talking money

Peter Richards
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FINANCIAL ADVISERS

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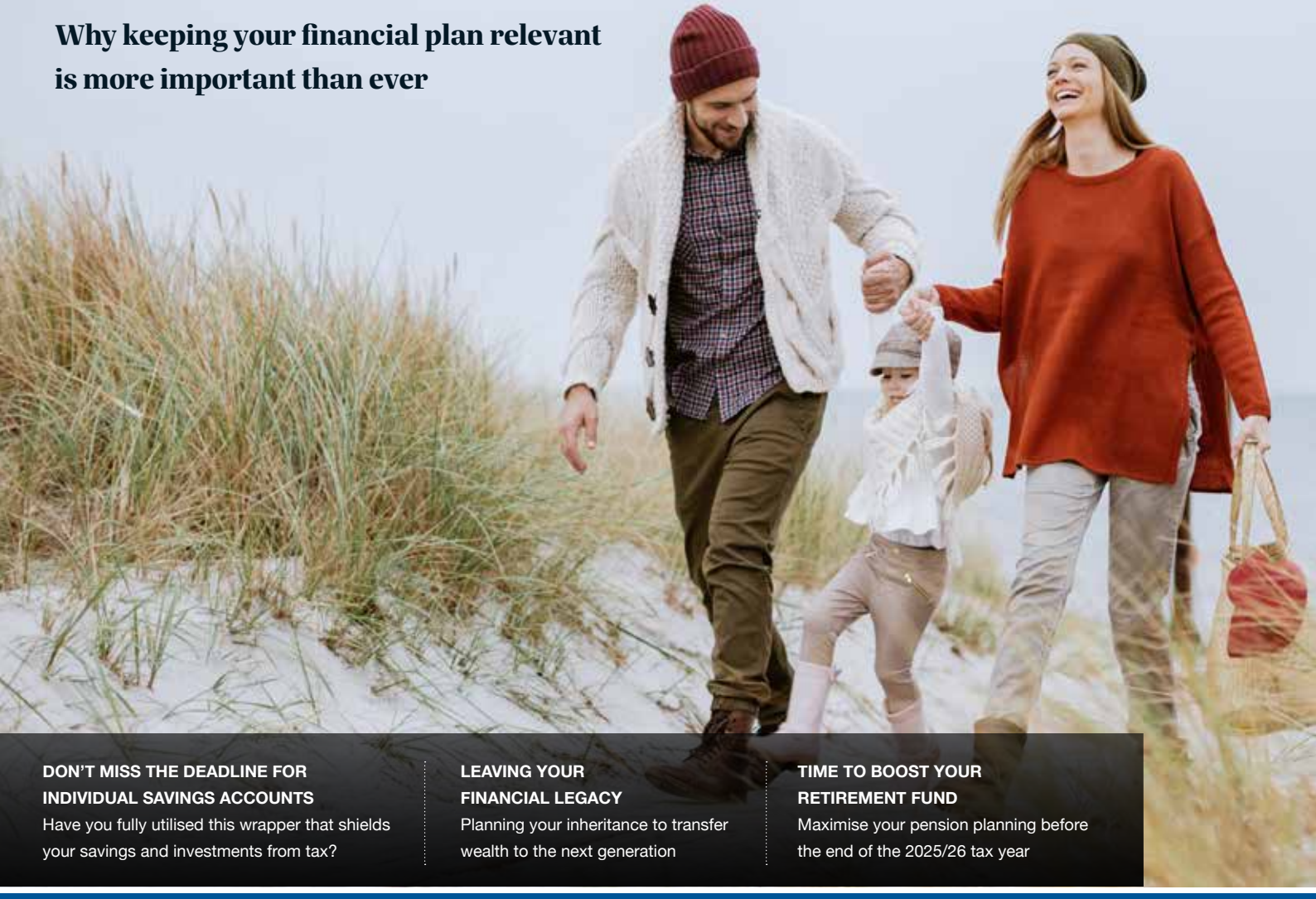
What's on your financial to-do list for 2026?

Why keeping your financial plan relevant is more important than ever



DON'T MISS THE DEADLINE FOR INDIVIDUAL SAVINGS ACCOUNTS
Have you fully utilised this wrapper that shields your savings and investments from tax?

