

# Education Caveat



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# Welcome to: Getting the most from your retirement savings



# Agenda

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- A summary of the changes
  - What are your retirement income needs?
  - Maximising your future retirement savings
  - The GSKPP
  - Generating a retirement income
    - DB and DC pension income options
  - Bringing it all together
  - CETV – transferring from DB to DC
  - Other retirement savings
  - The State Pension
  - Next Steps
-

## A summary of the changes



# Changes to your GSK pension plan



As a GWPP or SBPP member, there are changes to the way you save towards retirement.



## GSK Pension Plan (DC)

Future pension savings with GSK will be in a defined contribution arrangement, the GSK Pension Plan (GSKPP)

\*the SBSEPP will also close

\*\*An underpin applies to SBPP members in deferment.

# Changes to your GSK pension plan



## GSK Pension Plan (DC)

Future pension savings with GSK will be in a defined contribution arrangement, the GSK Pension Plan (GSKPP)

One off GSK  
payment of

**£10,000\***



From 1 April 2022  
GSK and member  
contributions\*



Any investment  
growth is tax-free



Save for your  
retirement

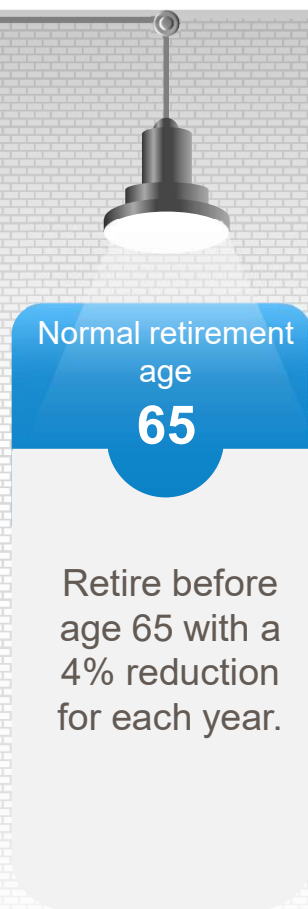


\*free of income tax and NI subject to HMRC limits

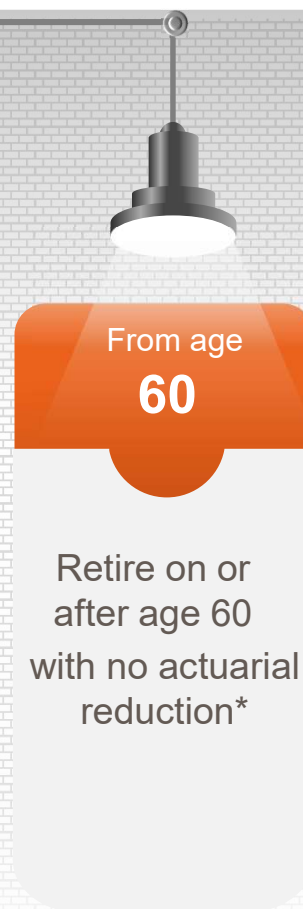
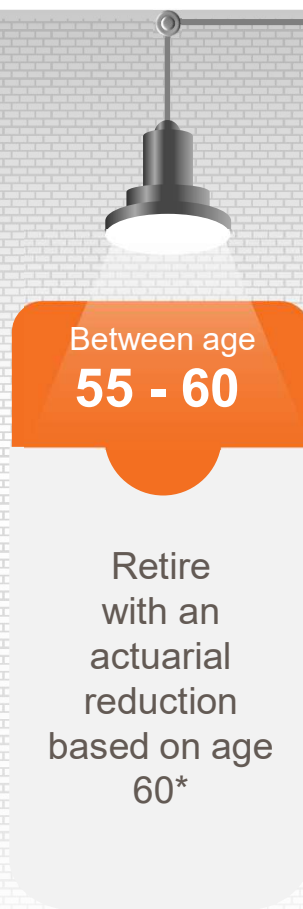
# Early retirement



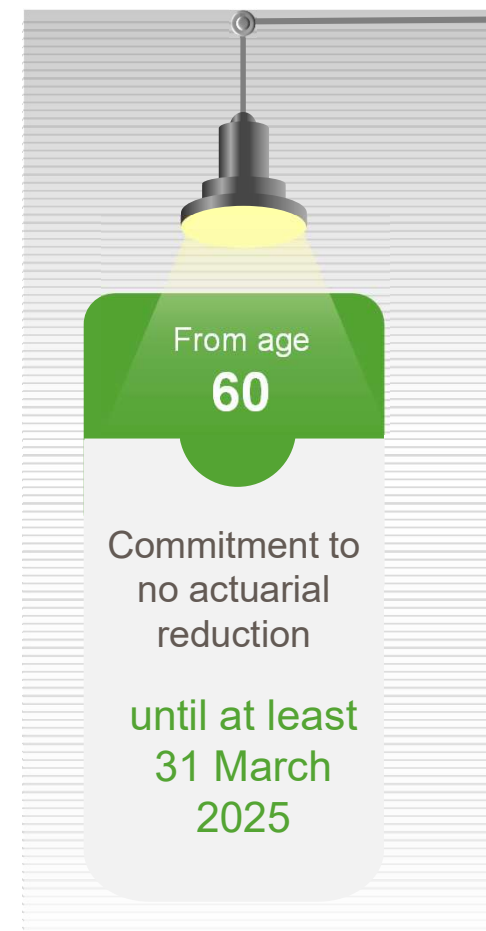
## Standard policy



## Discretionary policy



## Commitment



\*At the companies' discretion. Subject to change from time to time.

# Receiving your DB pension income

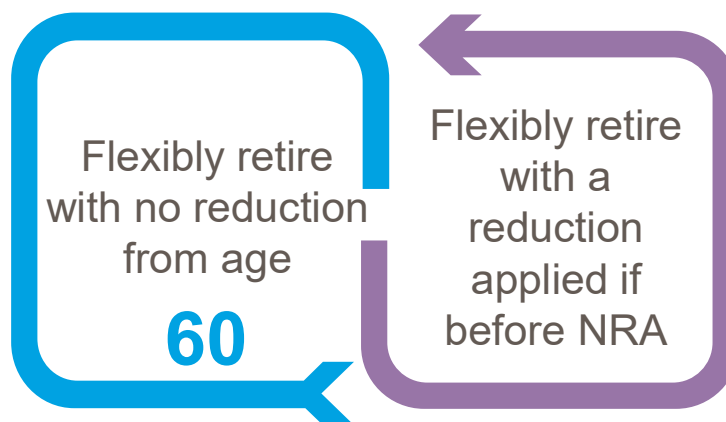


Flexible retirement – receiving your GSK pension whilst continuing to work at GSK.

## The ability to take flexible retirement is still available

As part of this change, the Company discretionary flexible retirement policy (which is subject to change from time to time) & subject to company consent, would be applied on the following basis:

Until  
**31 March 2022**



From  
**1 April 2022**

Note - flexible retirement is at the Company's discretion and can change at any time.



## What the change means for other benefits available to DB members



### Death in Service

Security of benefits continues

**4 x**  
Pensionable Salary

**PLUS**

- Proceeds of DC account
- Members DB contributions
- Spouses pension of 30% of Pensionable Salary
- Children's pension of 20-30% of Pensionable Salary

### Death after leaving GSK

No change in policy

Spouses pension of broadly

**50%**

of DB pension built up prior to closure

**PLUS**

DC account proceeds would provide extra benefit

### Death in retirement

No change in policy

Spouses pension of broadly

**50%**

of DB pension built up prior to closure

**PLUS**

Cash lump sum of balance of 5 years of payments of DB pension if death within 5 years

## What the change means for other benefits available to DB members

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### Redundancy

No change in policy

Applies to your DB pension benefit as at

**31 March 2022**

This is a discretionary policy and can be withdrawn or amended at any time

### Ill health

Continues to be available

Under proposal the maximum is

**50%**

of Pensionable Salary

**PLUS**

Pension purchased with the proceeds of your DC account and your own contributions paid to your DB plan

Always subject to Company discretion on a case by case basis

## What are your retirement income needs?



# Retirement savings



Additional voluntary contributions  
(AVC's)

GSK shares and any other  
savings and investments

GSKPP  
(including £10,000 payment)

