talking money

Peter Richards
FINANCIAL LTD
FINANCIAL ADVISERS

SEPTEMBER / OCTOBER 2025

How Chancellor Rachel Reeves could increase taxes

Discover what the Autumn Budget could mean for workers and pensioners

PASSING ON WEALTH THROUGH TRUSTS
Is it the right moment to begin safeguarding your wealth for the future?

EVOLUTION OF BONDS
Increasing awareness of intergenerational wealth transfer

GOVERNMENT CONSIDERS INHERITANCE TAX REFORMS
Tightening gift-giving regulations is among the measures being considered

Peter Richards Financial Limited
1 Peterfield Road, Hampton Vale, Peterborough, PE7 8NR
Tel: 01733 230 396 **Fax:** 01733 391 043 **Email:** advice@prfonline.com

Peter Richards Financial Ltd is authorised and regulated by the Financial Conduct Authority (www.fca.org.uk/register). FCA Registration No: 222564

Inside this issue

Welcome to our latest issue. The National Institute of Economic and Social Research (NIESR) has issued a stark warning. If no action is taken, the government is likely to miss its fiscal rule, which requires that day-to-day spending is covered by tax receipts of significant £41.2 billion by 2029/30. To stay on track, Chancellor Rachel Reeves will need to implement further tax increases. This raises important questions about the policies being considered and who might face the greatest financial impact. From workers' wages to pension contributions, many groups could be most affected by these changes. Turn to page 09 to read the full article.

A UK trust is a legal arrangement in which one party holds and manages assets on behalf of another party, in accordance with the terms set by the trust's creator. Many individuals and families utilise them for future planning. On page 11, we explain how they often serve as a safeguard for wealth, ensuring that assets are passed on to the next generation according to the specific wishes of the owner. Trusts are essential in estate planning; however, due to their complexity, obtaining professional advice before setting one up is vital.

A significant proportion of people (47%) plan to pass on their wealth to future generations, with over a third (38%) intending to transfer assets directly to their children, according to a new report[1]. However, many are unaware of how to do this in a tax-efficient way. With the increasing awareness of intergenerational wealth transfer following the significant changes announced in the 2024 Autumn Budget, on page 11, we examine two notable examples.

The UK Treasury is seeking new ways to reduce the growing deficit ahead of the much-anticipated Autumn Budget. Reports suggest that officials are exploring further potential changes to Inheritance Tax (IHT) rules. Tightening gifting regulations is just one of the measures being considered to increase revenue and stabilise the country's finances. Read the full article on page 10.

A complete list of the articles featured in this issue can be found on the right and on the opposite page. ◀

Secure your financial success with confidence

No matter your financial goals, we're here to help you achieve them. Align your finances with what matters most to you. For more information, please contact us—we look forward to hearing from you!

Source data:

[1] Survey of 4,000 nationally representative UK adults conducted for LV= by Opinium in March 2025.

Contents

06

04
SHOW ME THE MONEY
£103 billion withdrawn flexibly from pension pots since 2015

05
EVOLUTION OF BONDS
Increasing awareness of intergenerational wealth transfer

06
UNLOCKING FINANCIAL FREEDOM
Save, invest and grow your wealth for a secure future

08
IS IT TIME TO INVEST IN YOUR GRANDCHILDREN'S FUTURE?
Protect their future with strategic planning to leave a lasting legacy

09
HOW CHANCELLOR RACHEL REEVES COULD INCREASE TAXES
Discover what the Autumn Budget could mean for workers and pensioners

10
GOVERNMENT CONSIDERS INHERITANCE TAX REFORMS
Tightening gift-giving regulations is among the measures being considered

11
PASSING ON WEALTH THROUGH TRUSTS
Is it the right moment to begin safeguarding your wealth for the future?

12
WHY PROTECTION MATTERS
Do you have a safety net for you and your loved ones in case the unforeseen happens?

Information is based on our current understanding of taxation legislation and regulations. Any levels and bases of, and reliefs from, taxation are subject to change.

The value of investments may go down as well as up, and you may get back less than you invested.

The content of the articles featured in this publication is for your general information and use only and is not intended to address your particular requirements. Articles should not be relied upon in their entirety and shall not be deemed to be, or constitute, advice. Although endeavours have been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough examination of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions taken in respect of any articles. Thresholds, percentage rates and tax legislation may change in subsequent Finance Acts. Levels and bases of, and reliefs from, taxation are subject to change and their value depends on the individual circumstances of the investor. The value of your investments can go down as well as up and you may get back less than you invested. Past performance is not a reliable indicator of future results. The Financial Conduct Authority does not regulate tax advice, Inheritance Tax planning, trusts, estate planning, Will writing or Cashflow Modelling.

Contents

14
WHY REMAINING INVESTED SUPPORTS LONG-TERM GROWTH
Unlocking the potential of your investments and securing your financial future

16
WHY HAS A LIFETIME GIFTING CAP RAISED CONCERNS?
Proposed policy would fundamentally change how wealth is transferred across generations

17
PENSION MYTHS EXPOSED
Distinguishing fact from fiction to fully utilise opportunities and secure your future

18
LOVE AND MONEY
Are you in a 'financial situationship'?

20
PLANNING FOR EARLY RETIREMENT
Is it time to move forward towards your financial freedom?

22
BREAKING FREE FROM GEOPOLITICAL NOISE
Why long-term portfolio success depends on strategy, not global headlines

24
PROTECT YOUR RETIREMENT PLANS BY INVESTING MORE TODAY
Why larger pension contributions can have a significant impact

26
MIND THE DIVORCE GAP
Research highlights the financial challenges faced by women

27
BUILD A BRIGHTER, MORE SECURE FUTURE
Financial independence remains out of reach for 6 million people in the UK

28
SAFEGUARDING AGAINST SCAMS
Common frauds and how to protect yourself

30
HOW TO INCREASE YOUR STATE PENSION
Taking action now can significantly enhance your future financial security

32
SHOULD ANNUITIES BE INCLUDED IN RETIREMENT PLANS?
Protect against the risk of outliving your savings with a steady income

34
WHY SHOULD YOU INVESTIN AN ISA THIS YEAR?
Acting sooner significantly improves your chances of achieving financial goals

36
RISING FINANCIAL PRESSURES
A stagnation in personal financial safety nets

38
CASH FLOW MODELLING: PLANNING YOUR FINANCIAL FUTURE
Master your finances and bring clarity and control to make informed decisions

40
ARE YOU A PENSION PLANNER OR A PROCRASTINATOR?
Why preparing for retirement has never been more crucial

42
DO YOU HAVE MULTIPLE PENSION POTS TO KEEP TRACK OF?
When leaving a job, how to stay updated on your retirement savings

Show me the money

£102.3 billion withdrawn flexibly from pension pots since 2015

Seven in ten people who withdrew funds from their pensions over the last decade were under 65, according to recent findings from the Department for Work and Pensions (DWP). The data highlights concerns about accessing retirement pots before reaching the State Pension age.

Almost 43% of all flexible pension withdrawals were made by people under 60, according to the DWP. An additional 28% of withdrawals were carried out by individuals aged between 60 and 64.

SCALE OF WITHDRAWALS RAISES QUESTIONS

Since the pension freedom rules came into effect in 2015, the findings show a total of £102.3 billion has been withdrawn flexibly from pension pots. Of this, £36 billion (35%) was taken by those under 60, while another £29 billion (28%) was accessed by those aged 60 to 64.

The average amount withdrawn by individuals under 60 was £27,600, rising to £34,500 for those aged between 60 and 64. Importantly, these figures exclude tax-free lump sum withdrawals, which could add billions more.

CHANGING THE STATE PENSION AGE ADDS COMPLEXITY

Currently, the UK's State Pension age is 66 for both men and women, but it is gradually increasing. From 2026 to 2028, it will rise to 67, followed by a further increase to 68 between 2044 and 2046. This gradual rise reflects the government's response to increasing life expectancy and financial pressures.

Simultaneously, the official minimum pension age, which is the earliest age people can access their pension, will rise from 55 to 57 in April 2028. This adjustment addresses growing concerns about early pension access and its potential long-term effects.

PRESSURES DRIVING EARLY WITHDRAWALS

Changes to Inheritance Tax (IHT) rules have also affected early pension withdrawals. From April 2027, defined contribution pension pots will be counted in IHT calculations. This upcoming change has led some savers to prioritise spending their pension funds rather than leaving an inheritance.

However, withdrawing pension funds early carries significant consequences. Savers must carefully consider how this might impact their future financial security and the sustainability of their retirement income.

SEEKING THE RIGHT PROFESSIONAL ADVICE

Navigating decisions about when to access pension savings can be complex, as it involves weighing various financial, personal and long-term factors. Seeking professional advice is essential, as it provides a clearer understanding of the available options and helps individuals make informed decisions that align with their unique goals and circumstances.

For those considering withdrawing money from their pension before reaching retirement age, it's crucial to understand the full consequences. Accessing pension savings early can result in significant outcomes, such as potential tax charges, a reduced retirement income and an impact on long-term financial security. ◀

Is it time to discuss your retirement plans?

Taking the time to explore these factors with guidance will ensure that decisions are made confidently and with a full understanding of the potential outcomes. If you have any questions or concerns, please contact us.

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. The value of your investments can go down as well as up, and you may get back less than you invested.

A pension is a long-term investment not normally accessible until age 55 (57 from April 2028 unless the plan has a protected pension age). The value of your investments (and any income from them) can go down as well as up, which would have an impact on the level of pension benefits available.

Evolution of bonds

Increasing awareness of intergenerational wealth transfer

A **significant proportion of people (47%)** plan to pass on their wealth to future generations, with over a third (38%) intending to transfer assets directly to their children, according to a new report[1]. However, many are unaware of how to do this in a tax-efficient way.

The increasing awareness of intergenerational wealth transfer emphasises significant changes to Inheritance Tax (IHT) announced in the 2024 Autumn Budget. Notable examples include the new IHT rules applying to defined contribution pensions from April 2027 and the introduction of caps on business and agricultural reliefs. These changes have prompted many individuals to reassess their estates.

The report's findings reveal that over a third (36%) of people are worried about their financial future. With tax thresholds frozen and the potential for further increases, demand for professional financial advice is increasing. People are increasingly seeking to understand the implications of IHT and ways to ensure their wealth is passed on efficiently.

BONDS OFFER EFFICIENT ESTATE PLANNING TOOLS

One solution gaining popularity is the use of onshore bonds. Offering a unique blend of flexibility and tax efficiency, these investment tools enable savings to grow while helping to minimise future IHT liabilities. When incorporated into a well-designed estate planning strategy, bonds not only reduce tax exposure but also simplify the transfer of wealth across generations.

Onshore bonds are especially beneficial because they can be transferred to family members without generating a chargeable gain. The recipient is regarded as having held the bond since the start. This enables them to make the most of full top-slicing relief and any unused 5% tax-deferred allowances in future withdrawals.

TRUST STRUCTURES SUPPORT TAX MITIGATION

When used within a trust, onshore bonds offer an effective way to reduce IHT and simplify administration. Trustees can access a 5% tax-deferred withdrawal allowance when taking funds for expenses, while avoiding the complications linked to income-producing assets.

Furthermore, bonds structured as clustered policies enable trustees to allocate specific portions to beneficiaries later. This flexibility not only diminishes future tax exposure but also ensures beneficiaries receive financial support at the appropriate time, aligning with the original trust objectives.

LONG-TERM FINANCIAL PLANNING OBJECTIVES

However, despite these advantages, research indicates that more than two-thirds (67%) of people are unaware of how bonds can assist with inheritance planning or lower tax burdens. This gap in understanding underscores the crucial role that professional financial advice plays in this area.

As awareness increases, more people are aiming to equip themselves with the tools needed to leave a lasting legacy. Bonds, with their distinctive features, provide an attractive option for those seeking to combine investment growth with long-term financial planning goals.

EDUCATION AND PROFESSIONAL ADVICE ARE ESSENTIAL

Given the complexities surrounding estate planning and the legislative changes to IHT, it has become essential to seek professional advice. We can help individuals and families make well-informed decisions by guiding them through the intricate landscape of tax-efficient investment options.

Onshore bonds, in particular, can serve as a valuable tool for individuals seeking to achieve capital growth while reducing tax exposure. By incorporating bonds into a broader financial strategy, clients position themselves to benefit future generations while remaining compliant with changing tax laws.

BONDS COMBINE SIMPLICITY WITH FLEXIBILITY

One of the main appeals of bonds is their straightforwardness. Unlike other financial planning tools, they provide a transparent way to manage tax and inheritance matters. This simplicity not only makes bonds accessible to investors but also practical for trustees handling long-term wealth.

Another reason is the flexibility that bonds provide. With the ability to transfer ownership, manage withdrawals and adapt to changing circumstances, bonds can accommodate a wide range of estate planning scenarios. Ultimately, this flexibility ensures they remain a relevant and powerful tool for passing on wealth.

TAKE ACTION TO SECURE YOUR FINANCIAL LEGACY

Bonds remain a valuable and often overlooked resource for those seeking to grow their wealth while reducing Inheritance Tax. By combining tax efficiency with flexibility, they provide a practical solution to meet the increasing demand for intergenerational wealth transfer. ◀

Want to discuss securing a tax-efficient future for generations to come?

If you're considering your own inheritance or tax planning, don't wait. Speak with us to find out how bonds, alongside other tools, could help you achieve your long-term financial goals. Proactive planning today can provide a more secure and tax-efficient future for future generations.

Source data:

[1] Survey of 4,000 nationally representative UK adults conducted for LV= by Opinium in March 2025.

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. The value of your investments can go down as well as up, and you may get back less than you invested. Tax planning & estate planning is not regulated by the Financial Conduct Authority.

Unlocking financial freedom

Save, invest and grow your wealth for a secure future

A Self-Invested Personal Pension (SIPP) is a type of personal pension that provides you with greater control over how and where your retirement savings are invested. While it operates similarly to a standard personal pension by allowing you to save, invest and grow your wealth, SIPPs stand out because of the flexibility they provide. They enable you to choose from a wider range of investment options, allowing you to tailor your investments to suit your personal goals and risk tolerance.