LEAVING YOUR FINANCIAL LEGACY
Planning your inheritance to transfer wealth to the next generation

TIME TO BOOST YOUR RETIREMENT FUND
Maximise your pension planning before the end of the 2025/26 tax year

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Inside this issue

Welcome to our first issue of the new year. Have you set your New Year's financial resolutions? The key is to make them specific and measurable. To help you get started, we have suggested some financial resolutions for 2026 to consider, all of which are realistic, achievable and easy to track. Life is rarely static. In a climate of economic change, keeping your financial plan relevant is more important than ever. If you've experienced a significant life event, such as inheriting money, selling a business or separating from a partner, on page 08, we discuss why it's vital to consider how it can impact your finances. A plan that was suitable last year might no longer fit your current situation.

An Individual Savings Account (ISA) enables you to save or invest money in a tax-efficient manner. It serves as a protective wrapper for your savings and investments, shielding them from tax. The ISA allowance resets each year and must be used within that year; it cannot be carried over. Have you maximised your ISA contribution allowance in this tax year? Turn to page 05.

Passing wealth to the next generation remains a common goal for many individuals. However, navigating the complexities can be daunting, leaving some uncertain about how to transfer their wealth in the most tax-efficient way. With tax thresholds currently frozen and potential future changes on the horizon, on page 12, we explore why more people are understandably concerned about their financial future and are seeking professional advice to protect their legacy.

As the 2025/26 tax year ends on 5 April, now is an ideal time to review your pension arrangements and ensure you're maximising all available allowances. Taking proactive steps in pension planning now can help you secure valuable tax relief, enhance your retirement fund and prepare for the future. Acting before the deadline allows you to fully utilise the rules before the new tax year begins, helping you avoid missing out on potential benefits. Read the article on page 06.

A complete list of the articles featured in this issue appears opposite and on page 03. ◀

Wealth planning tailored to your future

Our approach ensures that every aspect of your wealth aligns with your life goals, family priorities and ambitions for future generations. To learn more or arrange a meeting, please contact us.

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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.

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The longevity challenge

Planning to make sure your retirement savings last

Many of us look forward to retirement as a time to relax and enjoy the fruits of our labour. However, an increasing number of retirees are facing an unexpected challenge: their lifespans are extending well beyond their initial expectations, and their financial plans may not be sufficient to keep up. This growing gap between life expectancy and financial preparedness is a critical issue for today's retirees.

Recent research uncovers an unexpected trend. Nearly a third (30%) of retirees in their 70s have already surpassed their expectations from their 50s[1]. Despite this, a large majority (77%) still do not believe they will live beyond age 85. However, the reality is different. Statistics indicate that one in four 70-year-old men can expect to reach 92, and for women, the chances are even better, with a significant likelihood of reaching 100[2].

RE-EVALUATING YOUR FINANCIAL FUTURE

These findings highlight a serious concern: many individuals in mid-retirement may be making vital financial decisions based on outdated expectations about their life expectancy. As we age, managing complex finances can become more challenging, making it crucial to remain actively engaged in your retirement plans. Simply establishing a pension and leaving it untouched is no longer a practical strategy for a retirement that could last decades longer than anticipated.

Balancing a sustainable retirement income is a delicate task. You aim to enjoy a comfortable life now while ensuring sufficient savings for the future. The first step is to fully understand your financial situation and the options available to you. Having the right conversations at the right moments can help you prepare for a future that may be longer and more prosperous than you ever expected.

STRATEGIES FOR A LONGER RETIREMENT

To ensure a financially secure retirement, it is crucial to think long-term. Your retirement may last 25 to 30 years, so planning for this period and regularly reviewing your decisions is essential. Keep a close eye on your pension withdrawal levels, as assessing your spending and savings is vital for meeting your needs both now and in the future. Overspending in the early years could lead to a shortfall later, but being overly cautious might prevent you from thoroughly enjoying your retirement.

It's also wise to consider all your options. Annuities can provide the peace of mind that comes with a guaranteed, regular income later in life. Blended retirement solutions, which provide flexibility early on and security later, can also help your finances adapt as you progress through different stages of retirement.

Developing a retirement strategy is not a one-time task; it's an ongoing process that will likely evolve with your needs. ◀

Are you confident that your savings will last a lifetime?