Previous workplace pensions

State Pension

GWPP or SBPP



## Maximising your future retirement savings



# Defined Benefit plans

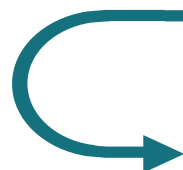
Funded by employers and  
sometimes employees  
must contribute



A secure pension  
income is built up



Scheme rules determine when  
the pension normally starts



It may be possible to  
start the pension income  
before or after this time\*



A tax-free cash lump  
sum is also available



\*If you retire before the Normal Pension Age (NPA) your pension will normally be subject to an actuarial reduction

# Defined Contribution plans

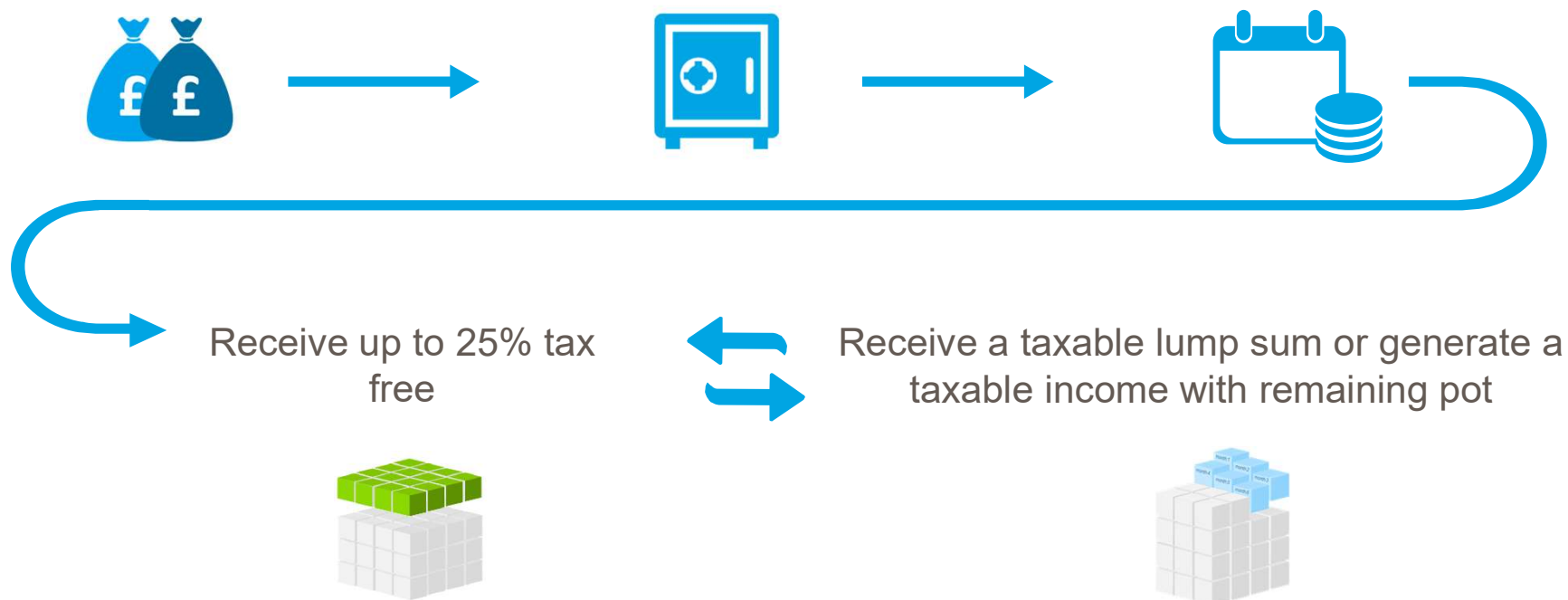


Includes AVC's linked to the SBPP or GWPP and your future GSK DC Pension Plan

Employer and employees  
contribute (tax free\*)

Any investment  
growth is tax-free

You can access your pension  
from age 55\*\*



\*subject to HMRC limits

\*\*The minimum age for accessing your pension is expected to increase to age 57 in 2028

# DB and DC



## Defined Benefit (e.g. GWPP & SBPP)

- ✓ Pension income based on a formula
- ✓ Receive a tax free lump sum at retirement
- ✓ Regular lifetime income
- ✓ Inflationary increases set by the scheme
- ✓ Provisions for dependants on death set by the scheme

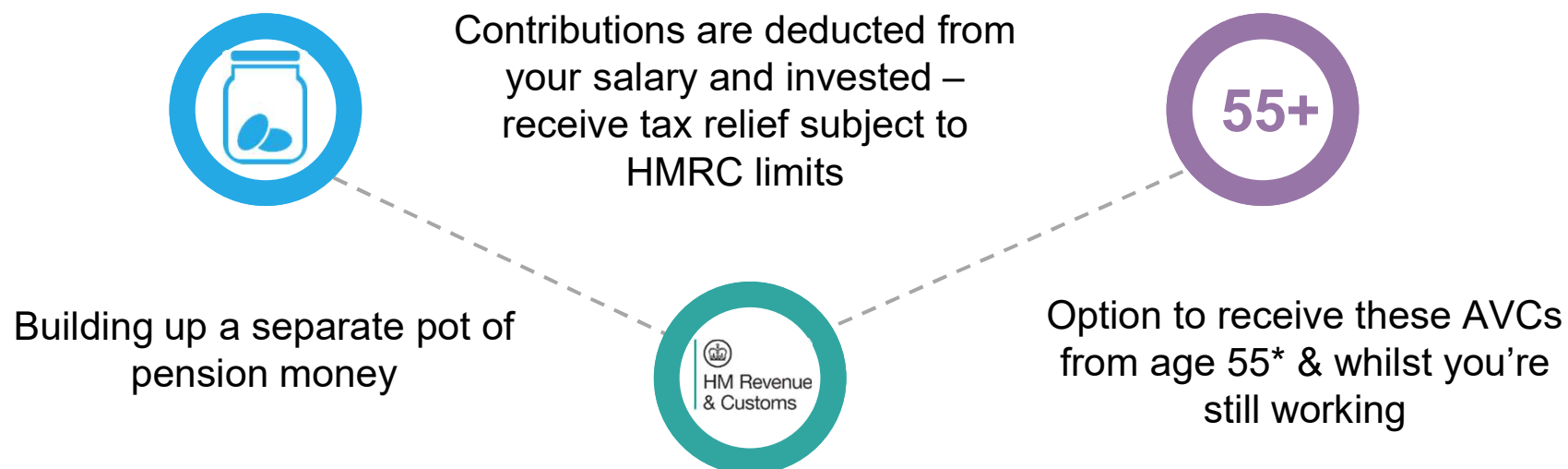


## Defined Contribution (e.g. AVC's and GSKPP)

- ✓ Pension pot based on contributions & investment returns
- ✓ Receive a tax free lump sum at retirement
- ✓ Access the remaining amount flexibly
- ✓ Choose who will receive any remaining pension on your death
- ✓ Or buy a regular income (annuity)