A **key benefit of pensions generally,** and SIPPs in particular, is tax relief. This can substantially boost your retirement savings. When you contribute to a SIPP, the government offers tax relief according to your Income Tax rate. For instance, if you're a basic rate taxpayer, a £100 contribution only costs you £80, as the government adds the remaining £20. Higher and additional rate taxpayers can claim even more through their tax returns. This tax-efficient setup enables your pension fund to grow more quickly.

INVESTMENT OPTIONS AND PORTFOLIO FLEXIBILITY

Unlike typical personal pensions, which may restrict you to a limited range of investment options, the top SIPPs provide access to a wide array of assets. From individual shares and investment funds to government bonds, commercial property and more, this flexibility enables you to create a personalised portfolio. Whether you prefer managing these investments yourself or working with a professional, SIPPs can be tailored to meet your specific requirements.

This level of customisation could appeal to experienced investors who want to actively manage their retirement fund. However, if you prefer to leave the detailed work to someone else, some providers offer managed account services or pre-selected portfolios.

HOW SIPPS WORK WITH ANNUAL ALLOWANCES

SIPPs operate within the tax rules that apply to all pension types. The annual allowance for pension contributions in the current 2025/26 tax year is £60,000. This includes both your personal contributions and those made by your employer. However, you cannot personally contribute more than 100% of your UK-earned income or £ 3,600 per annum, if more, as tax-relievable contributions. Additionally, if you are a very high earner, your annual allowance might be reduced to as little as £10,000 due to tapering rules. These complexities mean that professional advice could be essential for maximising your allowances effectively.

Another important rule is the 'carry forward' provision. This enables you to use unused annual allowances from the past three tax years. To qualify, you must have been a member of a registered pension scheme during each of those years, and your earnings in the current tax year must be sufficient to support the contributions.

FLEXIBLE CONTRIBUTIONS AND EMPLOYER OPTIONS

SIPPs provide flexibility in how and when you make contributions. Deposits can be made as lump sums or monthly, usually via direct debit. Some employers might also offer the option to contribute to your SIPP. If you're already saving into a Workplace Pension, it's generally best to maximise your employer's contributions to that scheme first before considering additional savings in a SIPP.

It's important to recognise that pensions, including SIPPs, are long-term savings options; you cannot access your money until you reach retirement age. Currently, the minimum age for accessing pension savings is 55, but this will rise to 57 on 6 April 2028. Therefore, while flexibility is a key feature of SIPPs, planning ahead is crucial to ensure they fit with your wider financial plans.

OPTIONS FOR ACCESSING YOUR POT

Once you reach retirement age, you have several options for accessing your SIPP savings. Typically, the first 25% of your fund can be withdrawn tax-free, while the remaining amount is taxable under current regulations. You can choose to withdraw lump sums as needed, purchase a guaranteed lifetime income through an annuity or leave your money invested while using a drawdown facility to receive income gradually.

For those who favour financial security over investment risk, annuities offer peace of mind. They can be tailored to suit your circumstances, such as providing a spouse's pension after death or higher rates for individuals with certain health conditions. Equally important, it's prudent to compare the best annuity rates available.

SHOULD YOU CONSOLIDATE YOUR PENSIONS?

If you have held multiple jobs over the years, it's likely you've accumulated a variety of pension schemes. SIPPs can be an excellent way to consolidate these into a single, more modern and flexible account. Defined contribution pensions, such as personal pensions, can often be easily transferred into a SIPP. This simplifies management and offers better oversight of your retirement plans.

However, it is important to exercise caution when transferring pensions. Some schemes offer 'safeguarded benefits', such as defined benefit pensions or guaranteed annuity rates, which are usually best left unchanged. If you are considering making a transfer, regulated financial advice is generally required for pensions with such features.

SMART INVESTMENT STRATEGIES

When planning for retirement, your strategy should be guided by your timeline and risk appetite. If you're still some way from retiring, adopting a more growth-oriented approach, often involving equities, might be advantageous. Regular contributions to your fund can also benefit from pound-cost averaging, a method that helps to reduce the impact of price fluctuations over time.

Conversely, if you are nearing access to your SIPP, it is sensible to adopt a more cautious approach. Market fluctuations can considerably affect your savings if you intend to withdraw lump sums or purchase an annuity soon. Choosing lower-risk investment options can help maintain the value of your fund as you reach this critical stage. ◄

Ready to take control of your retirement?

If you'd like to learn how a SIPP could complement your retirement plan or you need help managing your investments, please get in touch with us and take the next step towards securing your financial future. We look forward to hearing from you.

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. The value of your investments can go down as well as up, and you may get back less than you invested.

A pension is a long-term investment not normally accessible until age 55 (57 from april 2028 unless the plan has a protected pension age). The value of your investments (and any income from them) can go down as well as up, which would have an impact on the level of pension benefits available.

Is it time to invest in your grandchildren's future?

Protect their future with strategic planning to leave a lasting legacy

Investing for your grandchildren isn't just about giving wealth; it's about creating opportunities and stability for their futures. Whether it helps fund further education, a home deposit or even retirement, strategic planning enables you to leave a lasting legacy.

As a grandparent, providing financial support can be more tax-efficient than helping through the child's parents due to potential tax implications. By exploring optimal savings and investment options, you could maximise the impact of your generosity.

BUILDING A FOUNDATION WITH A JUNIOR ISA

A Junior Individual Savings Account (Junior ISA or JISA) is often the first step in securing financial stability for grandchildren. These accounts provide tax-free growth, meaning that any interest or gains are not liable for Capital Gains Tax (CGT).

Contributions of up to an annual limit of £9,000 are allowed (2025/26), and the funds become accessible once your grandchild turns 18. It is important to note that children born before 3 January 2011 with child trust funds (CTF) can't have a JISA opened unless the CTF funds are transferred to a JISA, and the CTF is closed.

PLANNING FOR THE LONG TERM WITH A JUNIOR SIPP

For grandparents looking to help secure a grandchild's long-term financial future, a Junior Self-Invested Personal Pension (Junior SIPP) could be a suitable choice. Designed explicitly as a retirement savings scheme, it allows you to invest up to £2,880 each year (2025/26), with the government offering 20% tax relief, increasing the total contribution to £3,600.

Although funds in a Junior SIPP are locked in until at least the age of 57, starting early enables decades for potential compound growth. This foresight could lead to a substantial retirement fund, offering your grandchild the financial security they might need later in life.

HELPING THEM SAVE FOR LIFE'S MILESTONES

When your grandchild turns 18, a Lifetime ISA (LISA) is an option to assist them in saving for their first home or planning for retirement. Each year, they can currently contribute up to £4,000, with the government providing a 25% bonus on these deposits, which can amount to up to £1,000 annually.

LISAs are particularly helpful for first-time home buyers, as funds can be accessed before age 60 for property purchases (a 25% charge applies if withdrawn before 60 for any other reason). If the savings remain untouched until age 60, the account becomes a tax-free boost for retirement. Offering this option provides flexibility for your grandchild's medium- or long-term financial needs.

MINIMISING INHERITANCE TAX THROUGH GIFTING

One of the most effective ways to support your grandchildren is by minimising your estate's exposure to IHT. Using your current annual gifting allowance of up to £3,000, or arranging regular gifts from surplus income, ensures these gifts stay exempt from IHT. Alternatively, to maintain control and safeguard the funds, grandparents might consider setting up trusts. ◀

Is it time to get professional advice tailored to your family?

Investing in the future of the next generation is one of the most meaningful decisions you can make. Ensure it is done wisely, securely and with their best interests at heart. If you would like to explore options or require professional advice on managing investments for your grandchildren, please contact us.

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. The value of your investments can go down as well as up, and you may get back less than you invested.

A pension is a long-term investment not normally accessible until age 55 (57 from April 2028 unless the plan has a protected pension age). The value of your investments (and any income from them) can go down as well as up, which would have an impact on the level of pension benefits available.

How Chancellor Rachel Reeves could increase taxes

Discover what the Autumn Budget could mean for workers and pensioners

The National Institute of Economic and Social Research (NIESR) has issued a stark warning. If no action is taken, the government is likely to miss its fiscal rule, which requires that day-to-day spending is covered by tax receipts of a significant £41.2 billion by 2029/30. To stay on track, Chancellor Rachel Reeves will need to implement further tax increases.

This raises important questions about the policies being considered and who might face the greatest financial impact.

COULD FREEZING TAX THRESHOLDS TIGHTEN YOUR FINANCES?

Freezing Income Tax thresholds has become one of the most effective, yet hidden, methods of collecting taxes. While Reeves previously stated in the Spring Budget that this freeze would end in 2028, she has since avoided reaffirming that promise.

Extending the freeze until 2030 would exacerbate fiscal drag, a process in which wage increases push taxpayers into higher tax brackets without providing a meaningful boost to their purchasing power.

WILL PENSION TAX PERKS COME UNDER SCRUTINY?

For decades, pensions have benefited from generous tax incentives, including relief from Income Tax and National Insurance to promote saving for retirement. However, these benefits may soon be subject to review.

Reeves could consider limiting the 25% tax-free lump sum that retirees can withdraw or replacing the current system with a flat rate of tax relief regardless of an individual's earnings. Such changes would have a significant impact on pensioners, particularly those who rely on lump sums for secure retirements, as well as workers using salary sacrifice schemes for long-term savings.

ARE NATIONAL INSURANCE CHANGES ON RENTAL INCOME COMING?

Beyond Income Tax, landlords may also come under scrutiny. While they already pay Income Tax on rental profits, this does not include National Insurance contributions or VAT on lettings. Reeves could introduce new taxes on property earnings or change the rules for rental income entirely.

This could raise tax liabilities for small landlords and potentially lead to rent increases. Renters might then bear the financial burden as landlords attempt to pass on these costs.

IS THE NATIONAL INSURANCE THRESHOLD SAFE?

Although Labour's current manifesto commits not to increase National Insurance rates, both employee and employer contributions could still be subtly adjusted.

One option might be to lower the National Insurance threshold, which is currently set at £1,048 per month. A lowered threshold could lead to increased payroll expenses for both employers and employees.

WILL RACHEL REEVES RETHINK VAT, DIVIDENDS OR WEALTH TAXES?

Reeves might focus on increasing revenue by adjusting existing tax policies instead of introducing new ones. For instance, expanding VAT to more goods and services currently exempt or increasing the additional rate of Income Tax, which starts from £125,140, are potential options.

Furthermore, Inheritance Tax could also be amended. The current tax-free allowance of £325,000 (for 2025/26), unchanged since 2009, might be reviewed for a possible reduction. Meanwhile, exemptions could decrease for agricultural assets or gifts made outside the seven-year rule, potentially increasing liabilities for families aiming to pass down wealth. ◀

Do you need to evaluate your options to help secure your financial future?

Understanding these potential changes is essential for financial preparation. If you are unsure how these policies might impact you, please contact us to discuss your circumstances.

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice.

A pension is a long-term investment not normally accessible until age 55 (57 from april 2028 unless the plan has a protected pension age). The value of your investments (and any income from them) can go down as well as up, which would have an impact on the level of pension benefits available

The Financial Conduct Authority does not regulate estate planning, tax advice or trusts.

Government considers Inheritance Tax reforms

Tightening gift-giving regulations is among the measures being considered

The UK Treasury is seeking further new ways to reduce the growing deficit ahead of the much-anticipated Autumn Budget. With a financial shortfall exceeding £40 billion, reports suggest that officials, under the guidance of Chancellor Rachel Reeves, are exploring potential changes to Inheritance Tax (IHT) rules. Tightening gifting regulations is just one of the measures being considered to increase revenue and stabilise the country's finances.

Current market conditions, sluggish economic growth, persistent inflation and rising unemployment have put significant pressure on public spending. Although there have been calls for a wealth tax, the government is reportedly considering the less politically sensitive option of reforming IHT thresholds.

POTENTIAL GIFTING CAPS UNDER CONSIDERATION

One option being considered is the introduction of a lifetime cap on tax-free gifts. Currently, individuals can pass on assets without tax if these gifts are made at least seven years before their death. Gifts made between three and seven years prior that are above the donor's nil rate band are taxed on a sliding scale on the excess above the nil rate band, with rates decreasing annually from 32% to 8% in what's known as 'taper relief'.

By implementing a cap, the government could restrict the total value of assets or monetary gifts exempt from IHT rules, regardless of when they are given. This would represent a significant shift in policy and could impact taxpayers involved in long-term estate planning. Other aspects of the gifting framework, including the taper rate itself, are also reportedly being reviewed.

BABY BOOMERS' WEALTH TRANSFERS UNDER SCRUTINY

Alongside organisational reforms, focus is shifting to the vast intergenerational wealth expected to pass from baby boomers. Increasing property prices, substantial pension pots and accumulated wealth have created a financial landscape the Treasury doesn't want to overlook.

Last year signalled an early indication of the government's plans to align pensions with IHT. From April 2027, unused pension funds and most death benefits will be incorporated into the IHT regime, ensuring these assets contribute to government revenue during the largest generational transfer of wealth in history.

PUBLIC SENTIMENT AND NEXT STEPS

If such reforms are implemented, they are likely to spark debate across the political spectrum. While they may succeed in bolstering public finances, concerns over fairness and the potential impact on middle-income families loom large. Conversely, measures specifically targeting ultra-wealthy estates and large-scale gifts could potentially gain broader public acceptance.

The Treasury has not yet confirmed any decision, but it is clear that no revenue-raising strategy is being ruled out. With the Autumn Budget just around the corner, taxpayers would do well to stay informed about potential changes that may impact their estate planning efforts. ◀

Do you need to act now to secure your financial future and maximise your assets?

If you would like further guidance or professional advice on how potential Inheritance Tax changes could affect your finances or estate planning, please contact us sooner rather than later.

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. The value of your investments can go down as well as up, and you may get back less than you invested. The Financial Conduct Authority does not regulate estate planning, tax advice or trusts.

Passing on wealth through trusts

Is it the right moment to begin safeguarding your wealth for the future?

A UK trust is a legal arrangement in which one party holds and manages assets on behalf of another party, in accordance with the terms set by the trust's creator.

They often serve as a safeguard for wealth, ensuring that assets are passed on to the next generation according to specific wishes. Trusts are essential in estate planning; however, due to their complexity, obtaining professional advice before setting one up is vital.