Talking with us will help you stay on track and ensure your savings last a lifetime. If you have questions about planning for a longer retirement and want to make sure your finances are ready for the future, we are here to help. Contact us for further information and guidance.

Source data:

[1] Retirement Reality: Managing Money in Mid-Retirement, May 2025.

[2] ONS Life Expectancy calculator. Based on data on 09/10/2025.

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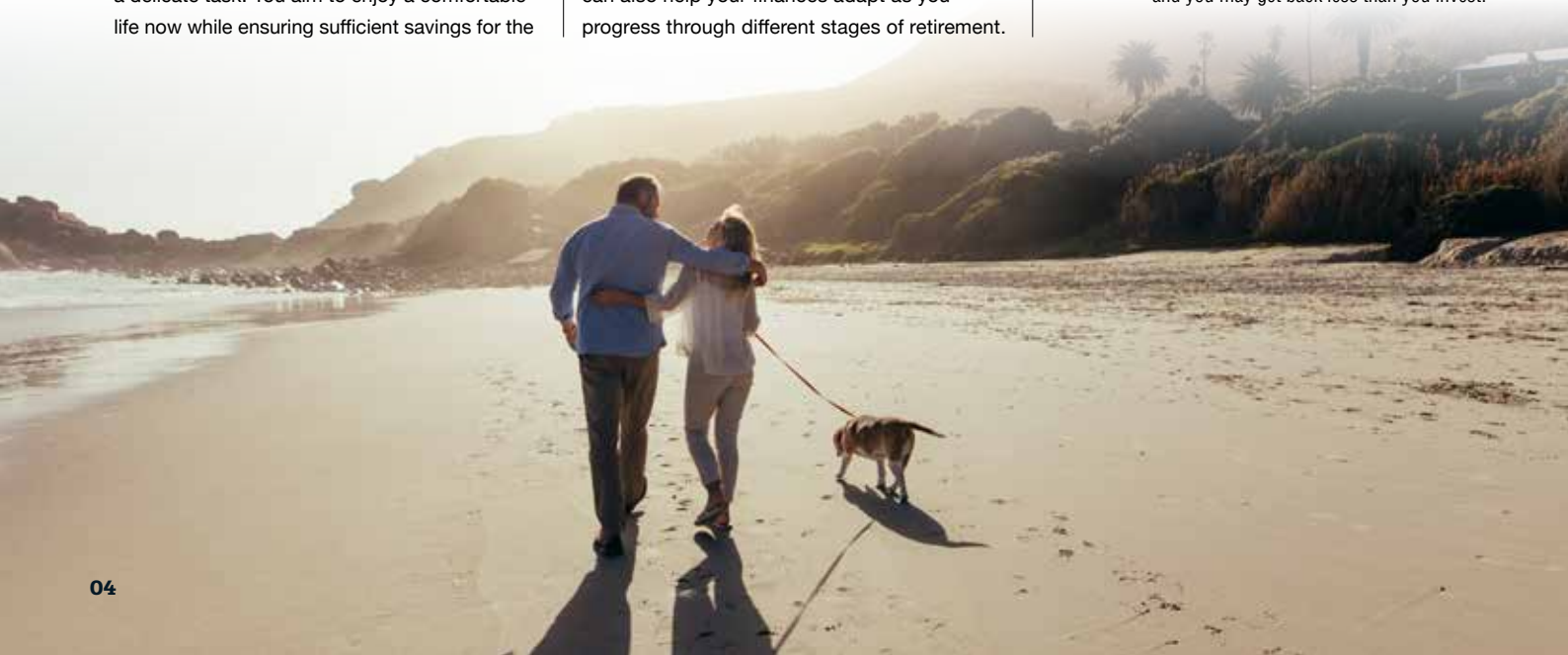

Don't miss the deadline for Individual Savings Accounts

Have you fully utilised this wrapper that shields your savings and investments from tax?

An Individual Savings Account (ISA) is highly effective for anyone looking to save or invest money in a tax-efficient way. An ISA functions as a wrapper that shields your savings and investments from tax. Any interest, capital gains or dividends earned within an ISA are completely tax-free, enabling your money to grow more efficiently than it would in a standard savings account.