## Additional voluntary contributions (AVC's)

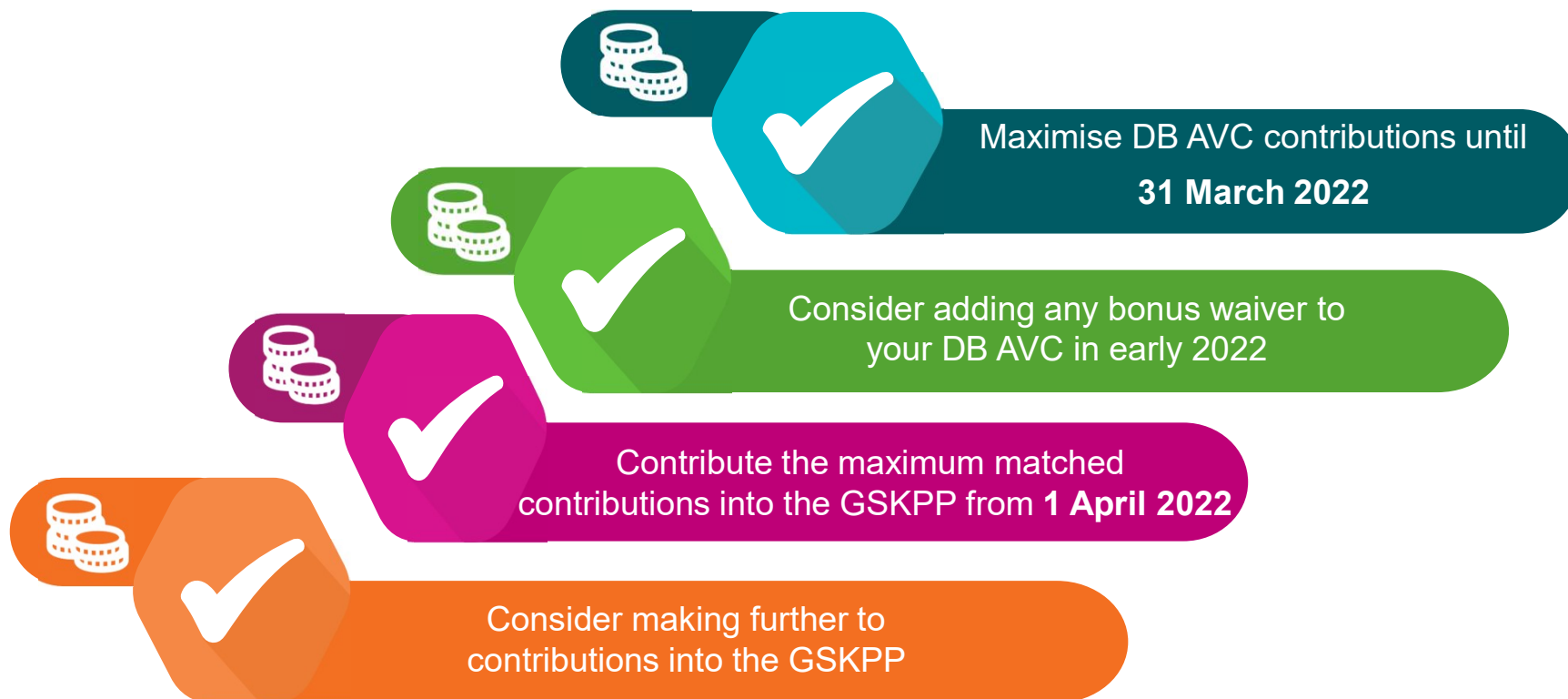


\*The minimum age for accessing your pension is expected to increase to age 57 in 2028

# Maximising your retirement savings



Choices you can make to boost your retirement savings:



All defined benefit members will receive £10,000 paid into their GSKPP

## The GSKPP



# GSK Pension Plan (GSKPP)



Contributions				
GSK core contribution	Employee contribution	Your matching contribution	GSK'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 based on your actual salary rather than your DB pensionable salary.

# Salary Sacrifice



Annual Salary £40,000 (basic rate tax payer)

Employee Contribution = £2,000pa (5%)

Tax Saving = 20%

NI Saving 12%

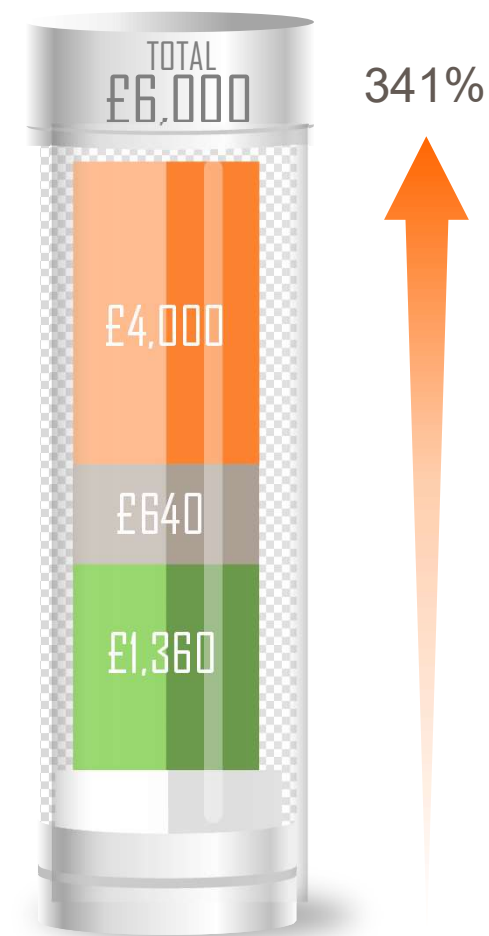
Personal Cost = £1,360pa

Employer Contribution = £4,000pa (10%)

 Employer matching contribution (10%)

 Tax & NI savings (32%)

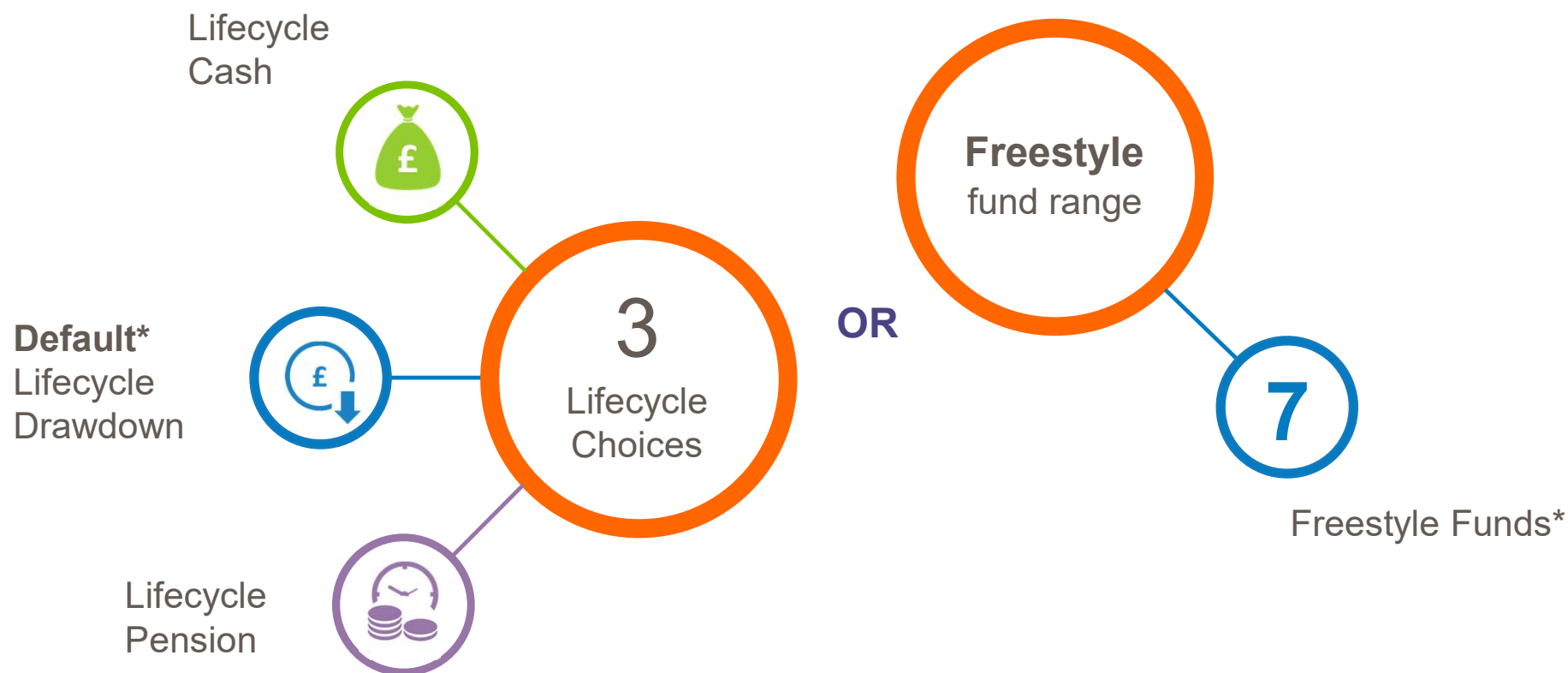
 Employee contribution (5%)



# GSK Pension Plan



You have a number of investment choices. You should consider whether the default investment option is aligned to your plans and make any necessary changes.



