Remember sharesave schemes? As investors brace for a winter of turbulence on stock markets, it is worth looking again at this method of saving and investing, which offers employees investing in their own companies' equity considerable protection against losses and significant tax advantages.

Asda offered a case in point this summer. Three years ago, the UK retailer gave its staff a chance to buy shares in the parent company, Walmart, under a three-year sharesave scheme that matured in July 2020.

Over 24,000 tucked away between £5 and £350 a month. Come July they were able to exchange the cash saved for the shares, priced at a discount of 20 per cent to the July 2017 price.

Cue picture of beaming Asda employees tapping their pockets happily. Since July 2017 Walmart shares have doubled. Someone saving the maximum £350 would have acquired shares worth £26,166 for their £12,600 — a rise of 107 per cent.

Not everyone signing up to these schemes has been so lucky. Scottish broadcaster STV also launched a scheme in 2017, which matured last weekend. Had it matured in February, before lockdown struck, participants would have made 30 per cent. Its previous six plans all made a profit – one rising 192 per cent. But STV, like others running these schemes, has been struck by Covid-19. The exercisable price of £3.49 is no longer looking a bargain. The shares are currently trading around £2.63 – more than 20 per cent below the strike price.

However, the beauty of sharesave schemes is that STV staff are not committed to taking the shares. They can walk away disappointed but will receive back every penny they invested.

Latest figures from HM Revenue & Customs show that more than 14,000 companies operated some sort of employee share scheme in 2018-19, with sharesave (officially "Save As You Earn") the most popular format in terms of money invested. Last year £1.63bn worth of options were granted.

Yet a surprising number of employees are too nervous to take up these offers (only one in six Asda staff did). And this is especially true in a year like this, when they have seen stock markets tumble. Equally, a surprising number leave it too late to apply and so miss out on the opportunity.

As illustrated, these schemes can be unpredictable but potentially lucrative. And they can be a very tax-efficient way of participating in your employer's success if its shares rise in value during the course of a scheme (which can run for either three or five years).

The money is taken directly from your net wages by your employer, which determines how much you can save — the maximum allowed by HMRC is £500 a month. You do not pay income tax or national insurance on the difference between what you pay for the shares and what they are worth — that perk cost HMRC £200m in 2018-19.

You may have to pay capital gains tax (CGT) if you sell the shares. You have a number of options. First, if you are sitting on a large profit and have unused Isa allowance at the time the scheme matures it is worth thinking about using it and transferring all or a portion of the shares into your Isa — if you do this within 90 days of buying them you can then dispose of this element without triggering CGT.

Even if you plan to keep your new shares, it is worth considering putting them straight into an Isa wrapper on maturity of the scheme. You may also be able to transfer the shares into your pension and enjoy similar benefits, but you must do so as soon as you buy them to avoid CGT issues.

You can also give shares to your spouse or civil partner without HMRC considering this as a disposal. We each have a CGT allowance, which this tax year is £12,300. That is the amount of gain you can make on a disposal before you have to pay CGT. It means a couple can enjoy gains of £24,600 between them. You may consider staggering the disposal of your shares over a couple of tax years to avoid incurring tax.

Joining your employer's sharesave scheme is a no-brainer for many people. It is a great, disciplined way of saving, and arguably you should invest as much as you can afford. If you suddenly find money is tight — your partner loses their job, for instance — you can always withdraw the money. And you can take a "holiday" from making contributions of up 12 months before your participation in the scheme lapses.

Your monthly savings are ring-fenced within a financial institution — usually a bank — and so would not be affected if your employer went bust. It is worth checking where the money is held and that it is covered by the Financial Services Compensation Scheme (FSCS). In the event the bank holding your money collapses, this covers you up to £85,000 per person per bank or building society group. You are limited to £85,000 in total if you already have savings with the group holding the SAYE scheme.

No adviser would ever use the term "risk-free" to describe an investment, but this is as close as anything I know to meriting the description. However, holding on to the shares when the contract matures is another matter.

Once you have purchased the shares, you lose the FSCS protection you had. Your employer might continue to prosper, and the share price might soar. But what if the company goes into liquidation or hits serious issues?

Sadly, that does not require much imagination to contemplate at the moment. You could lose your job and all or a large proportion of your savings at the same time. I know of people at Lehman Brothers and Halifax Bank who found themselves in this position during the financial crisis in 2007-08. It is not worth the risk.

If you are sitting on shares from previous schemes, this may be time to think about a programme of disposal — moving the cash into a more diversified portfolio of shares or a fund. Just holding them in perpetuity after maturity because they happen to have done well for you is a concentration of risk you may live to regret.

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