For the 2025/26 tax year, every eligible UK resident has an annual ISA allowance of £20,000. You can choose to save or invest the full amount in a single ISA or spread it across multiple ISAs, based on your financial goals. The flexibility of the ISA system means there is probably an option suited to your needs, whether you're saving for a short-term aim or investing for your long-term future.

UNDERSTANDING YOUR OPTIONS

There are different types of ISAs available. The most common is the Cash ISA, which functions similarly to a regular savings account but provides the key advantage of tax-free interest. For those willing to accept a higher level of risk in exchange for the potential for better returns, a Stocks & Shares ISA allows investment in a wide range of assets, including funds, bonds and individual company shares, without incurring Capital Gains Tax or Dividend Tax.

The Lifetime ISA (LISA) has also been in the spotlight following the Autumn Budget 2025. While the current LISA still allows you to save for your first home or retirement and offers a government bonus, the government has announced a consultation to replace it with a new, simpler product aimed solely at first-time buyers.

Other specialised ISAs include the Innovative Finance ISA (IFISA), which involves peer-to-peer lending. Each type has its own rules and benefits, so it is important to understand which one suits your personal circumstances and savings goals.

CHANGES TO CASH ISAS

The Autumn Budget 2025 has announced significant changes to Cash ISAs. From April 2027, the annual limit for new contributions to Cash ISAs will decrease to £12,000 for those under 65. If you are 65 or over, you can still contribute up to the current limit of £20,000 to your Cash ISA each tax year. Despite this change, the overall annual ISA allowance stays at £20,000, allowing you to allocate your remaining allowance to other types of ISAs, such as Stocks & Shares ISAs or Innovative Finance ISAs.

However, the new regulations will prevent transfers from Stocks & Shares ISAs or Innovative Finance ISAs into Cash ISAs. Additionally, interest earned on cash within Stocks & Shares ISAs or Innovative Finance ISAs will now be taxed, discouraging the accumulation of large cash balances in investment-focused accounts. These changes aim to encourage younger savers to explore investment options for long-term growth, while safeguarding older savers who might prefer the security of cash savings.

DON'T MISS THE DEADLINE

The ISA allowance is available on a 'use it or lose it' basis each tax year. Your allowance for the 2025/26 tax year cannot be carried forward, so it is crucial to make your contributions before the 5 April 2026 deadline. Failing to utilise your allowance means missing out on a valuable opportunity to grow your savings tax-efficiently.

Whether you're an experienced investor or just starting your savings journey, making full use of your annual ISA allowance is a wise financial decision. Take control of your financial future by exploring the advantages of ISAs. Whether you're aiming to grow your wealth tax-efficiently or secure a reliable income stream, ISAs provide a flexible and effective way to reach your goals. ◀

Does your ISA strategy align with your financial goals?

With a variety of options available, from Cash ISAs to Stocks & Shares ISAs, selecting the right one can make a significant difference. Don't face these decisions alone; contact us to ensure your ISA strategy aligns with your financial goals and maximises your potential returns.
To help your money work harder for you, please get in touch.

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Time to boost your retirement fund

Maximise your pension planning before the end of the 2025/26 tax year

As the 2025/26 tax year ends on 5 April, now is the right time to review your pension arrangements and ensure you're maximising all available allowances. Taking proactive steps in pension planning now can help you secure valuable tax relief, boost your retirement fund and prepare for the future. Acting quickly allows you to fully utilise the rules before the new tax year begins, ensuring you don't miss out on potential benefits.

Recent economic and political events have emphasised the importance of practical pension contributions and understanding relevant limits. Although the broader tax landscape has seen minor changes, adjustments to thresholds and regulations affecting pensions can significantly influence your long-term retirement plans. With the deadline approaching, it is crucial to make any final top-ups to your pension while you still can.

REVIEWING PENSION ALLOWANCES AND TAX RELIEF

Pension contributions remain one of the most tax-efficient methods to save for retirement. Contributions receive tax relief at your marginal rate, making each pound you invest work harder for your future. As the tax year concludes, review your contributions against your annual allowance to ensure you do not miss out on this valuable relief.

An annual allowance limits how much someone can pay into pension schemes each year before incurring Income Tax. In 2025/26, individuals can contribute up to £60,000 into pension schemes without paying Income Tax. Typically, tax relief is not available for pension contributions above an individual's earnings. However, individuals can still contribute up to £3,600 annually, including tax relief, even if their earnings are below this amount.