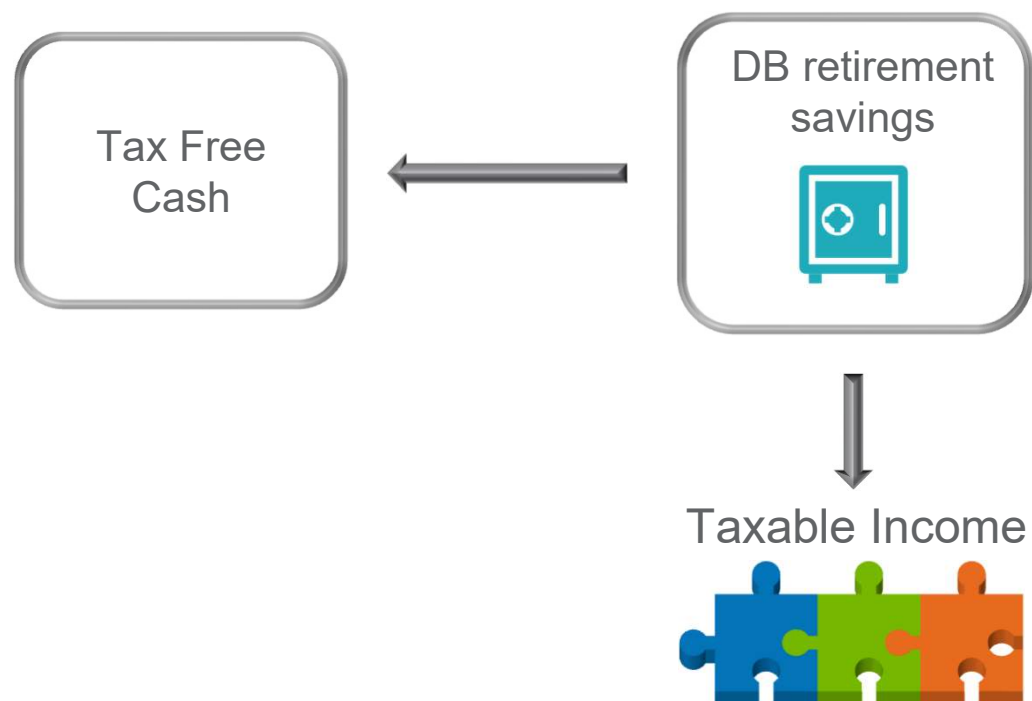
\*Until 1 July 2021 the default lifecycle choice will be Lifecycle Pension and there will be only 6 freestyle funds.

## Generating a retirement income



# Receiving a defined benefit pension

These options are available to both GWPP and SBPP.



You can transfer from DB to DC subject to receiving regulated financial advice.



# SBPP & GWPP members receiving AVCs



	GWPP	SBPP
Cash Lump Sum	✓	✓
Income Drawdown	✓	✓
Annuity	✓	✓
Entire pot tax free*	✗	✓

\*AVC savings can only be used to fund tax free cash entitlement up to HMRC limits