WHY CONSIDER A TRUST?

Imagine you want to leave your estate to your grandchildren, but they are still young adults. Would they handle sudden financial freedom responsibly, or might they lack foresight and spend it unwisely? Alternatively, you may have nieces and nephews, but you're unsure how to distribute your wealth fairly.

A trust helps address concerns like these by allowing you to decide how and when your beneficiaries access their inheritance. Whether it's providing for education, managing wealth for those who cannot handle large sums or supporting future generations, trusts offer customisable solutions to suit individual circumstances.

THE MANY FORMS AND PURPOSES OF TRUSTS

Trusts have been utilised for centuries and serve various functions. They can distribute gifts gradually over time or safeguard wealth for beneficiaries who may face difficulties, such as being too young, lacking financial knowledge or encountering external risks like unstable personal relationships.

For some, using a trust reflects broader family strategies, such as safeguarding assets against specific risks like gambling issues or external influences. Additionally, in jurisdictions where tax laws differ, trusts can have varying tax implications, making expert advice essential for effective planning.

DEFINING A TRUST

At its core, a trust creates a legal relationship among three parties. The 'settlor' transfers their assets into a trust and specifies their wishes. The 'trustee', often a professional like a lawyer, manages the trust according to these instructions. Lastly, there is the 'beneficiary', who receives the trust's assets at the appropriate time and for its intended purpose.

Choosing a trustee is a crucial decision because they must act in the best interests of the beneficiaries. This often involves overseeing complex financial matters and managing practical responsibilities. Professional trustees bring neutrality and expertise to the role, ensuring the trust operates smoothly and accurately reflects the settlor's intentions.

WHEN OUTRIGHT GIFTS AREN'T THE RIGHT FIT

Sometimes, giving money directly isn't the best option. A trust enables you to retain control over your assets even after transferring them. You may prefer to distribute funds gradually or tie the disbursement to specific milestones, such as paying university fees or contributing to a house deposit.

Some families also use trusts when one or more beneficiaries might struggle to manage money due to personal challenges or incapacities. By structuring the trust carefully, it's possible to ensure that funds are protected and distributed to support the intended recipient at the right time.

A MEANS TO PROTECT WEALTH

Family dynamics and external influences can sometimes jeopardise financial security. For instance, a beneficiary might lead a high-risk lifestyle or be swayed by an unreliable partner. A trust acts as a safeguard, imposing conditions on how and when wealth can be accessed whilst providing protection through agreements set out by the settlor.

Charitable trusts are another option for those wishing to leave a lasting legacy. They ensure that funds benefit chosen causes for many years to come, rather than just a one-time donation. ◀

Time to trust in your future?

If you're considering a trust as part of your estate planning, professional advice is essential to help you make informed decisions and set up your trust properly. For expert guidance and additional support, contact us today and start safeguarding your wealth for the future.

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. The Financial Conduct Authority does not regulate estate planning, tax advice or trusts.

Why protection matters

Do you have a safety net for you and your loved ones in case the unforeseen happens?

Most people prefer not to consider unexpected misfortune when thinking about the future. However, being prepared for life's uncertainties is essential to protect your family's way of life. Financial security provides a safety net for your loved ones if you face illness, injury or an untimely death. But understanding the right cover to meet your needs can be complicated and daunting.

Without a plan, the financial impact on your family could be considerable if a steady income stream is interrupted. This is especially true for those who are self-employed or retired, as employer-provided protection often no longer applies. To safeguard your family's lifestyle, preparation and the right financial solutions are essential.

DETERMINE YOUR ESSENTIALS BEFORE ANYTHING ELSE

Consider your family's daily living costs, including mortgage payments, council tax, utilities and groceries. Ensuring these essentials are covered guarantees they will be cared for, even in the worst-case scenario. Beyond this, think about the extras your family enjoys. From holidays and social outings to memberships and events, these lifestyle elements can also be protected with the right plans.

Once your essentials are taken care of, you can begin exploring personalised plans for debt repayment, future family priorities or educational goals. The approaches vary depending on individual circumstances, but the constant is the peace of mind that financial protection provides.

EXPLORE HEALTHCARE WITH PRIVATE MEDICAL INSURANCE COVER

Health issues can occur unexpectedly, and NHS waiting times are at an all-time high. This has led many to consider private medical insurance (PMI). Figures from the Association of British Insurers (ABI) reveal a record 6.2 million people now have access to prompt diagnoses and quality treatment for acute health conditions through insurers.

PMI provides access to private healthcare facilities and specialists, which can significantly reduce waiting times and speed up treatments. Beyond healthcare, it offers a sense of security and ensures that health concerns do not jeopardise your family's financial wellbeing.

ADDRESSING MAJOR MEDICAL CHALLENGES WITH CRITICAL ILLNESS COVER

Critical illness cover pays a lump sum or regular payments upon diagnosis of a specified covered

> **INCOME PROTECTION ACTS AS A SAFETY NET DURING ILLNESS OR INJURY, PROVIDING REGULAR PAYMENTS TO COMPENSATE FOR LOST EARNINGS WHILE YOU RECOVER.**

condition. This financial support can help cover medical treatment, replace lost income and provide additional resources during recovery.

Some policies even permit add-ons, such as children's critical illness cover, providing a financial safety net if your child is diagnosed with a serious condition. These funds could enable a parent to take unpaid leave, ensuring they remain with the child and are better able to provide care and support.

INCOME PROTECTION SAFEGUARDS THE STABILITY OF LIFESTYLE

Income protection acts as a safety net during illness or injury, providing regular payments to compensate for lost earnings while you recover. Policies can be customised for short-term or long-term needs, with options to defer payments and manage premiums.

Typically, you can cover between 50% and 67% of your income, ensuring your family continues to meet financial obligations despite unexpected work interruptions. This option is especially useful for individuals without other income safety nets.

LIFE INSURANCE OFFERS TAILORED SECURITY FOR YOUR FAMILY

Life insurance is a basic part of financial security for any family. It provides either a lump sum or regular payments when the policyholder passes away, ensuring financial stability during a challenging transition.

This type of insurance is especially useful for covering major expenses like mortgages or school fees. Payments can be customised to align with life milestones, such as supporting children until a specific age or giving a spouse enough time to adjust.

LEAVE AN INHERITANCE WITHOUT UNNECESSARY FINANCIAL STRAIN

Inheritance planning often involves tax implications that can be easily overlooked. Without proper preparation, families may face difficulties such as selling the family home to pay tax liabilities. Establishing a suitable trust could address this proactively.

Trusts offer many benefits, including quick access to funds after death without the need to go through probate. Moreover, money placed into a trust remains outside your estate as long as you survive for at least seven years after establishing it, entirely avoiding Inheritance Tax. Trusts also give you full control over how and when your dependents receive their funds.

BRINGING EVERYTHING TOGETHER

Protecting your family's lifestyle requires careful planning and a personalised approach. Each layer of cover, from healthcare to income replacement and inheritance strategies, helps strengthen financial resilience.

We understand that navigating these options can feel overwhelming, but it doesn't have to be. Taking proactive steps today provides confidence and peace of mind, knowing that your loved ones will thrive, no matter what happens. With the right protection in place, you can safeguard the lifestyle you've built together. ◀

Need guidance on protecting your and your family's lifestyle?

If you would like further guidance on protecting you and your family's lifestyle, we're here to help. We're here to assist you in creating a customised financial protection plan tailored to your needs. Contact us for comprehensive advice and personalised solutions. We look forward to hearing from you.

This article does not constitute tax, legal or financial advice and should not be relied upon as such. The Financial Conduct Authority does not regulate estate planning, tax advice or Trusts.

Why remaining invested supports long-term growth

Unlocking the potential of your investments and securing your financial future

When it comes to growing your finances, few decisions are as crucial to long-term success as remaining invested. The temptation to move to cash during volatile periods can be strong, but financial history and market principles often favour those who keep their positions. Staying invested isn't just about patience; it's about unlocking the potential of your investments, capitalising on market trends and safeguarding your financial future.

Understanding why staying invested is so effective begins with examining the main reasons behind its success. From growth through compounding to controlling emotional biases, let's explore the key benefits and practical strategies that underpin this fundamental principle.

LONG-TERM GROWTH POTENTIAL BREAKS BARRIERS

One of the strongest reasons to stay invested is the opportunity to benefit from long-term growth. Historically, investment assets such as stocks and shares have consistently beaten inflation, delivering strong returns over long periods. By maintaining your investments, you also benefit from the power of compound interest. This powerful mechanism boosts the value of your initial investment over time, leading to exponential growth that cash savings accounts simply cannot match.

Consider the example of investing £10,000 in a broad stock market index that averages a 7% annual growth rate. Over 20 years, compound interest could increase that amount to more than £38,000. Compare this with leaving the same £10,000 in cash, where inflation and limited returns might erode its purchasing power.

TIMING THE MARKET VS. TIME IN THE MARKET

Attempts at 'timing the market' frequently lead investors along an uncertain route. Shifting investments into cash during dips and re-entering when markets ascend results in exposure to misjudgements. For instance, selling during a market downturn could mean missing the subsequent recovery and the financial gains that often follow. Similarly, staying in cash during upward trends might forfeit valuable opportunities.

The adage 'time in the market, not timing the market' captures this perfectly. Those who remain steady through market volatility are more likely to benefit from long-term trends and protect themselves against the emotional rollercoaster that often accompanies investing.

DIVERSIFICATION SHIELDS AGAINST RISK

Diversification is another essential part of the stay-invested approach. Spreading investments across different assets, sectors and geographical regions can help protect against market-specific risks. For example, profits from technology stocks might offset downturns in the property industry during a certain economic period, leading to a more balanced overall portfolio.

For long-term investors, maintaining a diversified portfolio can help stabilise performance. The balance between growth-oriented stocks and safer assets, such as bonds, provides more stable returns even during challenging financial periods.

CASH SAFETY COMES AT A COST

Although cash feels secure, especially during economic downturns, it has notable disadvantages. Even with relatively high interest rates, cash savings often experience a 'real return' shortfall. When inflation is taken into account, cash diminishes purchasing power instead of maintaining or increasing it over time.

For example, a current savings account with a 3% annual return will lose real value if inflation exceeds that rate. This highlights the importance of weighing the opportunity cost of holding cash against potential returns from investments.

EMOTIONAL BIASES AND THE POWER OF RATIONALITY

Investors often encounter emotional biases such as fear during market crashes and greed in bull markets. These emotions can lead to poor decisions, like selling too early or investing recklessly. Staying invested, however, helps minimise these behaviours. Adopting a careful, long-term strategy based on informed goals is a more reliable approach.

For example, during the 2008 financial crisis, those who stuck to their investment plans and remained invested recovered losses and enjoyed significant market gains in the years that followed. This demonstrates the resilience of staying the course.

TAX EFFICIENCY AND STRATEGIC GAINS

Beyond market outcomes, continuing to invest can provide potential tax advantages. Selling assets might trigger capital gains taxes, particularly where gains are above the £3,000 annual Capital Gains Tax (CGT) allowance, at which point there is a tax charge at 18% or 24%, basic rate band and above, respectively.

Additionally, certain assets, such as UK government bonds, benefit from preferential tax treatment, enabling investors to maximise their returns while complying with tax regulations.

RESILIENCE OF FINANCIAL MARKETS

History consistently demonstrates that financial markets can recover from even the harshest downturns. From the Great Depression to the dot-com bubble and the 2008 financial crisis, markets have shown a proven ability for rebounding and growth. By remaining invested, you increase the chance to benefit from these recoveries and position yourself for long-term gains.

Investors who endured the short-term volatility caused by COVID-19's market impact in 2020 saw notable rebounds in 2021. Staying invested proved beneficial, emphasising the importance of a disciplined, long-term strategy. ◀

Need guidance to secure your success for tomorrow?

Careful planning is essential. Regularly reviewing your portfolio ensures it aligns with your goals and can be adjusted as needed. Making informed decisions today can secure your success tomorrow. To discuss your future plans, please contact us.

"INVESTORS OFTEN ENCOUNTER EMOTIONAL BIASES SUCH AS FEAR DURING MARKET CRASHES AND GREED IN BULL MARKETS. THESE EMOTIONS CAN LEAD TO POOR DECISIONS, LIKE SELLING TOO EARLY OR INVESTING RECKLESSLY."

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. The value of your investments can go down as well as up, and you may get back less than you invested.

Why has a lifetime gifting cap raised concerns?

Proposed policy would fundamentally change how wealth is transferred across generations

Concerns are growing about the possible introduction of a lifetime gifting cap by the government. This could significantly alter how wealth is passed down through generations, impacting not only large estates but also everyday family financial support. By bringing more gifts into the scope of Inheritance Tax (IHT), the proposed changes could complicate life for families who depend on regular financial assistance from loved ones.

The current IHT system already captures more estates as frozen thresholds lag behind rising house prices and, from 2027, unused pensions will also be included. With household finances strained by the cost of living crisis, intergenerational financial support has become an essential safety net. According to the research[1], UK retirees gift an average of £2,500 annually to family members, much of which goes towards essential costs such as education and living expenses.

COULD MODEST FAMILIES BEAR THE GREATEST BURDEN?

Unlike the current system, where gifts made more than seven years before death are exempt from IHT, a lifetime cap would regulate all gifts given during a person's lifetime. If set too low, such a cap could unfairly affect ordinary families, especially in areas where property values often exceed the frozen inheritance thresholds. Instead of targeting wealthy estates, the cap might unintentionally penalise middle-class households simply trying to support their loved ones.

The administrative challenge of monitoring lifetime gifts could be considerable. His Majesty's Revenue and Customs (HMRC) would need to maintain detailed records over many decades, a task susceptible to errors and disputes. Families might face retrospective tax bills due to incomplete or lost records, which can cause additional stress and confusion.

UNINTENDED BEHAVIOURS AND COMPLEX PLANNING

Introducing a limit on lifetime gifting could also prompt behavioural changes with notable effects. Families might accelerate financial gifts, opting to use their allowances early, which could leave some individuals short of resources later in life. Conversely, those seeking to keep financial control might turn to more intricate planning structures like trusts.