MAXIMISE YOUR CONTRIBUTIONS FOR THIS YEAR

The annual allowance is tapered for higher earners. It decreases by £1 for every £2 earned above £260,000 (including pension contributions), and tapering ends when the allowance reaches £10,000. In defined contribution pension schemes, individuals accumulate a retirement savings pot.

In certain situations, if someone withdraws money from a defined contribution scheme, the amount they can contribute to these schemes in the future while still receiving tax relief is permanently reduced. The lower limit, known as the Money Purchase Annual Allowance, is set at £10,000 per year. For those with variable incomes, it is advisable to consider whether carry-forward rules on pension allowances can help you maximise contributions this year.

LAST CHANCE FOR PENSION PLANNING OPPORTUNITIES

The end of the tax year is a crucial time to make extra pension contributions if you can afford them. Even small additional payments can receive immediate tax relief, providing a smart boost to your retirement savings. For higher and additional rate taxpayers, claiming the full amount of tax relief could make a significant difference.

Review salary sacrifice arrangements and confirm that contributions are processed before the end of the tax year. This is especially important given recent updates from the Autumn Budget 2025, which introduced a £2,000 cap on salary-sacrificed earnings sheltered from National Insurance contributions from April 2029. Planning ahead will help you maximise the current rules before they change.

As the 2025/26 tax year ends on 5 April, keeping your pension planning current remains one of the most effective ways to secure your retirement. Maximising contributions, using available allowances and understanding any rule changes can protect and grow your savings for the future. ◀

Time to make well-informed decisions for your future retirement plans?

For personalised guidance on your pension plans, we'll assist you in making confident and well-informed decisions about your future. To learn more, please contact us.

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Safeguarding your future

Without a sufficient financial buffer, an unforeseen health issue could be catastrophic

In the current economic climate, financial stability seems more out of reach than ever for many households across the UK. Recent research reveals a significant gap between our desire for security and the actions we actually take to attain it. Half of the UK's workforce admits they would feel much more financially resilient if they had cover in place to protect their income should they be unable to work due to illness or injury[1].

Despite recognising its importance, a significant gap remains. Only 27% of UK workers currently have an Income Protection policy. This gap shows that while we understand the concept of a safety net, far too few have actually established one. Income Protection is often regarded as a luxury or an afterthought, but the data demonstrates it should be an essential part of modern financial planning.

COMPLEX WEB OF FINANCIAL RELIANCE

The importance of this type of cover becomes evident when we consider who depends on our income. The data show a complex network of financial reliance. On average, each worker supports three dependents who rely directly on their earnings. This burden often goes beyond children and partners; three in ten workers (29%) also care for a pet that depends on them for food, shelter and wellbeing. Among parents with older children, nearly half support the same number of dependents, indicating that financial responsibility does not necessarily end when children reach adulthood.

This burden is rarely borne alone, but that shared load comes with its own risks. The report emphasises that financial vulnerability is common among couples. Nearly half (45%) of working couples rely on both incomes just to meet monthly living costs. For younger workers aged 18 to 24, this reliance increases to 70%. The real concern is clear: if one partner could no longer work, many households would face immediate and serious financial hardship.

RISING TIDE OF HOUSEHOLD DEBT

Exacerbating this vulnerability are rising living costs and increasing debt levels. The report highlights that household debt has been escalating, with the average debt rising by £1,734 from 2023 to 2024 to reach £20,640. As debt grows, savings remain static or decrease. One-third of UK workers have less than £5,000 in savings, nearly a quarter have less than £1,000 and just under one in ten have no savings at all.

For those with a limited financial buffer, an unexpected health problem can be disastrous. This is when Income Protection becomes essential. It offers a regular, tax-free monthly income during periods of illness or injury, providing not just money but genuine financial peace of mind. This safety net helps cover key costs such as rent, mortgage payments, utilities and other living expenses when you are unable to work.

CLOSING THE PROTECTION GAP

The research also highlights a significant 'protection gap' affecting renters, women and single parents. These groups often stand to lose the most from income loss but are usually the least protected. Income Protection isn't only for the wealthy or the primary breadwinner; it's for anyone whose life could be affected by a loss of temporary or permanent income.