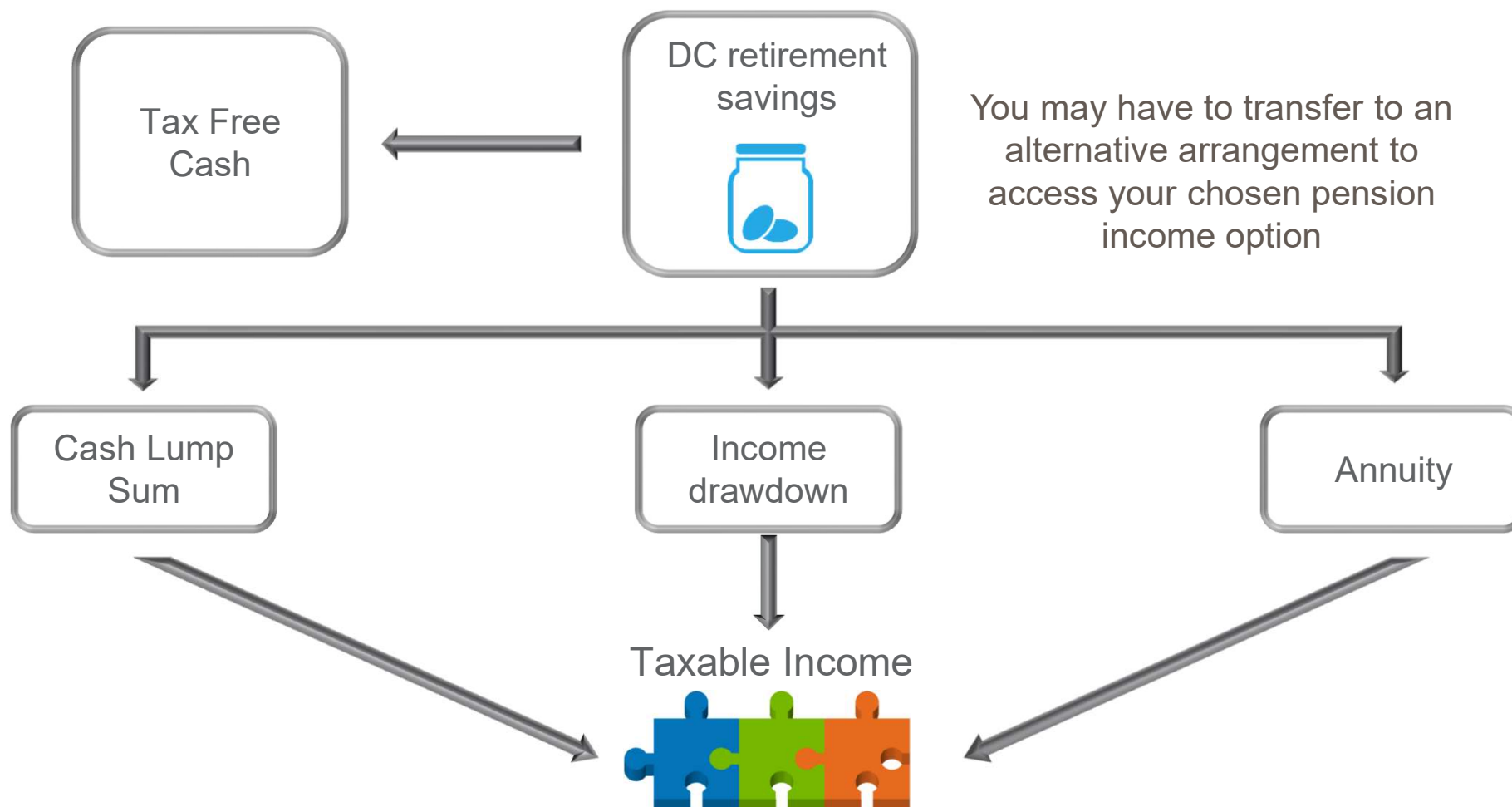
## Defined contribution income options



# Receiving defined contribution pension savings



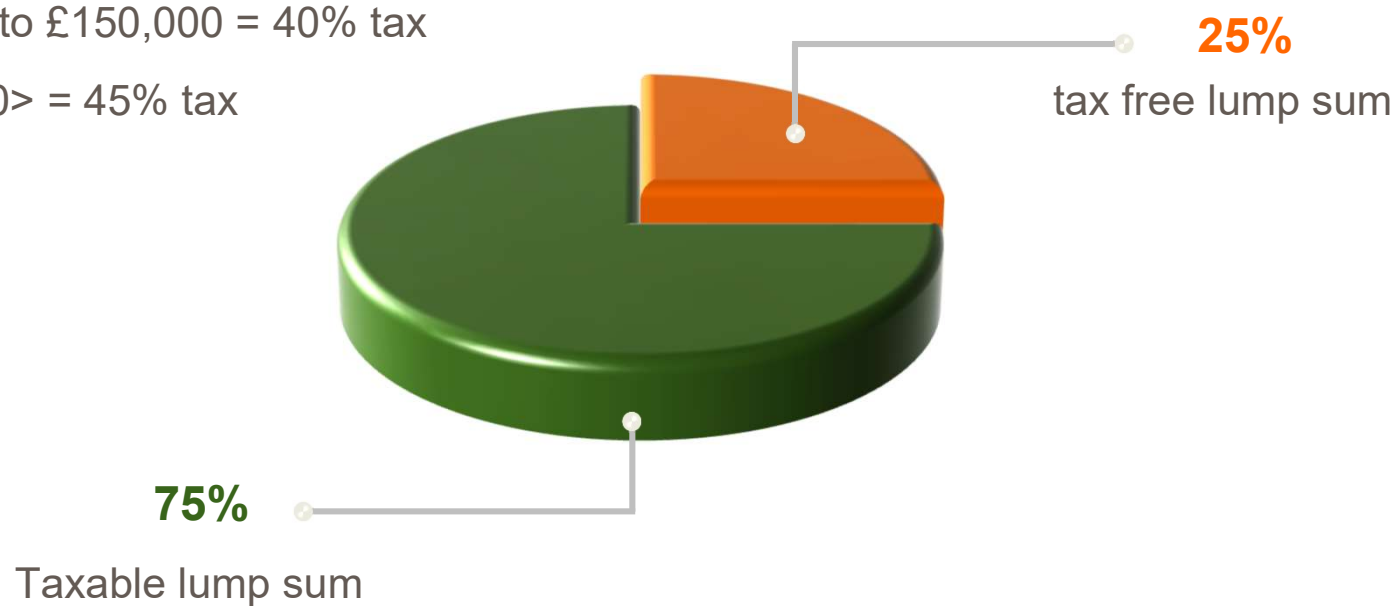
These options are available to both AVCs and the GSKPP pot you build up.



# Cash lump sum

## Tax bands

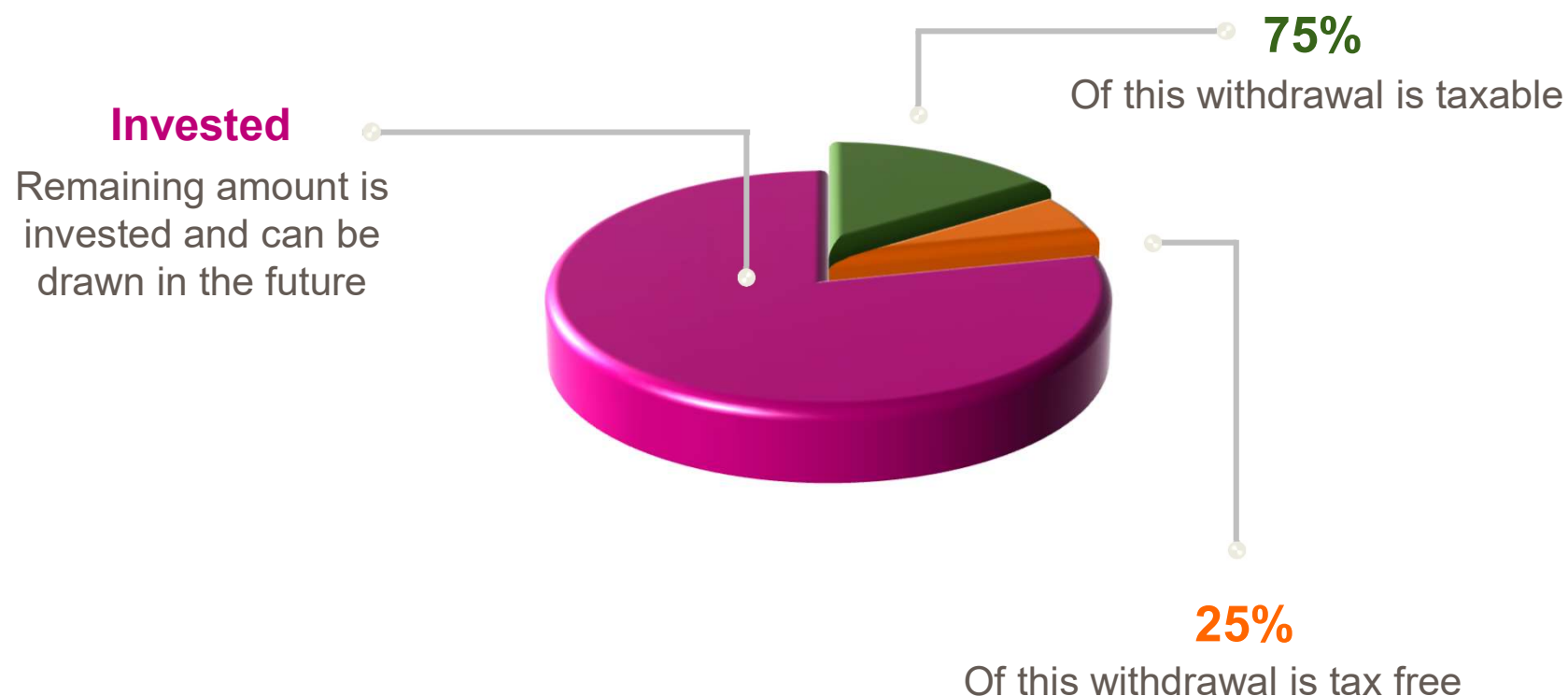
- £0 to £12,570 = 0%
- £12,570 to £50,270 = 20% tax
- £50,270 to £150,000 = 40% tax
- £150,000 > = 45% tax



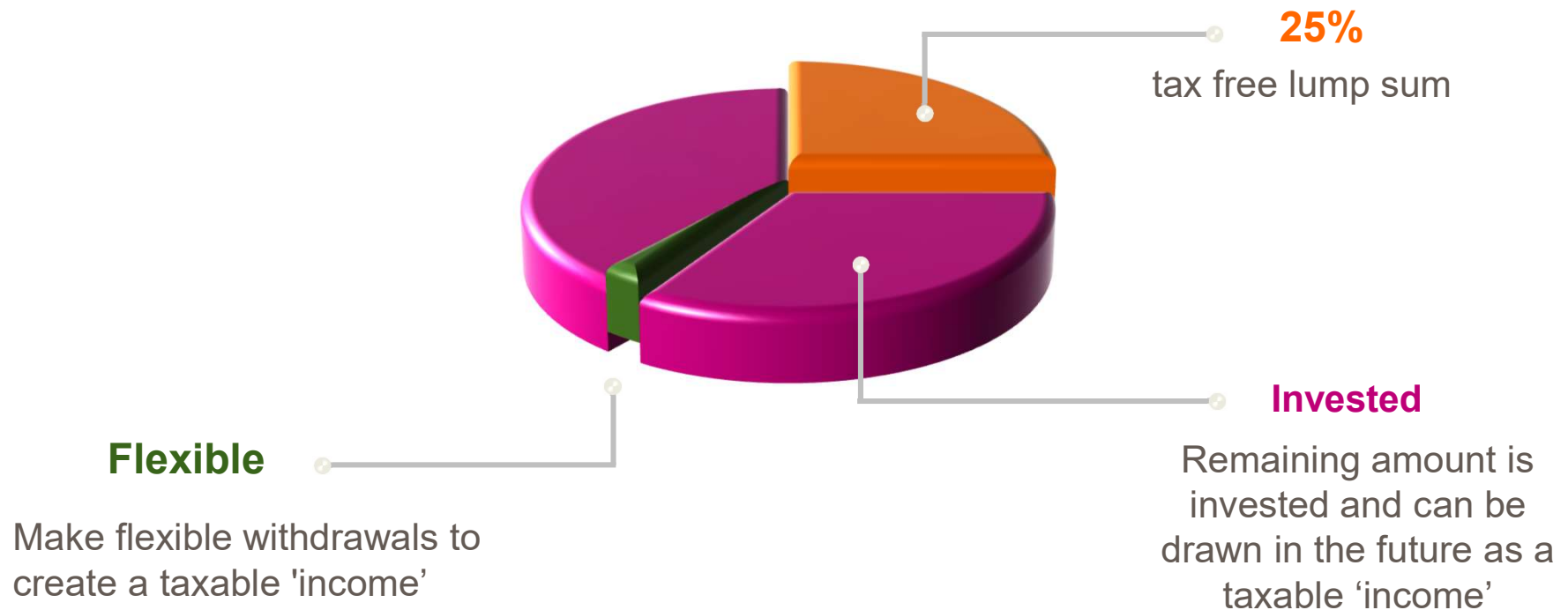
Income between £100,000 and £125,140 is taxed at an effective rate of 60%

## Receiving a series of cash lump sums

This approach enables you to receive your tax free cash entitlement gradually.