Trusts, although potentially advantageous, complicate estate planning and require professional guidance to execute correctly. They can assist in preserving wealth for future generations, but might also introduce additional layers of regulation for families and advisers to oversee. Whether such solutions offer broad relief largely depends on the specific details of the proposed lifetime cap.

SUPPORTING FAMILIES, NOT PENALISING THEM

Family dynamics have changed considerably over recent decades, with intergenerational financial support being vital in easing economic hardships. A lifetime gifting limit could undermine these efforts by discouraging small, regular gifts that assist with everyday expenses for younger generations. Reform should strike a balance, tackling tax avoidance without unfairly burdening families trying to manage daily responsibilities.

The outdated gift allowances have remained unchanged for over 40 years. Current rules exclude small gifts under £250 and allow an annual gift allowance of £3,000, amounts that are relatively insignificant in today's economy.. ◀

Is it time to start the conversation today?

If introduced without careful planning, a lifetime gifting cap could significantly alter intergenerational financial planning. For families worried about how such a policy might affect them, seeking professional advice is essential. To understand how potential changes could influence your situation and to find effective ways to safeguard your legacy, please contact us.

Source data:

[1] Quilter Plc research 13 August 2025

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. The value of your investments can go down as well as up, and you may get back less than you invested. Past performance is not a guide to future performance. The Financial Conduct Authority does not regulate estate planning, tax advice or trusts.

Pension myths exposed

Distinguishing fact from fiction to fully utilise opportunities and secure your future

Investing in a pension is a dependable and effective way to ensure a comfortable retirement. However, ongoing misconceptions often prevent people from fully enjoying the benefits that pensions can offer. These myths may cause missed opportunities, particularly regarding valuable tax relief and government incentives designed to help savers build their retirement funds.

Let's address some of the most common pension myths head-on. By separating fact from fiction, you'll be better equipped to make informed decisions and take full advantage of opportunities to secure your future.

MYTH 1: WORKING PART-TIME OR TAKING A BREAK MEANS NO PENSION

It's a common misconception that part-time workers or those taking a career break cannot contribute to a pension. The reality is quite different.

- **Part-time workers:** If you earn over £10,000 a year with one employer and are aged from 22 to State Pension age, you are automatically enrolled in a workplace pension under the automatic enrolment rules. Even if you earn less, you can, in some cases, still choose to join your employer's pension scheme and receive employer contributions.
- **Career breaks:** If you are taking time off to care for children or relatives, you can still build your pension. For example, claiming Child Benefit while earning below the National Insurance threshold ensures you receive National Insurance credits, which count towards your State Pension. Additionally, you can continue contributing to a personal pension during your break.

MYTH 2: IT'S TOO LATE TO START SAVING INTO A PENSION

Many believe that starting a pension later in life is futile, but this couldn't be further from the truth.

- **Tax relief:** Contributions to your pension benefit from tax relief, meaning the government adds to your savings. For example, a £100 contribution only costs a basic rate taxpayer £80.
- **Flexible contributions:** You can contribute to your pension until the age of 75, giving you more time to build your retirement fund. Even small contributions in your 40s, 50s or later can grow substantially, especially with employer contributions and tax relief.

MYTH 3: PROPERTY IS A SUBSTITUTE FOR A PENSION

While property is often viewed as a retirement safety net, it's not a substitute for a pension.

- **Unpredictable housing market:** Property values can fluctuate, and selling or downsizing may not generate the income you expect.
- **Liquidity:** Unlike pensions, property is not easily accessible. A pension provides a steady income, while property may require selling or renting out to generate cash.
- **Tax benefits:** Pensions offer tax relief on contributions and tax-free growth, a benefit that property investments do not provide.

MYTH 4: YOU MUST STOP WORKING WHEN YOU ACCESS YOUR PENSION

Accessing your pension doesn't mean you have to stop working.

- **Work and draw your pension:** You can withdraw from your pension while continuing to work, providing a supplementary income.
- **Tax planning:** Be aware of tax implications, as withdrawing from your pension while earning a salary may result in being taxed at a higher rate. We can advise you and assist in optimising your income.

MYTH 5: ANNUITIES ARE YOUR ONLY OPTION

Before 2015, many retirees were required to purchase an annuity with their pension savings. However, pension freedoms have changed the landscape.

- **Flexible options:** You can now choose from options like flexi-access drawdown, lump-sum withdrawals or leaving your pension invested.
- **Annuities still have value:** While not mandatory, annuities can provide a guaranteed income for life, making them a suitable option for those seeking financial stability.

MYTH 6: YOUR PENSION VANISHES WHEN YOU DIE

A common concern is that pensions disappear upon death, but pensions offer significant flexibility.

- **Defined contribution pensions:** These can be passed on to beneficiaries. If you die before age 75, your pension can be inherited tax-free. After 75, beneficiaries pay Income Tax on withdrawals at their marginal rate.
- **Defined benefit pensions:** These often provide a reduced income to a spouse or dependent after your death.

MYTH 7: YOUR PENSION ISN'T PROTECTED

Worries about losing your pension if your employer goes bust are understandable but largely unfounded.

- **Defined contribution pensions:** Your savings are held in a separate trust, protected from your employer's financial troubles.
- **Defined benefit pensions:** The Pension Protection Fund (PPF) ensures you still receive most of your benefits if your employer becomes insolvent.

TAKE CONTROL OF YOUR RETIREMENT PLANNING

Pensions are a vital tool for securing financial stability in retirement, and it's important not to be misled by false myths. Understanding your options, claiming tax relief and consulting professionals can help you make well-informed choices about your future. ◀

Is it time to discuss your retirement plans with us?

Planning for a prosperous retirement doesn't have to be daunting. With prompt action, consistent saving and a well-defined strategy, you can secure the future you've always wanted. For personalised advice or to explore your options further, please contact us. We'll help you chart a clear path to achieving your financial goals.

This article does not constitute tax, legal or financial advice and should not be relied upon as such. And should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. The value of your investments can go down as well as up, and you may get back less than you invested.

A pension is a long-term investment not normally accessible until age 55 (57 from april 2028 unless the plan has a protected pension age). The value of your investments (and any income from them) can go down as well as up, which would have an impact on the level of pension benefits available

Love and money

Are you in a 'financial situationship'?

Two topics that often come with their own sets of challenges are love and money. Yet, for more than a quarter of couples in relationships, these challenges intersect to create what some now refer to as a 'financial situationship'. This term describes couples who share their lives and dreams but keep their finances separate, avoiding open discussions about long-term financial matters.

If that sounds familiar, you're not alone. Research shows that 26% of couples keep separate bank accounts[1], which means nearly 8.7 million people are navigating life without a clear plan for their shared financial future[2]. While it may work for a while, avoiding serious financial discussions can lead to miscommunication, tension and even future issues.

The good news? By taking simple, practical steps, you can move beyond the financial situationship stage into a healthier, more supportive financial partnership.

WHY COUPLES TEND TO AVOID FINANCIAL TRANSPARENCY

You probably know your partner's favourite film or their order at your regular coffee shop, but do you know how much they have set aside for retirement? Or how they plan to pay off their credit card debt? If not, you're not alone.

The research shows that while 78% of couples are aware of their partner's monthly income and 75% know the basics, such as mortgage or rent costs, only a small number engage in more in-depth conversations. Specifically, 36% are unaware of their partner's pension savings, 25% are uninformed about investments and nearly one in five couples (18%) have never discussed retirement.

Why? Often, couples find financial conversations intimidating. Money can feel personal; discussing salaries, debts or spending habits might trigger feelings of vulnerability or judgement. For some, finances seem like a 'later' problem, something that doesn't need addressing until major life events occur, such as buying a home, getting married or starting a family.

But here's the consideration: the longer couples avoid these discussions, the more difficult they become.

RISKS OF STAYING IN A FINANCIAL SITUATIONSHIP

There's comfort in keeping finances separate. It can feel independent, fair or just less complicated.

But over time, refusing to create shared financial goals can lead to challenges such as:

- **Mismatched priorities –** One partner may focus on immediate needs, such as paying off debt, while the other prioritises saving for a big purchase. Without alignment, resentment can grow.
- **Unpreparedness for life events –** Whether it's unexpected medical bills or retirement planning, avoiding long-term discussions leaves couples vulnerable to financial shocks.
- **Eroded trust –** When money decisions are made in isolation, it's easier for trust issues to creep in, even unintentionally.

The main issue? You might find yourself financially unready for later life, which could cause stress in a relationship if it's too late to adjust plans.

HOW TO TRANSITION TO A STRONG FINANCIAL PARTNERSHIP

The key to moving beyond a financial situationship isn't merging bank accounts; it's fostering open conversations and trust. Here are some practical steps to help you and your partner work as a financial team.

CHOOSE THE RIGHT MOMENT

Timing is essential when talking about finances. A conversation about savings or pension plans won't succeed during a late-night argument or after a long, stressful day.

Instead, proactively choose a time when you're both relaxed and receptive to dialogue. Frame the conversation as a team effort, recognising that financial discussions can be challenging but are vital for your future together.

For example, suggest this approach:

How about we set aside an hour on Sunday afternoon to discuss our finances? I'd love for us to be on the same page about future plans.

CREATE A REGULAR MONEY CHECK-IN ROUTINE

Talking about money shouldn't be a one-off event. Regular, smaller conversations are much easier and less daunting than trying to address everything at once.

Schedule a recurring 'money date' every month or two to review budgets, savings goals, debt repayments or future plans. You might even make it enjoyable by adding snacks, coffee or wine, turning it into a positive experience rather than a dreaded chore.

Here's a suggested format for your check-in:

- Start with a review of recent expenses.
- Discuss upcoming financial goals (e.g., saving for a holiday).
- Highlight any adjustments to your individual or joint plan.

Consistency in these meetings will help build financial transparency and reduce surprises.

REFRAME YOUR FINANCIAL MINDSET

Stop seeing money as 'yours' and 'mine' – begin thinking in terms of 'ours'. Of course, you can still keep separate accounts if you wish, but working as a financial team encourages trust and responsibility.

For example, take turns discussing your own financial goals. This might involve paying off a student loan, building an emergency fund or saving for retirement. Prioritising shared goals strengthens the partnership and makes sure both individuals feel equally committed to the future.

Being honest about any fears or anxieties you have regarding money is also helpful. Showing vulnerability can encourage your partner to open up as well, leading to conversations that feel constructive instead of stressful.

ADDRESSING FINANCIAL TENSIONS

If you've avoided discussing money, it's natural to feel tense when you start talking about finances more openly. According to the research, one in five couples regularly argue about money, while 17% avoid the subject altogether.

The solution? Start with small steps. If the idea of joint financial planning feels daunting, begin by agreeing on one area first, like dividing bills fairly. Then, gradually move towards long-term objectives such as pooling resources for a home, planning for retirement or saving together in a joint account.

Gradually, these efforts help break the cycle of miscommunication and build trust.

BUILDING FINANCIAL HARMONY TOGETHER

Breaking free from a financial situationship doesn't mean you need a perfect financial plan by tomorrow. It's all about building a foundation of open communication and partnership. Start by honestly discussing your current habits and future goals. Whether the aim is managing debt, buying a first home or saving for a dream retirement, knowing you're working together fosters a sense of stability and shared purpose.

If you're unsure where to start or feel overwhelmed, we can help you clarify your financial goals so they align without turning the discussion into a complex or confusing one. The bottom line? Begin the conversation. Addressing your finances together not only strengthens your relationship but also ensures both partners are better prepared for whatever life might bring. ◀

Ready to take the first step towards a stronger future?

To arrange a meeting to discuss your goals, concerns and plans in detail, please get in touch with us. Together, we'll explore your options, prioritise your needs and create a clear path forward to realise your vision.

> **BREAKING FREE FROM A FINANCIAL SITUATIONSHIP DOESN'T MEAN YOU NEED A PERFECT FINANCIAL PLAN BY TOMORROW. IT'S ALL ABOUT BUILDING A FOUNDATION OF OPEN COMMUNICATION AND PARTNERSHIP.**

Source data:

[1] Research conducted on behalf of L&G by Opinium from 9–17 July 2025 among 3,000 UK adults in a relationship, weighted to be nationally representative.

[2] 26% are defined as being in a financial situationship (those in a long term relationship of 2+ years AND who either manage their finances together but keep them separate OR manage finances completely separately). 54,196,443 UK adults of which 63% are in a relationship = 34,241,484 in a relationship in the UK. 26% of 34,241,484 = 8,757,000 UK adults in a financial situationship.

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. The value of your investments can go down as well as up, and you may get back less than you invested. Past performance is not a guarantee of future performance.

Planning for early retirement

Is it time to move forward towards your financial freedom?

Early retirement appeals to many, driven by reasons such as a desire to travel or a need for a break from high-pressure or demanding jobs. However, reaching this goal requires more than just asking 'Can I afford to retire early?' It involves understanding financial planning, lifestyle adjustments and personal preparedness.

Generally, early retirement refers to leaving full-time employment before reaching the State Pension age, which is currently 66 in the UK but is scheduled to increase to 67 between 2026 and 2028. For those contemplating retirement at 55 or even earlier, it may involve completely stepping away from paid work or shifting into part-time roles or personal pursuits. Ultimately, early retirement is about enjoying the freedom to choose how to spend your time without depending on a regular salary.

EXPLORING THE REASONS BEHIND EARLY RETIREMENT

People choose early retirement for various reasons. Some wish to enjoy good health while they can, while others feel the need to take it easy after many years of demanding work. For many, financial security is essential in supporting this lifestyle, relying on assets such as private pensions, Individual Savings Accounts (ISAs), property portfolios or investments.

For those with sufficient wealth, the freedom to regain control of their time is highly attractive. Nonetheless, it is equally crucial to consider the long-term challenges faced by early retirees, such as inflation reducing the purchasing power of money and market fluctuations affecting investment returns.

PREPARING FOR EMOTIONAL READINESS

Although the financial aspect often dominates early retirement planning, it is equally crucial to consider the psychological side. After years of structured routines, mentally preparing for a major lifestyle change is essential. Are you ready to fill the void left by your career, both in terms of time and purpose?

Another point to consider is the limited access to pensions before the age of 55 (rising to 57 from 2028). Retiring at 55 or soon after may result in a smaller pension pot and fewer benefits, especially for those on final salary schemes. To ensure your savings last, you need a careful withdrawal plan.

