.uk/

financial advice.

Regulated financial advice can provide you with information and advice on the most suitable course of action for you relating to a wide range of financial needs.

To receive regulated financial advice you can:

- Contact your existing adviser
- Find a regulated financial adviser in your area
  - https://register.fca.org.uk/
- Request a call from **my wealth**
  - 0800 028 3200
  - www.wealthatwork.co.uk/mywealth
  - **my wealth** offers independent financial advice and discretionary investment management services

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