# Income drawdown



# Buying an annuity



Receive up to 25% as a tax free lump sum

Choose from options including

- A guarantee period
- Inflation linking
- Spouse/partner pension

Buy an annuity with the remainder

The income level you receive will be determined by your circumstances

This will provide a guaranteed income throughout your retirement



# The Money Purchase Annual Allowance

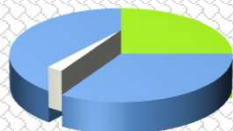
The Money Purchase Annual Allowance (MPAA) of £4,000 may apply if you draw money from your DC pension.

When it will apply ↘

Receiving a lump sum of taxable & tax-free money



Drawing any amount of taxable money



↙ When it won't apply

Receiving only tax-free cash



Buying a lifetime annuity



Carry forward is not available when the MPAA applies



# Lifetime Allowance (LTA)



A limit set by the government, if your pension savings are valued above this limit you could face a significant tax charge

**£1,073,100**



You are normally assessed against the LTA at the point you receive your pension

You will incur a charge on any benefits that exceed the LTA of:



55% if these benefits are received as a lump sum



25% PLUS your marginal rate of income tax if benefits are received in any other way

# Understanding more about the AA and LTA



Further information about the AA & LTA

[www.gov.uk/tax-on-your-private-pension](http://www.gov.uk/tax-on-your-private-pension)

Information on:

- Annual allowance
- Lifetime allowance

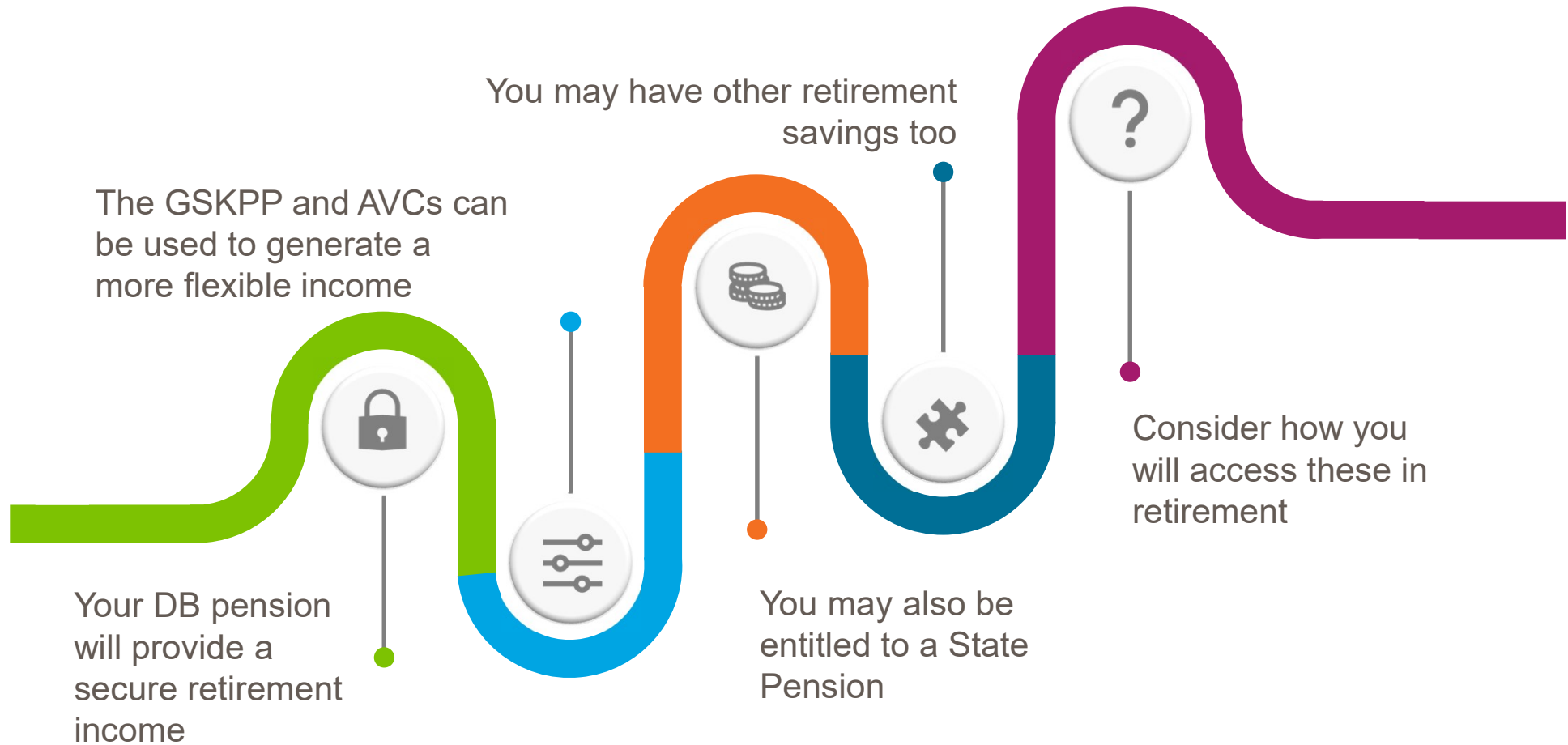


Visit the 'Financial Education: WEALTH at work' Quick Link via [www.totarewardonline.co.uk](http://www.totarewardonline.co.uk) and select 'your webcasts' to find out more about allowances

## Bringing it all together



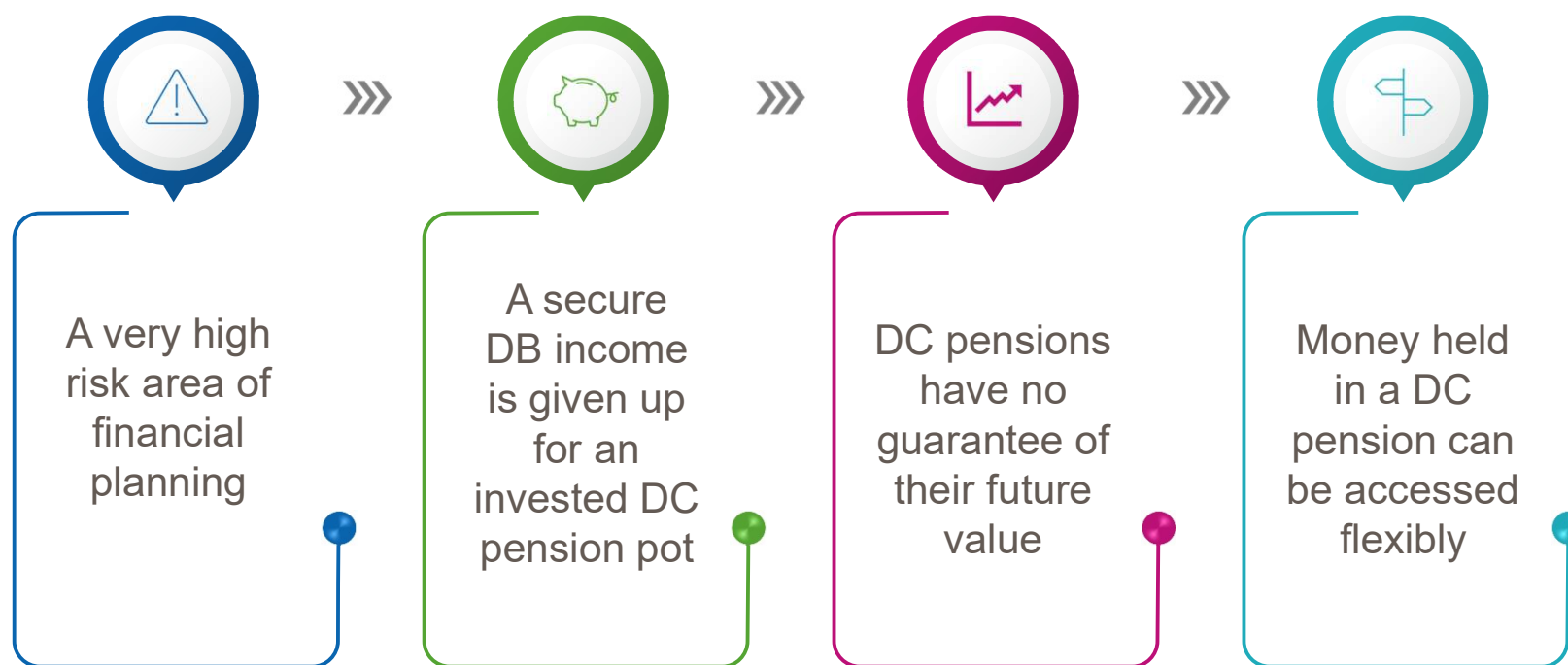
# Generating an income at retirement



## CETV – Transferring from DB to DC



# Carrying out a DB to DC transfer



# Personal circumstances

Whether a DB to DC transfer is suitable will depend on personal circumstances including:



# DB to DC transfers

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





## Other retirement savings



# Share Save options at retirement

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Use some or all of your savings to purchase a reduced number of shares at the sharesave price.