DON'T OVERLOOK THE PENSION AND BENEFITS PUZZLE

Without proper planning, early retirees can quickly exhaust their funds faster than expected. For example, accessing your pension early results in fewer contributions and less time for growth. Withdrawing funds during a market downturn can worsen the situation, emphasising the importance of a solid strategy to withstand economic fluctuations.

You also need to bridge the income gap caused by not claiming your State Pension until the official age. Checking your situation through a State Pension forecast on gov.uk can reveal potential gaps in your National Insurance record. While recent reforms removed the Pension Lifetime Allowance, future legislative changes could still impact larger pension pots, especially for early retirees seeking to optimise long-term returns. The Lump Sum Allowance (LSA) and Lump Sum Death Benefit Allowance (LSDBA) are now in place to limit tax-free lump sums (lifetime and death).

THE IMPACT OF LEAVING EMPLOYMENT

An often-overlooked consequence of leaving the workforce early is the loss of employer contributions and workplace benefits such as private medical insurance or death-in-service cover. These are valuable assets that enhance financial security and should be part of your decision-making process.

Meanwhile, cashflow modelling can help estimate how much money you'll need for early retirement, providing clarity on whether your planned lifestyle matches your available resources. Consulting a financial planner can simplify this process and highlight any potential blind spots.

BALANCING RISKS WITH REWARDS

There's no denying the appeal of early retirement. Retirees finally gain time to pursue hobbies, personal interests and family, often boosting their physical and mental wellbeing. For some, stepping away from high-stress careers brings immediate health benefits and offers a much-needed reset.

However, there is another side to the coin. Retiring early extends the period during which your funds must last, increasing the risk of outliving your money. Retiring at 50, for instance, could mean planning for more than 30 years of expenses. Financial resilience, tax-efficient strategies and contingency plans become even more essential.

LIFESTYLE AND SOCIAL CONSIDERATIONS

Leaving work early doesn't just impact your finances; it also influences your lifestyle. Work offers more than just an income; it provides structure, purpose and social connections. Without access to a workplace community or regular responsibilities, some retirees can feel isolated or lack direction.

Furthermore, the absence of employer-subsidised healthcare means you will have to pay higher private insurance premiums as you get older. These healthcare costs can unexpectedly put a strain on your finances, highlighting the importance of detailed financial planning.

Are you ready to plan your path to early retirement?

Early retirement can signify a rewarding new chapter, but it requires careful financial and personal planning. From securing income to adjusting to a life without the daily work routine, every detail counts. Expert financial advice helps ensure your goals stay achievable. Contact us to discuss your retirement ambitions!

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice.

A pension is a long-term investment not normally accessible until age 55 (57 from april 2028 unless the plan has a protected pension age). The value of your investments (and any income from them) can go down as well as up, which would have an impact on the level of pension benefits available.

Breaking free from geopolitical noise

Why long-term portfolio success depends on strategy, not global headlines

Global events continue to make headlines and spark debate among investors. From intense political exchanges in the US to displays of European unity overcoming post-Brexit tensions, and the latest tariffs introduced by the US, there is no shortage of geopolitical drama.

Furthermore, the ongoing Russia-Ukraine conflict and the escalating Israel-Palestine tensions have further increased global uncertainty, with ripple effects being felt across economies and markets. Considering the severity of these events, it is only natural to wonder how they might influence financial markets.

While news cycles often amplify uncertainty, it's crucial to distinguish between media-driven sensationalism and the actual impact these events have on investments. Not every headline triggers market turmoil, and history demonstrates that markets tend to adjust and focus on long-term fundamentals rather than short-term political noise. Recognising this distinction can help investors stay focused on their financial goals without being swayed by every fluctuation in global affairs.

MARKETS FAVOUR RESILIENCE OVER REACTION

Global politics undoubtedly cast a shadow over economic activity, with geopolitical events sometimes triggering sharp movements in markets. Yet, time and again, equity markets have shown their resilience. For example, despite the Brexit referendum sending shockwaves through markets in 2016, many UK-based investment assets recovered over time as businesses, investors and governments adapted to the new reality.

Similarly, while the Russia-Ukraine war has disrupted energy markets and supply chains, causing inflationary pressures, markets have demonstrated an ability to adjust. The same can be said for the Israel-Palestine conflict, which, although tragic, has had localised economic impacts that global markets have largely absorbed.

In investment portfolios, acting impulsively in response to political upheaval can result in poor outcomes. Selling assets amidst uncertainty only confirms losses and causes investors to miss future recoveries. Diversification is essential, as it provides a buffer against volatility. Spreading investments across equities, bonds and alternative assets helps a portfolio endure periods of instability, even when headline risks seem overwhelming.

UNDERSTANDING THE ECONOMIC IMPACTS OF POLITICAL RISK

While your investment portfolio can often withstand political upheavals, your approach to managing daily finances might require a more proactive strategy. Geopolitical tensions can lead to tangible economic impacts, capable of affecting cash flow and savings. For instance, the Russia-Ukraine conflict has caused significant fluctuations in energy prices, which directly impact household budgets.

Similarly, inflation spikes caused by conflicts or disrupted supply chains can diminish the real value of cash. A practical example is fluctuations in oil prices, often driven by geopolitical events. When OPEC disputes, regional tensions or wars disturb supply, pump prices increase, which then impacts household budgets. Adjusting bank balances in response to such changes might involve prioritising cost-cutting or reallocating savings to sustain spending power.

AVOIDING THE PITFALLS OF OVER-CAUTION IN INVESTING

Some investors may see cash as a safe haven during times of political turmoil, believing it will protect their wealth until uncertainties pass. However, this approach has its disadvantages. Inflation, exacerbated by political instability, can significantly diminish the value of cash holdings over time. Keeping money idle during such periods can be costly.

Instead, adopting a cautious approach that combines growth strategies with defensive assets, such as government bonds, could produce better results. Bonds from stable economies, like the UK or the US, generally perform well when interest rates fall during economic growth shocks. For instance, during a significant downturn, declining yields on bonds can generate solid gains, offering both security and returns.

LONG-TERM GOALS, NOT SHORT-TERM HEADLINES

The reality is that, over the long term, equity markets tend to follow earnings growth and corporate innovation rather than being influenced by fluctuating geopolitical noise. The saying 'time in the market, not timing the market' reminds us that disciplined, patient investors often achieve the best results. Jumping in and out of investments in reaction to global drama can end up costing more than it saves.

Conversely, managing bank balances often requires quick responses, especially when geopolitical events directly impact household finances. Changing spending habits, exploring inflation-protected products or budgeting for unexpected price rises could help lessen negative effects without needing drastic measures.

STRIKE THE RIGHT BALANCE

The key point is clear yet essential: long-term investors should seldom allow geopolitical events to prompt significant changes in their portfolios. While headlines may spark fear and doubt, history shows that markets possess an impressive ability to recover and adapt to new circumstances over time.

Reacting impulsively to political disruptions often results in locking in losses and missing out on eventual recoveries. Instead, adopting a steady, disciplined approach helps investors endure short-term volatility and focus on the bigger picture – long-term growth and stability.

ROLE OF DIVERSIFICATION

Equally important is the role of diversification in navigating market uncertainties. A well-structured portfolio that includes equities, bonds and alternative assets provides the flexibility needed to withstand geopolitical storms.

Diversification acts as a buffer, reducing the impact of volatility in any single asset class and ensuring that investors remain positioned for recovery when markets stabilise. By staying committed to a diversified approach, investors can enhance their resilience and avoid the dangers of emotional, short-term decisions. ◀

Are you considering reviewing your portfolio or adapting your financial strategy?

For more insights on navigating uncertain markets or managing your personal finances, feel free to get in touch. Whether you're looking to review your portfolio or adapt your financial strategy, we'll offer professional advice to ensure you're ready to face the challenges ahead.

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. The value of your investments can go down as well as up, and you may get back less than you invested.

Protect your retirement plans by investing more today

Why larger pension contributions can have a significant impact

Pensions are a crucial component of financial planning, particularly for individuals seeking to secure a comfortable retirement. For some, increasing pension contributions can be a strategic move to make up for missed savings or to maximise tax-efficient benefits. However, understanding the rules around contributions requires careful consideration to avoid potential pitfalls.

Large contributions can assist individuals who have delayed pension saving due to cost concerns or competing financial priorities. They are also attractive for those looking to transfer significant funds into a tax-efficient account. However, there are annual limits to consider, and understanding how these operate is essential to avoid unnecessary charges.

HOW PENSION CONTRIBUTIONS WORK

When you contribute to a pension plan, your contributions benefit from tax relief. For personal pensions, such as a Self-Invested Personal Pension (SIPP), your provider claims 20% tax relief from HM Revenue & Customs (HMRC). If you are a higher or additional rate taxpayer, you can claim additional relief through your self-assessment tax return or tax code adjustment for higher rate only, which can significantly reduce your overall tax bill.

Another advantage is that your investments grow tax-free as long as they remain within the pension. Investment income, interest and any gains are exempt from taxes. However, remember that once you start withdrawing from your pension, Income Tax will be applicable, except for the current first 25% (often called the tax-free lump sum), up to a maximum of £268,275 for most people.

UNDERSTANDING YOUR ANNUAL ALLOWANCE

Your own pension contributions that qualify for tax relief are subject to limits. This is capped at the higher of 100% of your UK taxable earnings or £3,600 (including tax relief). There is also an annual allowance that limits how much you and others can contribute across all your pensions each tax year without incurring additional taxes.

For the 2025/26 tax year, the annual allowance is set at £60,000. For defined contribution pensions, this allowance is straightforward to calculate; it includes your contributions, tax relief and any payments made by employers or third parties. However, for final salary or defined benefit pensions, the situation is more complex. The annual increase in the pension's capitalised value over the tax year is used as the benchmark, and your scheme administrator can perform this calculation.

IMPACT OF TAPERED ALLOWANCES

High earners might face a reduced annual allowance, known as the 'tapered annual allowance'. This applies if your threshold income exceeds £200,000 and your adjusted income surpasses £260,000. It could reduce your annual allowance to as little as £10,000, depending on your earnings and employer contributions.

After retirement, opting for flexi-access to your pension, such as through drawdown, triggers the Money Purchase Annual Allowance (MPAA) as soon as anything above your tax free lump sum is withdrawn. This limits your tax-efficient annual contributions to money purchase pensions to just £10,000 (including employer and third party contributions as well as your own). Recognising these restrictions is crucial to avoiding tax penalties on excess payments.

CARRY FORWARD UNUSED ALLOWANCES

If you haven't used your full annual allowance in previous tax years, you may be able to carry forward unused portions to make larger contributions now. This rule allows you to access unused allowances from the past three tax years, giving you the opportunity to 'catch up' on missed contributions.

Carry forward is particularly helpful for self-employed individuals with fluctuating incomes or those expecting large contributions from a windfall, such as an inheritance or the sale of a business. However, the process has certain requirements. For example, you must have been a member of a UK-registered pension scheme in previous years, and your earnings in this tax year must support the contribution amount you plan to make if the contribution is to be a personal one.

PLANNING FOR EMPLOYER CONTRIBUTIONS

For business owners, there is greater flexibility when making contributions through a company. Employer contributions are permitted up to the individual's annual allowance and carried forward amounts. Importantly, these payments do not need to be connected to taxable income. However, if they are to receive Corporation Tax relief, the company contributions must satisfy the 'wholly and exclusively' test, ensuring they are reasonable in relation to your role and salary.

Remember that in previous years, the annual allowance was lower, limited to £40,000 prior to the 2023/24 tax year. Also, any reductions due to the tapered annual allowance must be included. These details emphasise the complexity of correctly applying carry-forward rules.

MONITOR YOUR TAX POSITION

Exceeding your annual or carried forward allowances has consequences. Any excess contributions are subject to a tax charge. It is your responsibility to report this to HMRC and pay the required charges through your self-assessment tax return or from the pension plan.

Considering the complexities involved, from the MPAA to implementing rules, seeking professional advice is crucial. Whether you want to optimise your contributions or understand personalised strategies, we can guide you towards making the most of your pension. ◀

Need professional guidance with your retirement plans?

Contributing more to your pension can greatly enhance your retirement savings, but the process might seem daunting. If you require advice specific to your situation or help with HMRC rules, contact us today. Taking charge of your pension savings now can help secure your financial future.

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. A pension is a long-term investment not normally accessible until age 55 (57 from april 2028 unless the plan has a protected pension age). The value of your investments (and any income from them) can go down as well as up, which would have an impact on the level of pension benefits available.

Mind the divorce gap

Research highlights the financial challenges faced by women

Divorce is a life-altering event and, for many women, it results not only in emotional turmoil but also in financial hardship. Research indicates that women generally see their household income halve within a year of divorce, while men's incomes decrease by only 30%[1]. This gap leaves women more exposed, with 24% struggling to manage their finances compared to just 16% of men.

This financial shift exposes many women to harsh realities; nearly one in five (19%) find it difficult to afford basic essentials, nearly double the rate of their male counterparts. This vulnerability underscores a significant consequence of divorce: the difficulty of managing life on a limited budget alone.

LIVING ALONE COMES AT A HIGHER COST

Living on a single income is significantly more expensive. Without the benefit of shared household costs, such as rent or mortgage payments and utility bills, women disproportionately carry the burden. Two-thirds of women (63%) identify the loss of dual financial support as a major challenge after divorce, compared to less than half (39%) of men.

For many women, financial adjustments involve making tough decisions. Those who previously relied on their spouse's income now face greater pressure to attain financial independence, which often impacts their careers.

CAREER HURDLES HOLD WOMEN BACK

More than half (51%) of divorces involve women who depended financially on their husbands. Some women view divorce as an opportunity to re-enter the workforce, with 19% doing so after their divorce. Nevertheless, managing new work responsibilities alongside family duties remains a challenge.

Caring for children or elderly family members often limits women's career opportunities. For example, research indicates that twice as many women as men reduce their working hours to manage caregiving responsibilities (14% vs 7%). Additionally, one in five women (19%) find it difficult to balance work and childcare, compared to only 9% of men.