Withdraw savings immediately

Continue saving beyond six month window to end of term

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# Share Reward options at retirement

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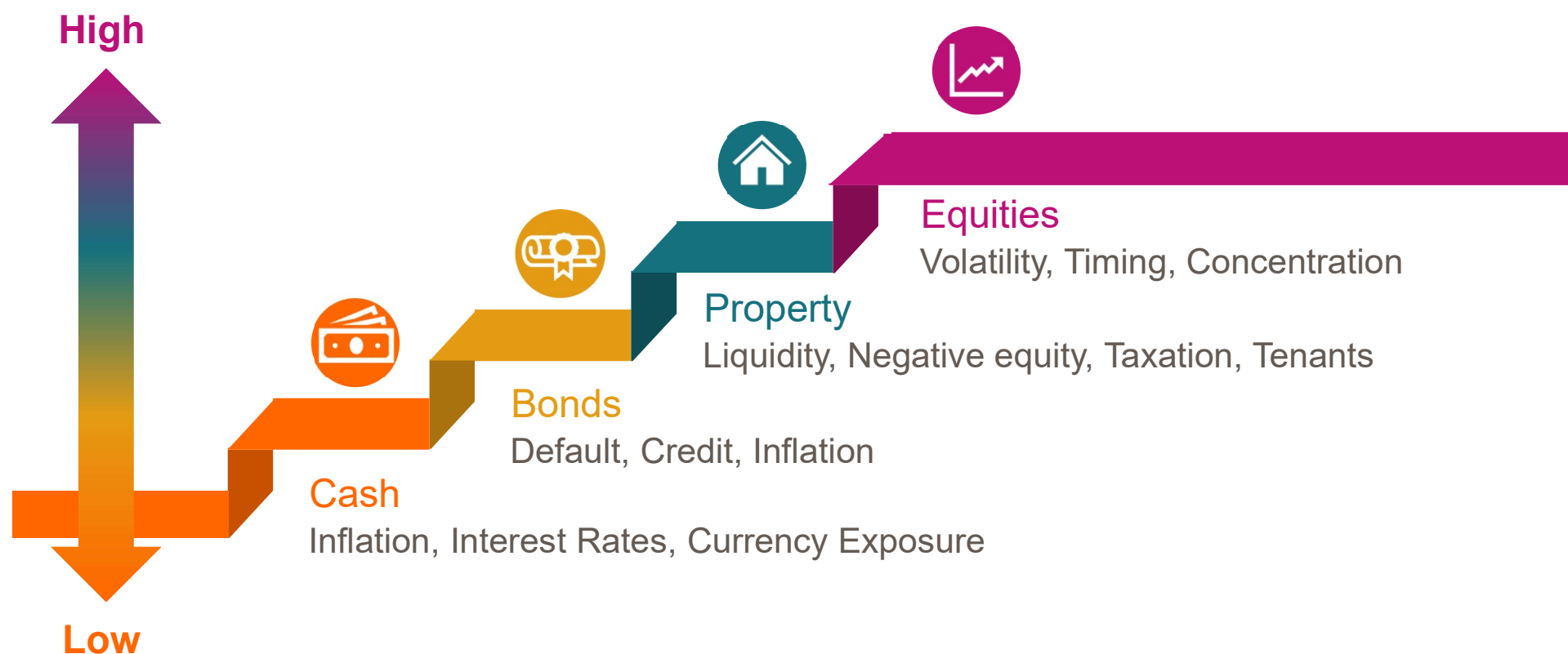
Sell shares and receive proceeds, free of tax.

Shares transferred to (*GSK facilitated*) share dealing account free of tax. Although future gains would be assessed for CGT.

Share certificate issued on request (*GSK facilitated*). *There will be no tax liability although future gains would be assessed for GCT.*

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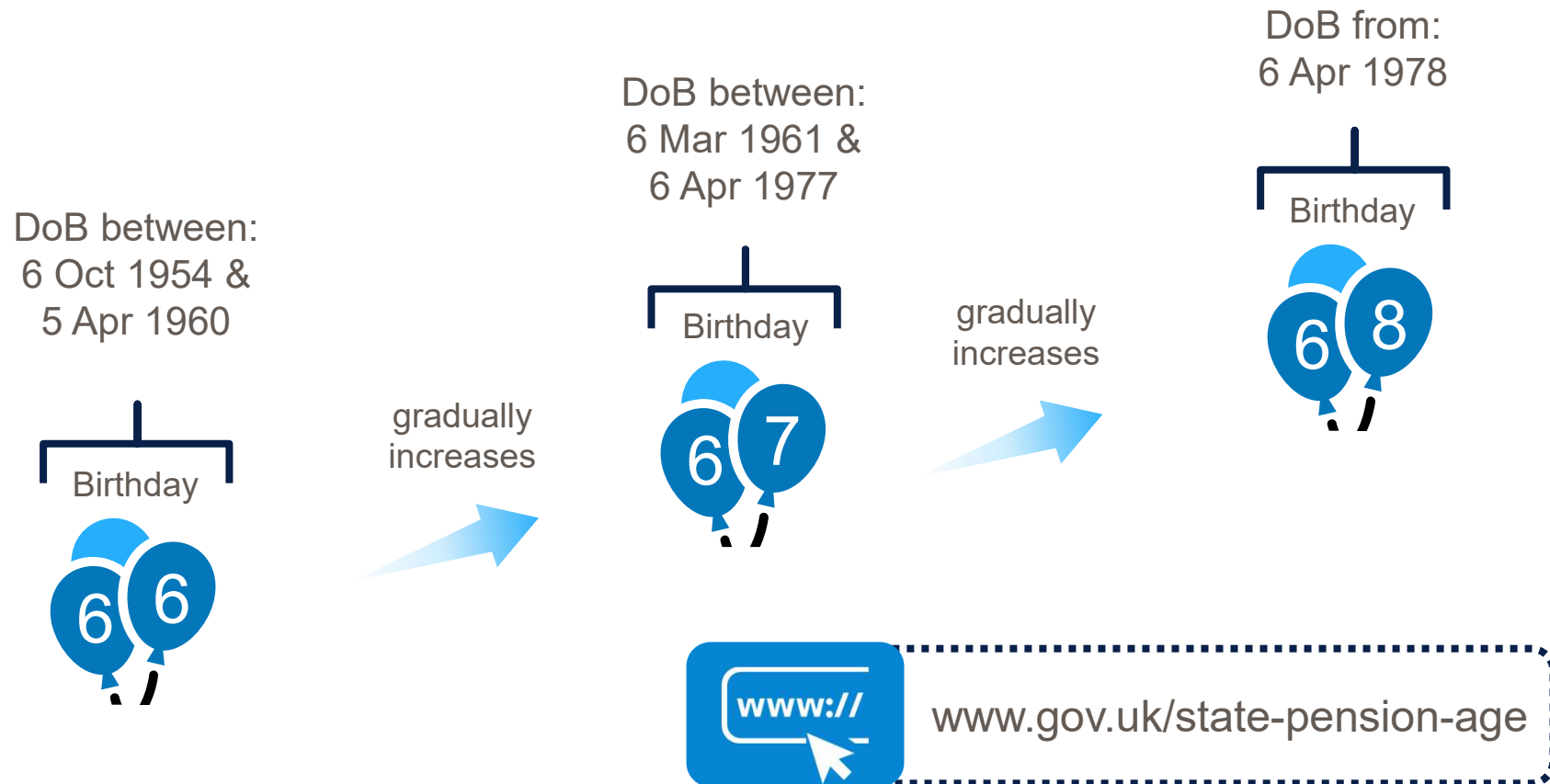
# Risk & return



## The State Pension



# When Will You Receive a State Pension?

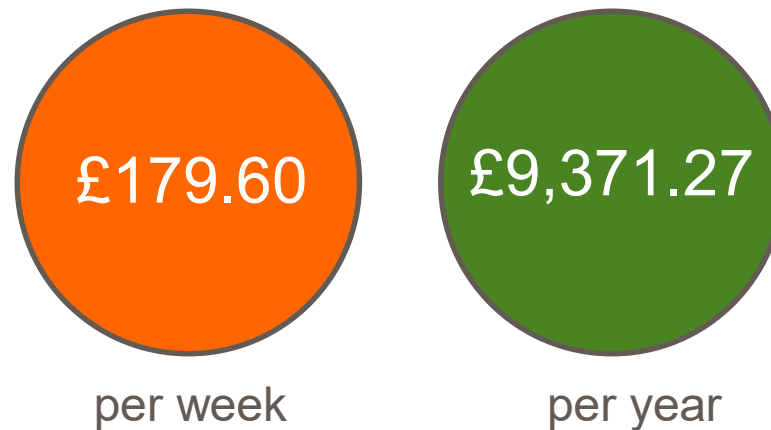


\*The Government intends to bring forward the State Pension age transition from 67 to 68 affecting those born between 6<sup>th</sup> April 1970 and 5<sup>th</sup> April 1978 - if adopted those affected will reach State Pension age between their 67<sup>th</sup> & 68<sup>th</sup> birthdays

## How Much Might You Receive?



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



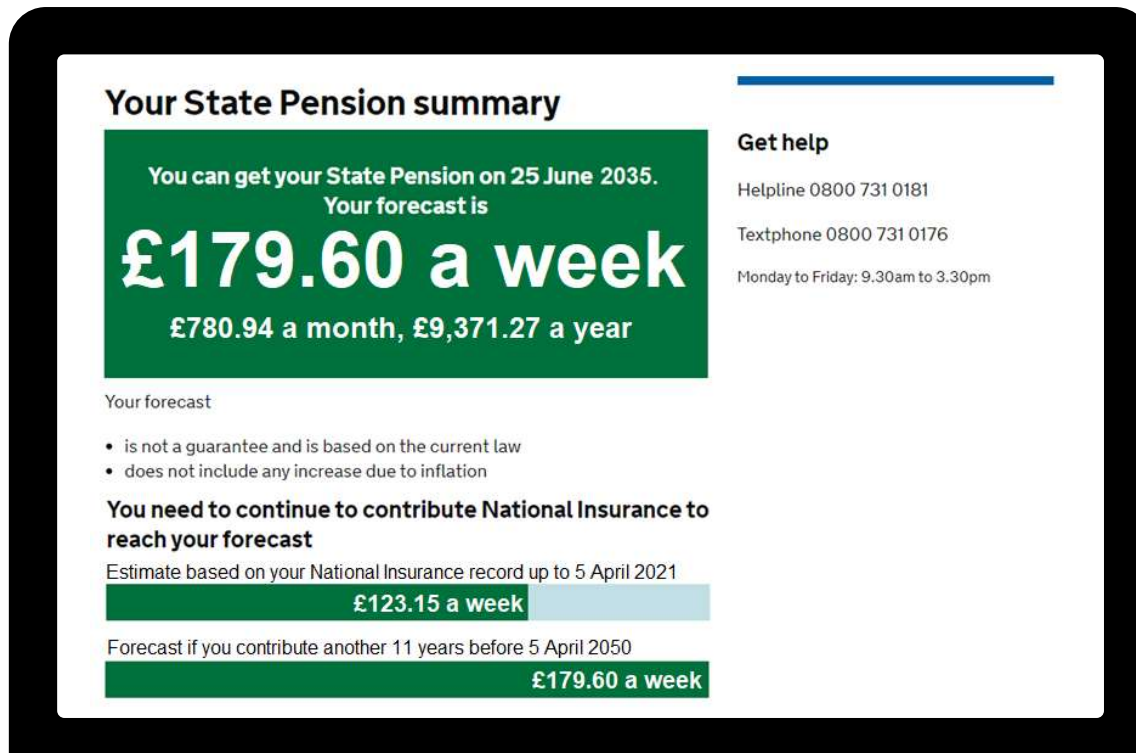
A reduction to this may be applied if:

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 from 2016/17 to the year before you reach State Pension age will make the deduction less**

# How Much Might You Receive?



How much you could get



When you can get it



How to increase it, if you can

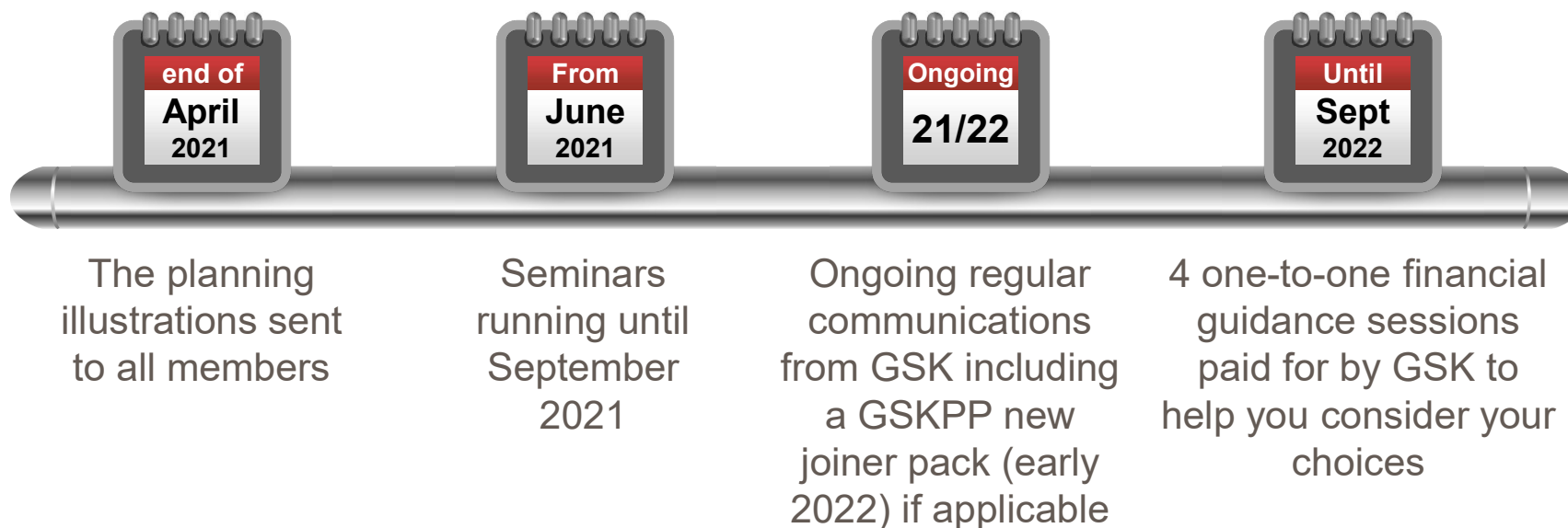




## Next steps



## Further support from GSK



For details for booking the one-to-one guidance sessions visit the microsite

Or

Refer to the planning illustrations sent in April 2021

## Further support from GSK



- Visit the microsite for the DB closure
- <https://pensions.wealthatworkgsk.co.uk/>



- Email the helpdesk
- [gsk@wealthatwork.co.uk](mailto:gsk@wealthatwork.co.uk)



- Call the helpline
- 0800 954 0759

If you email or ring the above, we can answer technical queries that you may have in relation to the changes but will not be able to give you financial advice.

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