LONG-TERM EFFECTS ON RETIREMENT SAVINGS

The financial hardships women face after divorce do not end when they restart their careers. Divorce often leaves a lasting impact on retirement savings, highlighting the so-called 'Divorce Gap'. Women's smaller pension pots – a result of career breaks, part-time work and the gender pay gap – make them more vulnerable to financial insecurity in retirement.

Alarmingly, pensions are often neglected during divorce settlements, despite their significance as financial assets. Research shows that only 13% of couples include pensions in financial negotiations, and women are far more likely to relinquish their claim to a partner's pension (28% versus 17% of men). ◀

Do you need professional advice to bridge the financial gap?

These challenges emphasise why some women often retire with less financial security than men. From managing high childcare costs to recovering from single-income living, the journey after divorce is lined with financial hurdles. Careful planning and reliable financial advice are essential to bridge this gap. If you have any concerns or wish to discuss your circumstances further, please do not hesitate to contact us.

Source data:

[1] Opinium Research conducted 2,945 online interviews of UK adults who are divorced. The research was conducted between 25 October and 12 November 2024.

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. The value of your investments can go down as well as up, and you may get back less than you invested.

Build a brighter, more secure future

Financial independence remains out of reach for 6 million people in the UK

A new report highlights the financial struggles faced by millions across the UK. Almost one in four (5.7 million) of the working-age population believe they may never achieve financial independence. This stark reality is caused by a complex mix of challenges, including rising living costs, inadequate savings and high levels of personal debt.

The survey highlights that the main indicators of financial independence include being debt-free (56%), having adequate emergency savings (51%) and comfortably managing daily expenses (43%). However, for many, these benchmarks seem out of reach, especially as financial uncertainty increases.

CONFIDENCE WAVERS AMID FINANCIAL UNCERTAINTY

When it comes to financial resilience, the data reveals concerning insights. Over a third (37%) of respondents lack confidence in managing unexpected financial emergencies. Meanwhile, a similar proportion (33%) report having no disposable income at the end of each month. Alarmingly, 35% say they are unable to save enough for retirement.

For many, the idea of financial independence feels like a distant dream. Approximately 15% of people have no retirement plans and no plans to save for their future. These figures emphasise the widening gap between ambition and reality for millions in the UK.

INGREDIENTS OF FINANCIAL INDEPENDENCE

What creates a genuine sense of financial security? Affordable housing, strong emergency savings, manageable debt levels and some extra resources after covering essential expenses form the foundation of financial independence. The research links these factors to people's willingness to take proactive steps in planning for the future.

However, without a solid foundation, these steps can feel daunting. Financial independence isn't just a milestone; it's essential for empowerment. It allows individuals to take control of their future finances, from daily budgeting to retirement planning.

DISPARITIES ACROSS GENERATIONS AND DEMOGRAPHICS

Generation Z faces the steepest challenges, with 32% of those in their 20s feeling financially unstable compared to 24% of individuals in their 50s. Similarly, renters (34%) and people with disabilities (45%) report significantly lower levels of financial security compared to the national average.

These statistics emphasise the compounding impact of inequality on financial independence. For young people entering the workforce and for vulnerable groups, the obstacles to security remain stubbornly high. Tackling these inequalities is essential to improving overall financial wellbeing across the UK.

ROAD TO EMPOWERMENT

Feeling financially independent is often the first step towards creating a sustainable retirement income. Research shows that those with a stronger sense of financial control are better equipped to manage household budgets and plan for the future. Unfortunately, millions of UK savers must balance competing priorities, from covering immediate living costs to coping with unforeseen financial shocks.

With 15.3 million people currently at risk of poverty in retirement, it's clear that more action is needed. Ensuring that individuals are informed about their potential retirement needs, current pension forecasts and the steps they can take is essential.

BIGGER PICTURE OF FINANCIAL PLANNING

Although retirement pensions are essential, they should not be considered alone. A thorough financial plan must include emergency savings, stable housing and a wider range of investment options. Encouraging individuals to view their long-term goals in a holistic manner can help build a more secure and confident financial future. ◀

Do you want to take the next steps towards securing your future?

If you're concerned about your financial independence or want to take the next steps towards securing your future, help is available. Take action now to safeguard what's ahead. Contact us today to explore your options and build a brighter, more secure future together. We look forward to hearing from you.

This article does not constitute tax, legal or financial advice and should not be relied upon as such.

Safeguarding against scams

Common frauds and how to protect yourself

Fraudsters are becoming increasingly sophisticated, blending traditional scams with advanced technology to deceive unsuspecting victims. This constant increase in fraudulent activity emphasises the urgent need for heightened awareness and proactive safeguards.

By recognising the tactics used by scammers, you can better protect yourself and your loved ones from their schemes. Below, we explore eight common scams and provide practical tips to keep you safe.

BANK IMPERSONATION SCAMS

One of the most common and harmful tactics involves scammers pretending to be bank representatives. You might receive a call, email or text message claiming there is an urgent issue with your account that requires immediate action. Fraudsters often exploit fear and urgency to pressure victims into sharing personal information, such as account details, PINs or passwords, or even transferring money to a so-called 'safe account' under the pretence of protecting your funds.

How to stay secure: Legitimate banks will never ask for your full PINs or passwords, nor will they pressure you into making immediate decisions. If you receive a suspicious message, verify its authenticity by contacting your bank directly using the official phone number listed on their website or by calling your bank card provider – never use contact details provided in the message. Be cautious of links in emails or texts and avoid clicking them unless you are certain they are legitimate. If something feels wrong, trust your instincts and take the time to investigate.

INVESTMENT SCAMS

Investment scams often target individuals looking to grow their wealth. Fraudsters may promote fake opportunities such as high-return schemes, pyramid schemes or unregistered securities. These scams frequently employ professional-looking websites, counterfeit testimonials and pressure tactics to persuade victims to part with their money.

How to stay secure: Be wary of any investment opportunity that promises guaranteed returns or seems too good to be true. Investigate the company or individual offering the investment thoroughly, checking for licences, reviews and any regulatory warnings. Always confirm the legitimacy of the opportunity through official channels, such as government financial regulatory authorities. Avoid making decisions under pressure and consult us before committing to any investment.

ROMANCE SCAMS

Romance scams exploit emotions and trust, often starting on online dating platforms or social media. Scammers create convincing profiles, build emotional connections over time and then fabricate crises – such as medical emergencies or travel issues – that require financial assistance. Victims are frequently manipulated into sending money, under the impression they are helping someone they care about.

How to stay secure: Never send money or share financial details with someone you've only met online, regardless of how convincing their story seems. Take your time to verify their identity by performing reverse image searches on their profile pictures or requesting a video call. Share your concerns with trusted friends or family members for an impartial view – they might notice red flags you missed. If something feels wrong, trust your instincts, cut ties immediately and report the profile to the platform.

EMPLOYMENT SCAMS

Job seekers, particularly those urgently looking for work, are vulnerable to employment scams. These often involve fake job advertisements, dishonest recruiters asking for upfront processing fees or fake job applications designed to gather personal information. Scammers take advantage of job seekers' hopes, leaving them financially and emotionally drained.

How to stay secure: Research every company offering you a position. Look for reviews, verify their website and ensure the job listing is genuine. Check the company's official website or LinkedIn profile to confirm the job posting. Authentic employers will never ask for upfront payments, sensitive personal details like your National Insurance number or bank information during the early stages of recruitment. If a job offer seems too good to be true, it probably is. Trust your instincts and don't hesitate to walk away from suspicious opportunities.

TRAVEL SCAMS

Planning a holiday can be thrilling, but fraudsters often exploit this by offering fake holiday rentals, counterfeit airline tickets or seemingly unbeatable holiday packages. Victims are lured in by irresistibly low prices, only to find that their bookings vanish after payment.

How to stay secure: Always book through reputable travel platforms or directly with trusted providers. Verify contact details, double-check reviews and ensure the website has secure payment options (look for 'https' in the URL). Be cautious of offers that seem significantly cheaper than market rates, as they might be too

good to be true. Avoid direct bank transfers or payments to unknown individuals, and prefer credit cards or payment methods that offer buyer protection.

AI-POWERED SCAMS

Advances in artificial intelligence have equipped scammers with new tools to deceive. From deepfake audio that mimics loved ones to highly realistic chatbots, AI-powered scams can be alarmingly convincing. These scams often involve urgent requests for money or sensitive information, making it difficult for victims to tell truth from falsehood.

How to stay secure: Be sceptical of unusual or urgent requests, even if they appear to come from trusted sources. Always verify the authenticity of such requests through direct contact, such as a phone call or face-to-face confirmation. Be cautious about sharing personal information online, particularly on social media, as scammers can exploit it to make their schemes more convincing. Educate yourself about the capabilities of AI and stay alert to emerging threats.

PHISHING SCAMS

Phishing scams remain a common tactic among fraudsters. These scams typically arrive via emails, text messages or embedded links that appear to come from trusted organisations like banks, government agencies or well-known companies. The goal is to trick victims into revealing sensitive information such as passwords, credit card details or financial data.

How to stay secure: Carefully check emails for spelling mistakes, generic greetings or suspicious links. Avoid clicking on links or downloading attachments unless you are sure of the sender's identity. Hover over links to verify their destination before clicking. Keep your antivirus software up to date and enable spam filters to reduce the risk of phishing. When in doubt, contact the organisation directly, using official contact details to verify the message.

GRANDPARENT SCAMS

This particularly malicious scam targets older individuals by pretending to be grandchildren or other family members in trouble. The scammer frequently claims they are in a hurry, such as being stranded or arrested, and requests money to resolve the issue.

How to stay secure: Encourage elderly relatives to verify such claims by independently contacting family members. Discuss these types of scams with your loved ones and develop a plan for managing such situations. For example, establish a family code word that can be used to verify a caller's identity. Remind them never to send money or share personal information without confirming the story through trusted channels.

TAKE ACTION IF FRAUD STRIKES

Even with your best efforts, anyone can become a victim of a scam. If it occurs, act quickly to minimise the damage. Contact the authorities to report the crime, change your passwords and notify important service providers such as your bank and other relevant institutions. Fraud can be reported to Action Fraud at actionfraud.police.uk or by calling 0300 123 2040. ◀

Do you have any concerns?

Protect yourself and your loved ones by staying informed and taking proactive measures to prevent scams. If you have any questions or concerns, please contact us.

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. The value of your investments can go down as well as up, and you may get back less than you invested.

How to increase your State Pension

Taking action now can significantly enhance your future financial security

For many in the UK, the State Pension remains a vital component of retirement planning, providing a financial foundation in later years. Alongside workplace or private pensions, it provides income essential for maintaining the lifestyle you envisage after retirement. Currently, the full rate of the new State Pension for the 2025/26 tax year is £230.25 a week, which totals nearly £12,000 annually.

This amount increases each year through the 'triple lock' system, which considers earnings, inflation or 2.5%, whichever is highest. Even those with private pensions often rely on the State Pension for extra security. For couples where both partners are eligible, the impact is even greater, potentially making a significant contribution to household finances.

YOUR ENTITLEMENT DEPENDS ON KEY FACTORS

However, not everyone receives the full State Pension. Factors such as whether you were contracted out of the additional State Pension before 2016, whether you paid into the additional State Pension scheme and the number of qualifying National Insurance (NI) years all affect your entitlement.

To secure the full amount, you need at least 35 years of NI contributions. If your contributions are between 10 and 34 years, you will receive a proportion. There are many reasons why people might not meet the threshold, such as taking a career break to care for children or working abroad. The good news is that you can make voluntary payments to replace missing contributions.

FILLING THE GAPS IN YOUR CONTRIBUTION HISTORY

Voluntary NI contributions help you fill gaps and boost your State Pension. For the 2025/26 tax year, the cost to fill one missing year is £923. Paying even for one gap can bring significant benefits; it usually increases your annual State Pension by 1/35th of the full amount. This roughly equals £342 per year based on current figures.

Generally, you can only fill gaps from the past six years. For example, in the 2025/26 tax year, you could address gaps dating back to the 2019/20 tax year. Before making any

payments, it's important to check whether you are eligible and if it is financially sensible.

CHECKING YOUR STATE PENSION FORECAST

The initial step to understanding your entitlement is to obtain a State Pension forecast. You can do this quickly and easily online via the Government Gateway. Your forecast will display your expected pension, any shortfalls in your contributions and the cost of making up these shortfalls.

Some people may mistakenly assume they will automatically receive the full amount or forget to check their forecast altogether. Overlooking it can result in receiving less financial support than expected. This mistake is especially common among parents who have taken time off work to raise children, believing their NI contributions are being credited automatically.

UNCLAIMED CREDITS FOR STAY-AT-HOME PARENTS

From 1978/79 to 2009/10, stay-at-home parents could benefit from Home Responsibilities Protection (HRP) if they claimed Child Benefit. This scheme was replaced in 2010/11 by National Insurance credits. Unfortunately, data inaccuracies have led to many eligible parents not receiving the necessary credits.

The Department for Work and Pensions (DWP) identified this issue through research carried out in 2011 and 2022. If you were a stay-at-home parent during this period and missed your credits, the government has announced plans to address the problem. Starting in April 2026, parents will have the opportunity to claim NICs even if they did not previously apply for Child Benefit.

PROTECTING SPOUSE CONTRIBUTIONS IN HIGH-INCOME HOUSEHOLDS

Spouses in households with a high-income earner might choose not to claim Child Benefit due to tax implications. However, claiming this benefit is important to ensure their NI credits, and there is the choice of not receiving the actual child benefit payments. This highlights the importance of reviewing your pension forecast, especially if your family includes a stay-at-home parent.

The legislative updates in April 2026 are vital for couples in this situation. By claiming missed credits, individuals can protect their rightful State Pension entitlements, preventing financial shortfalls in retirement.

TAKING A MORE HOLISTIC APPROACH TO RETIREMENT

Although the State Pension alone might not provide enough income for some, maximising your entitlement is a vital part of broader retirement planning. Combining the State Pension with workplace or private schemes creates a stronger financial safety net. By addressing any gaps early and utilising mechanisms like voluntary NI contributions, you can achieve greater peace of mind as you approach retirement. ◀

Time to take charge of your financial future?

For advice on maximising your State Pension or checking your National Insurance records, contact us for further assistance or information. By taking proactive and informed steps today, you can significantly enhance your financial security in the future. Don't delay, start planning your future finances now.

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. A pension is a long-term investment not normally accessible until age 55 (57 from april 2028 unless the plan has a protected pension age). The value of your investments (and any income from them) can go down as well as up, which would have an impact on the level of pension benefits available.

Should annuities be included in retirement plans?

Protect against the risk of outliving your savings with a steady income

Planning for retirement can feel overwhelming, especially when trying to ensure your money lasts as long as you do. Annuities have long been a reliable option, offering guaranteed income during your golden years.

> **WHILE LIFETIME ANNUITIES OFFER LONG-TERM STABILITY, THEY ARE NOT THE ONLY CHOICE AVAILABLE. FIXED-TERM ANNUITIES PROVIDE GUARANTEED INCOME FOR A SET PERIOD, SUCH AS FIVE OR TEN YEARS. AFTER THIS PERIOD, RETIREES CAN REASSESS THEIR OPTIONS BASED ON ANY CHANGES IN PERSONAL CIRCUMSTANCES OR FINANCIAL MARKETS.**

An annuity is an insurance product that converts a portion of your pension savings into a regular income, ensuring financial stability during retirement. Unlike pensions that rely on fluctuating market performance, annuities provide consistent payments. This quality alone makes them an attractive option for retirees looking for reassurance.

APPEAL OF A GUARANTEED INCOME

One of the key advantages of annuities is the stability they provide. Retirees are safeguarded against the risk of outliving their savings, a major concern for many. By securing income through an annuity, you guarantee a steady stream of funds to cover essential expenses or preserve the lifestyle you have planned.

Equally important, annuities eliminate the concern of market downturns. Unlike other investments, which can fluctuate unpredictably, annuities adhere to fixed payment schedules. This consistency can offer a reassuring anchor in an uncertain financial environment.

ENHANCED ANNUITIES FOR INCREASED BENEFITS

A frequently overlooked advantage of annuities is the higher rates offered to individuals with certain health conditions. If you suffer from ailments such as heart disease or diabetes, or have a history of smoking, you may qualify for increased payouts. This is because insurers consider life expectancy when determining annuity rates, with shorter expected durations leading to larger income payments.

For many retirees, underlying health issues can present an opportunity to significantly enhance retirement income. To maximise these benefits, we can obtain quotes to ensure you are fully informed.

EXPLORING FIXED-TERM AND TEMPORARY ANNUITIES

While lifetime annuities offer long-term stability, they are not the only choice available. Fixed-term annuities provide guaranteed income for a set period, such as five or ten years. After this period, retirees can reassess their options based on any changes in personal circumstances or financial markets.

Temporary annuities help bridge short-term gaps, such as qualifying for the State Pension or waiting for more favourable investment conditions. Their flexibility makes them an attractive option for those reluctant to commit to longer-term plans.

PHASING YOUR ANNUITY PURCHASE

Phased annuity purchases enable you to balance cash flow and investment growth. By only exchanging part of your pension fund for an annuity, you secure a guaranteed income while keeping the rest invested. This strategy could allow you to benefit from future market growth, although gains are not guaranteed and involve risks.

Furthermore, delaying annuitisation could lead to better rates. As annuity providers consider lifespan when determining payments, older individuals or those with health issues may receive higher incomes due to their shorter expected durations.

CERTAINTY IN AN UNCERTAIN WORLD

With improved annuity rates and customised options, there's never been a more suitable time to think of them as a key part of your retirement planning. They provide certainty in an unpredictable world, allowing you to enjoy your retirement without concerns about running out of income.

However, always remember that annuity decisions are final, so you must ensure you can make informed choices. ◀

Is it time to talk about annuities?

If you'd like to explore how an annuity could support your retirement income goals or find out more about customising your pension plan, please contact us. Understanding your options today will lay the foundation for a more secure future.

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. The value of your investments can go down as well as up, and you may get back less than you invested. Past performance is not a guarantee of future results. Tax planning is not regulated by the Financial Conduct Authority.

Why should you invest in an ISA this year?

Acting sooner significantly improves your chances of achieving financial goals

Many people delay contributing to their ISA (Individual Savings Account) until the end of the tax year, but acting earlier greatly improves your chances of reaching financial goals. Whether you're building a nest egg or saving for a specific aim, starting early with an ISA provides some key advantages.

Here's why you should consider maximising this tax-efficient savings opportunity in 2025.

BENEFIT FROM TAX-EFFICIENT COMPOUND GROWTH

Investing in an ISA earlier in the tax year gives your money a vital head start. The longer your investments stay in the account, the more they can benefit from tax-efficient compound growth. Over time, even small returns can accumulate significantly, creating real wealth.

This is particularly important during an inflationary environment. As inflation reduces the purchasing power of cash in regular savings accounts, keeping your investments in an ISA not only protects them from taxes but also guards against the declining value of money in traditional savings.

PROTECT YOUR GAINS FROM CAPITAL GAINS TAX

One of the main reasons to choose an ISA is its ability to protect your investments from taxes. If you keep investments outside of an ISA, you may be liable for Capital Gains Tax (CGT) on profits over your CGT allowance. For higher rate taxpayers, CGT can be as high as 24%.

The annual CGT allowance exemption was cut to £3,000 in April 2024 and remains frozen this financial year. This reduction in exemptions has emphasised the importance of finding tax-efficient solutions. An ISA ensures that any growth your investments achieve remains fully protected from CGT, helping you maximise your returns.

MAKE THE MOST OF TAX-EFFICIENT INCOME

An ISA provides benefits beyond just capital gains. Any income generated from your investments, such as dividends from shares or interest from bonds, is also tax-efficient when held within an ISA. With the annual dividend allowance remaining at just £500 for the 2025/26 tax year, this tax-efficient wrapper is more important than ever. Currently, shareholders pay personal tax on dividend income exceeding the dividend allowance. The tax rates are 8.75%, 33.75% and 39.35%.

For income-focused investors, this tax-efficient status allows you to keep more of your earnings, which can be reinvested to enhance your overall returns or used to support your lifestyle. Either way, an ISA makes sure your income works harder for you.

CHOOSE THE INVESTMENT APPROACH THAT WORKS FOR YOU

Investing in an ISA is also versatile, accommodating various investment strategies and financial circumstances. If you have a lump sum available, using it early in the tax year allows the full amount to begin growing tax-efficiently over a longer period.

Alternatively, if you prefer to take a more cautious approach, you can gradually enter the market through monthly contributions. Known as 'drip-feeding', this strategy has the advantage of

spreading your investments over time, smoothing out the impact of market fluctuations and reducing risks associated with market downturns.

EASE THE PROCESS WITH AUTOMATED SAVINGS

Even if you don't have a lump sum to invest, you can arrange automated monthly contributions into an ISA. This method also helps prevent the temptation to 'time the market', a risky strategy that can harm long-term returns.

Regular contributions help you stay on track with your savings goals, and over time, this consistency can produce impressive results. It's an effective way to maximise your ISA allowance.

DON'T LOSE YOUR ISA ALLOWANCE

The ISA allowance works on a 'use it or lose it' basis. For the 2025/26 tax year, you can invest up to £20,000 across ISAs, but any unused allowance cannot be carried over. By acting earlier in the tax year, you avoid a last-minute rush before 5 April 2026, giving you confidence and clarity.

Whether you plan to invest the full allowance at once or spread payments throughout the year, planning ahead ensures your savings are working effectively and are aligned with your financial goals. It also helps you avoid potential delays or disruptions when setting up an account during peak tax season demand.

SEEK GUIDANCE TO MAXIMISE YOUR RESULTS

While an ISA offers a way to create tax-efficient savings and investments, there isn't a one-size-fits-all solution. Deciding how much to invest, where to allocate your funds and which strategy best suits your circumstances can be daunting.

This is where professional financial advice becomes crucial. We can assist you in choosing the right investments for your ISA, ensure your portfolio aligns with your goals and guide you on how to maximise your allowance. With our support, you'll have peace of mind knowing your decisions are well-informed and on schedule.

START EARLY, START SMART

Whether you're motivated by tax-efficient growth, flexible investment choices or the ability to secure tax-efficient income, utilising your ISA allowance today will help build a stronger future.

Don't wait until the end of the tax year – start now and make sure your money works smarter and harder for you in the coming years. ◀

Are you interested in discussing your ISA strategy?

If you're ready to invest or wish to discuss your ISA strategy further, for personalised support in designing a tax-efficient financial plan for 2025 and beyond, please contact us. Your future starts today, so don't delay.

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. The value of your investments can go down as well as up, and you may get back less than you invested. The Financial Conduct Authority does not regulate estate planning, tax advice or trusts.

Rising financial pressures

A stagnation in personal financial safety nets

Many people across the UK are experiencing increasing financial pressures. The recent report highlights serious concerns, revealing that one in five adults has less than £100 in savings[1]. This key figure has remained steady over the past two years, emphasising stagnation in personal financial safety nets.

For those on the brink, the report paints an even grimmer picture, with 9% of adults reportedly nearing a financial crisis and 2% already firmly caught in one.

MID-LIFE ADULTS ARE ENCOUNTERING GREATER CHALLENGES

When analysed by demographics, middle-aged adults emerge as the group most at risk of financial instability. Strikingly, 16% of those in their 40s and 50s are either close to or already experiencing a crisis. Moreover, satisfaction levels among this group regarding their standard of living are alarmingly low, with only 41% expressing contentment.

Despite this concerning situation, there has been a slight improvement for some. The percentage of adults reporting disposable income at the end of the month increased to 59% this year, compared with 49% in 2024. Additionally, average cash savings rose modestly from £15,549 to £15,864.

MANY FAMILIES STILL FEEL THE PINCH

This recovery, however, is not universal. Families with children under 18 continue to struggle disproportionately. Nearly half (47%) of these families report being on the brink of a financial crisis, while others are already adopting coping mechanisms. Among their strategies, 36% admitted to reducing heating usage, 33% to cutting down on social outings and 11% to skipping meals altogether.

Consumers most impacted by these increases are renters, particularly those in the private rental sector. Last year, nearly 72% of single-person households saw rises in housing costs. On average, these costs increased by £218 per month, with private renters facing a sharper rise of £304.

HOUSING COSTS SQUEEZE UK RENTERS AND HOMEOWNERS

According to the report, housing costs have also increased for mortgage holders. Over half of those with mortgages reported an average annual rise in payments of £327 per month. Single mortgage borrowers living alone faced a similar increase of £298, with serious implications for the sustainability of their living arrangements.

This income squeeze naturally impacts an individual's ability to save or keep savings. However, it also has far-reaching effects on long-term financial security, particularly regarding retirement contributions. While only 5% of adults reported reducing or stopping their pension payments, a notable 43% admitted that their retirement plans had been altered by the ongoing cost of living crisis.

TACKLING RETIREMENT BLIND SPOTS

Perhaps unsurprisingly, the report highlights a lack of engagement with retirement planning among UK adults. A startling 69% of adults admitted to being unaware of the amount of money they currently have in their defined contribution pension funds. Equally concerning is the finding that over half of those surveyed (52%) had not thought in the past year about how much they would need for a comfortable retirement.

This oversight in planning exposes a broader problem, as many people simply don't know where to start. With life expectancy increasing and retirement costs rising, it is vital for individuals to think about their financial futures early on.

PRACTICAL STEPS TO IMPROVE RESILIENCE

The report offers several practical suggestions to help households prepare for and manage the storm. Key advice includes reviewing household bills for potential savings and exploring social tariffs that could provide financial relief. Families are also encouraged to draw up a clear and realistic budget, enabling them to plan for rising costs.

A crucial part of enhancing resilience is creating a financial safety net. Even modest savings can shield individuals from borrowing at high interest rates during unforeseen financial crises. Furthermore, it is important to consider how shocks, such as illness or redundancy, could affect the household's financial stability. Practical measures, such as reviewing employment benefits and exploring income protection insurance, can help reduce these uncertainties.

PREPARING FOR A SECURE RETIREMENT

For long-term stability, planning ahead is crucial. Preparing for retirement – from estimating your desired retirement age to forecasting living costs – can help ease future financial burdens. Tools such as budget planners or apps, as well as checking your State Pension forecast, can provide a helpful starting point.

Ultimately, although external economic conditions are often beyond individual control, proactive measures can greatly enhance financial resilience. ◀

Need help exploring your options?

Take charge of your financial future today! If you want to review your current situation and make sure you're on course to achieve your goals, please don't hesitate to contact us.

Source data:

[1] All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 4,003 adults. Fieldwork was undertaken between 26 February and 5 March 2025. The survey was carried out online. The figures have been weighted to be representative of all GB adults (aged 18 and above).

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. The value of your investments can go down as well as up, and you may get back less than you invested.

"ACCORDING TO THE REPORT, HOUSING COSTS HAVE ALSO INCREASED FOR MORTGAGE HOLDERS. OVER HALF OF THOSE WITH MORTGAGES REPORTED AN AVERAGE ANNUAL RISE IN PAYMENTS OF £327 PER MONTH. SINGLE MORTGAGE BORROWERS LIVING ALONE FACED A SIMILAR INCREASE OF £298, WITH SERIOUS IMPLICATIONS FOR THE SUSTAINABILITY OF THEIR LIVING ARRANGEMENTS."

Cash Flow Modelling: Planning your financial future

Master your finances and bring clarity and control to make informed decisions

Managing your personal finances can often feel overwhelming, especially when planning for an uncertain future. Cash flow modelling provides a way to bring clarity and control, enabling individuals to make informed decisions about their finances. This process provides a detailed and visual representation of how your financial situation may evolve over time, taking into account factors such as income, expenses, assets and future objectives.

Although many associate cash flow modelling with business planning, personal finance can also benefit from the same structured approach. Just as a company needs a reliable forecast to operate effectively, individuals can safeguard their financial stability by understanding their cash flow.

WHY ASSUMPTIONS ARE KEY TO MODELLING

Cash flow modelling relies on analysing your current financial situation and making assumptions based on experience, inflation rates and market behaviour. For example, it considers factors such as savings and borrowing rates, investment returns and potential future events, like a stock market downturn. By doing so, it stress-tests your financial plans to provide a clear view of your financial potential.

Although assumptions can never guarantee certainty, they help establish a plausible framework for financial planning. This is particularly important for long-term goals, such as securing a comfortable retirement, financing future education costs or preparing for potential care needs later in life.

BRIDGING THE GAP TO FINANCIAL SECURITY

One of the key advantages of cash flow modelling is spotting gaps in financial plans. For instance, if there is a shortfall in your retirement savings, the model can recommend increasing pension contributions or changing spending habits.

Beyond addressing shortfalls, cash flow modelling also aims to optimise your financial situation. This may involve strategically reducing tax liabilities, refining your investment portfolios or ensuring you have a solid plan for managing Inheritance Tax.

BRINGING YOUR FINANCIAL FUTURE TO LIFE

Cash flow modelling acts as a dynamic tool, illustrating both your current financial health and future projections. By outlining how your income and expenses might fluctuate over time, it offers a tangible view of your financial pathway. This process not only emphasises strengths but also highlights risks and limitations, assisting in the development of a plan that considers all possible outcomes.

For example, understanding whether asset liquidation is required or how investment returns will support future needs becomes clearer when presented visually. Many find graphical representations or clear tables useful for grasping these insights, but the format can always be customised to suit individual preferences.

PERSONALISED APPROACH TO PLANNING

Creating a cash flow plan starts with carefully reviewing your current finances. This includes looking at all income sources, expenses and assets like property or savings. Then, the process takes into account your future financial commitments and goals, ensuring a realistic and personalised plan is created.

This bespoke approach ensures the modelling adapts to your circumstances. Whether updating the model to account for unexpected changes or revisiting goals as they evolve, cash flow plans remain a flexible resource.

IS CASH FLOW MODELLING RIGHT FOR YOU?

Cash flow modelling isn't just about managing money; it's about helping you to make confident, informed decisions. Questions like 'Can I retire early?' or 'Am I taking on too much investment risk?' can be answered with greater certainty. By turning complex calculations into clear insights, the process puts you in control of your financial future.

For instance, if you're unsure whether you'll outlive your savings, a reliable forecast can provide the clarity needed to adjust your decisions now. Similarly, planning for unforeseen events, such as disability or long-term care, becomes less daunting with a thorough cash flow strategy in place.

TAKE THE FIRST STEP TOWARDS FINANCIAL CLARITY

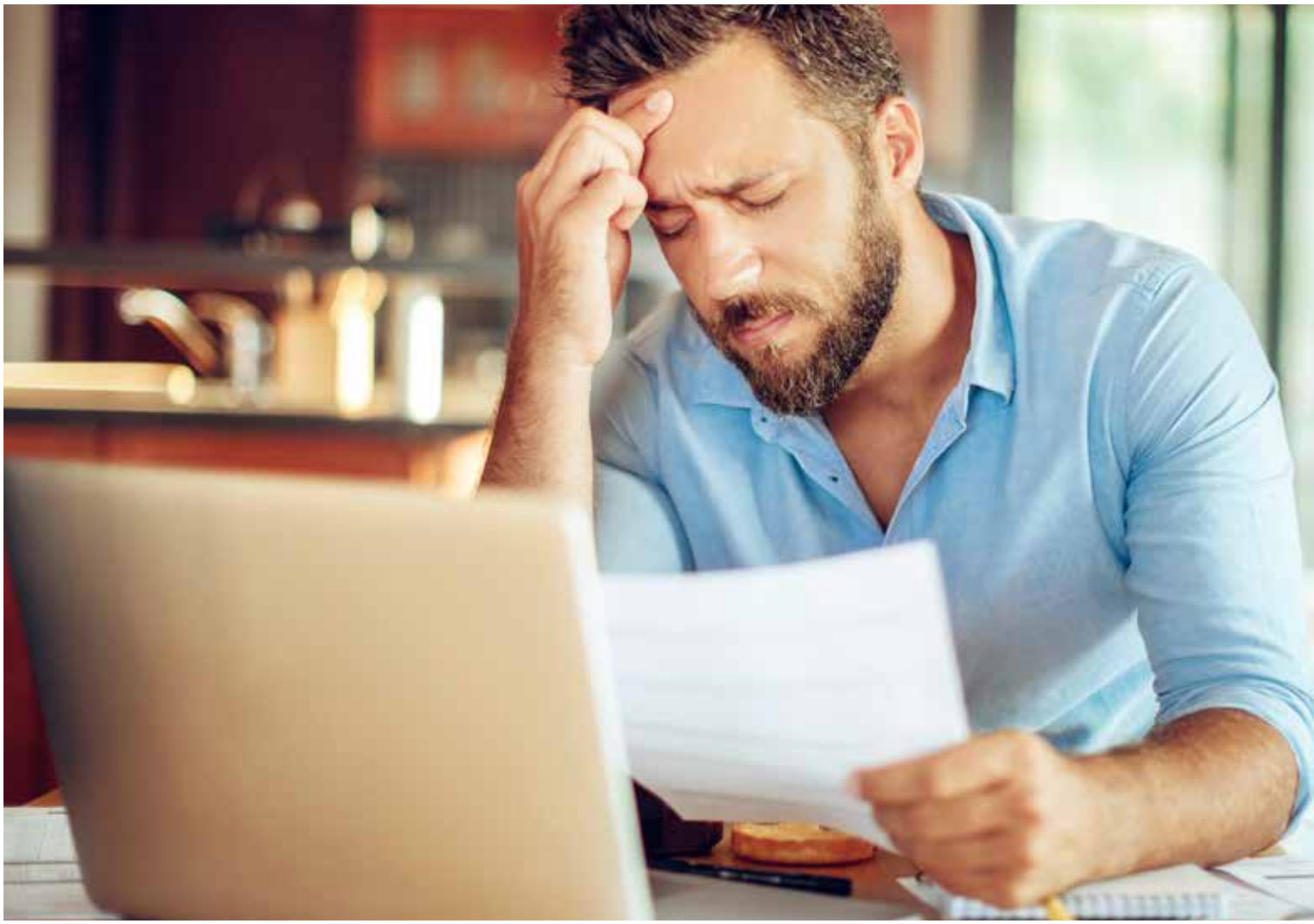
Understanding and managing your financial future through cash flow modelling can turn uncertainty into clear, actionable insights. Whether you're aiming to optimise your investments, explore retirement options or achieve financial independence, this process provides a solid foundation for a secure future. ◀

i

Ready to take charge of your financial future today?

Discover how cash flow modelling can enhance your financial decisions and bring clarity to your future. Contact us today to develop a personalised plan tailored to your needs, ensuring long-term financial security and peace of mind.

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. The value of your investments can go down as well as up, and you may get back less than you invested. The Financial Conduct Authority does not regulate cash flow modelling.



Are you a pension planner or a procrastinator?

Why preparing for retirement has never been more crucial

A new study reveals how people in the UK manage their pensions, highlighting notable differences based on gender, income and relationship status. Almost half (44%) of those surveyed consider themselves the main organiser of pensions in their household, while 22% of people in relationships believe their partner fulfils this role[1].

This gap highlights a potential communication issue within couples, emphasising the importance of open discussions about retirement goals. Interestingly, men are more likely to see themselves as pension planners (54%) compared to women (35%). While this might suggest a confidence or engagement gap, it also prompts questions about how each gender perceives financial knowledge and leadership roles within households.

THE SAND DILEMMA

Alarmingly, nearly three in ten (29%) people aged 45 to 54 admit to 'burying their heads in the sand' regarding their pensions. Although most already have workplace pensions, their uncertainty about where to start highlights the importance of accessible tools and guidance that make retirement planning easier.

Income also seems to affect pension planning habits. Just a third (33%) of those earning £35,000 or less see themselves as pension planners. This may reflect concerns about affordability or a broader disengagement from long-term financial planning. Conversely, engagement rises with income, with two-thirds (66%) of those earning between £75,001 and £100,000 taking an active role, and this increases to 80% among those earning over £125,000.

BEYOND INCOME-DRIVEN TENDENCIES

The trend among higher earners might indicate that greater disposable income allows individuals to take control of their retirement planning. However, in many households, one partner often focuses on pension contributions while the other manages daily expenses. This joint financial effort may appear to be the work of a single pension planner, when in fact it is a mutually agreed-upon strategy.

Furthermore, the study highlights how couples manage their retirement savings. One in five claim their partner takes charge of the planning, reflecting reliance on each other. Notably, over one in ten couples (13%) admit to both of them being procrastinators when it comes to discussing their future retirement, which clearly calls for taking action to initiate conversations sooner.

FROM HESITATION TO ACTION

For some people, a reluctance to plan stems from feeling overwhelmed by the complexity of pensions. The language can be intimidating, and many lack confidence in choosing the correct options or knowing how much to contribute. These barriers can lead to inaction, but the good news is that overcoming them is possible, especially with the availability of online resources, expert advice and financial education.

The challenges arise not only from a lack of knowledge, but often from prioritising short-term costs over long-term savings. It's natural to focus on daily expenses, but saving even small amounts for pensions can provide substantial benefits in ensuring future financial stability.

FINDING THE BALANCE

Finding the right balance between enjoying the present and saving for the future is essential. Retirement may seem a long way off to some, but starting earlier – even with smaller savings – can significantly benefit from the power of compound growth. For those who start later, increasing contributions and exploring tax-efficient pension options can help them get back on track.

Having open discussions within families or with us can also bring clarity and reduce the fear of the unknown. These conversations are vital not only for raising awareness but also for encouraging mutual understanding of shared goals.

EMPOWER THE PROCRASTINATOR WITHIN

Every pension procrastinator has the potential to become an active planner if equipped with the right tools and mindset. Breaking the process into manageable steps can be empowering. Start by reviewing your existing pension statements or logging into your workplace pension portal to understand your current situation. Then, take the time to set realistic goals and explore resources, such as pension calculators, to estimate your future needs.

Finally, remember that retirement planning isn't a one-time task. Regular reviews, adjusting contributions in line with salary increases and checking for any changes to pension regulations can all help keep you on track towards your goals.

TAKE CONTROL OF YOUR FINANCIAL FUTURE

With the UK's ageing population and increasing life expectancy, preparing for retirement has never been more important. Whether you see yourself as a skilled pension planner or an uncertain procrastinator, the key to success is to take action, no matter how small the first step might seem. ◀

Ready to talk retirement planning?

If you're ready to take control of your retirement planning or need more professional guidance, it's never too late – or too early – to start building the future you deserve. To discuss your future plans, please don't hesitate to contact us.

Source data:

[1] The research was carried out by Censuswide, involving a sample of 2,000 general consumers who are in a partnership, married, or in a registered civil partnership. The data were collected between 15 May 2025 and 19 May 2025. Censuswide adheres to and employs members of the Market Research Society, following the MRS code of conduct and ESOMAR principles. It is also a member of the British Polling Council.

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice. A pension is a long-term investment not normally accessible until age 55 (57 from april 2028 unless the plan has a protected pension age). The value of your investments (and any income from them) can go down as well as up, which would have an impact on the level of pension benefits available.

Do you have multiple pension pots to keep track of?

When leaving a job, how to stay updated on your retirement savings

Changing jobs often signals the start of an exciting new chapter, bringing fresh opportunities, new challenges and often a higher salary. However, amidst all this change, it's easy to overlook certain details, such as your old pension, especially since new employers usually auto-enrol you into a new pension scheme.

With over 3.3 million pension pots, each averaging £9,470[1], believed to be 'lost' in the UK, and nearly a quarter of UK workers (23%) planning to leave their jobs in 2025[2], it is crucial to stay informed about your retirement savings and understand the steps to take after changing employment.

WHAT HAPPENS TO YOUR PENSION WHEN YOU LEAVE A JOB?

When you leave a job, your investments stay in place. However, both your contributions and those from your employer cease. While your savings can still grow through investment, ongoing charges on the account may gradually decrease its value if not monitored.

It's important to notify your pension provider of any changes to your personal email or home address, particularly if your work emails are deactivated. Updating your contact details regularly helps you stay informed about your savings and prevents losing contact with your funds.

TRACKING DOWN OLD PENSIONS

If you've had several jobs, it can be difficult to keep track of your different pension pots. You may not immediately know where all your savings are held, but tools are available to assist you. A pension tracing service can help locate any lost pensions using details from previous employers.

Once you identify these old pots, consolidation could simplify the management of your retirement savings by reducing administrative tasks and allowing you to focus on a single account. However, the decision depends on individual circumstances, and important benefits might be lost during the transfer process.

SHOULD YOU CONSOLIDATE YOUR PENSIONS?

Before consolidating pensions, assess both the advantages and possible drawbacks. On the positive side, merging pensions could lower fees, make retirement savings simpler, and provide clearer insight into your progress towards retirement goals.

However, some older pension schemes provide unique benefits, such as guaranteed income options, higher growth rates or early retirement terms. These could be lost if transferred, so research your specific plans carefully to ensure that consolidation is the right decision for you.

WHAT TO DO IF YOU'RE IN BETWEEN PENSIONS

If you're taking a career break, changing jobs or working in a role that doesn't offer an immediate workplace pension, it's still important to manage your retirement savings. You might still be able to contribute to your existing pension, depending on your provider.

For those without such an option, considering a personal pension plan could be a practical solution. By remaining consistent with contributions, even during transitional periods, you will ensure your retirement savings stay on course. ◀

Is it time you built a clearer financial roadmap for your retirement?

It is essential to keep track of your pensions to optimise savings for a comfortable retirement. Need guidance? Contact us to explore your options and create a clear financial plan.

Source data:

[1] https://www.plsa.co.uk/News/Article/Brits-missing-31-1bn-in-unclaimed-pension-pots
[2] https://www.personneltoday.com/hr/attrition-rates-2025-uk-culture-amp/

This article does not constitute tax, legal or financial advice and should not be relied upon as such. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice.

A pension is a long-term investment not normally accessible until age 55 (57 from april 2028 unless the plan has a protected pension age). The value of your investments (and any income from them) can go down as well as up, which would have an impact on the level of pension benefits available.

Published by Goldmine Media Limited
Goldmine Media Limited, 124 City Road, London EC1V 2NX.

Articles are copyright protected by Goldmine Media Limited 2025. Unauthorised duplication or distribution is strictly forbidden.