As the cost of living crisis continues to affect households across the UK, people are becoming increasingly aware of their financial vulnerability. With rising energy bills, rent and mortgage payments, the stakes have never been higher. Having an Income Protection policy offers crucial financial security, turning a potential financial crisis into a manageable situation. ◀

Are you worried about your financial resilience?

If you are concerned about your financial resilience or wish to discuss how Income Protection could safeguard your future, please contact us to explore your options.

This article is for information purposes only and does not constitute tax, legal or financial advice.

Source data:

[1] LV= Reaching Resilience report: the data used come from a survey of 2,720 nationally representative UK workers, conducted for LV= by Opinium between 15–25 October 2024.

What's on your financial to-do list for 2026?

Why keeping your financial plan relevant is more important than ever

Have you set your New Year's financial resolutions? The key is to make them specific and measurable. To help you get started, we have suggested some financial resolutions for 2026 to consider, all of which are realistic, achievable and easy to track.

Life is rarely static. In a climate of economic change, keeping your financial plan relevant is more important than ever. If you've experienced a significant life event, such as inheriting money, selling a business or separating from a partner, it is vital to consider how it impacts your finances. A plan that was suitable last year might no longer fit your current situation.

BEGIN WITH A MEANINGFUL REVIEW

Financial plans should be reviewed at least annually to ensure they remain aligned with your life and goals. Over time, circumstances can change significantly. You might receive a salary increase, experience a change in your family situation or develop new long-term ambitions. The economy also fluctuates, affecting investments, interest rates and the cost of living. Without regular updates, your plan could become outdated and less effective in guiding you towards your financial objectives.

This provides a structured chance to make necessary adjustments, keeping your financial plan aligned with your current circumstances and future goals. The start of a new year is the perfect time for this important review. It acts as a natural milestone, encouraging reflection on the past 12 months and planning for the year ahead. This period allows you to assess your progress against earlier goals and set new ones. With the festive season over, many people find they have the mental space to focus on practical matters like finances. So, what should you consider?

HIGHLY EFFECTIVE TAX-EFFICIENT WRAPPERS

A good starting point is Individual Savings Accounts (ISAs), a highly effective, tax-efficient wrapper for both investments and cash savings that protects against tax on income and capital gains. You have an annual ISA allowance of £20,000. With the tax year ending on 5 April, now is the time to ensure you've fully maximised this benefit for the tax year 2025/26.

There are different types of ISAs to consider when planning your finances. Cash ISAs offer a simple, low-risk way to earn tax-free interest on your savings. For those seeking higher growth potential, Stocks & Shares ISAs allow you to invest in a wide range of assets, including shares, bonds and funds, with any returns, dividends or capital gains remaining tax-efficient.

HELPING YOUR MONEY WORK HARDER

Stocks & Shares ISAs can help your money grow more effectively over the long term, especially if you're willing to accept more risk.

Some people opt for both a Cash ISA and a Stocks & Shares ISA to balance the safety of cash with the potential for higher investment returns, aligning their choices with their personal goals and risk tolerance.

Utilising your ISA allowance is essential for developing a broader financial strategy. Cash ISAs remain free from Income Tax on interest earned, and their higher contribution limits make them a valuable tool for enhancing overall tax efficiency.

MAXIMISING YOUR PENSION OPPORTUNITIES

Next, let's review pensions. Your annual pension contribution allowance is £60,000, subject to the earnings limit, the Annual Allowance and MPAA (Money Purchase Annual Allowance). If you typically utilise your full pension allowance each year, ensure you do so before the end of the tax year.

Pensions legislation is complex, and your personal circumstances and tax situation largely determine its impact on you. Understanding how these rules apply is essential for maximising your long-term savings and retirement plans. With our professional advice, we can help clarify your position and ensure you take full advantage of the opportunities available to you.

TAX-EFFICIENT GIFTING AND WEALTH TRANSFER

If you're planning to pass on your wealth, the annual Inheritance Tax (IHT) exempt gifting allowance of £3,000 is a valuable option. This allowance can be carried forward for one year if unused, meaning you could potentially gift up to £6,000 tax-free before the end of the 2025/26 tax year if you didn't utilise the previous year's allowance.

Gifting in this manner should always be part of a broader, well-considered financial plan. It can work effectively alongside other wealth transfer methods, such as paying for grandchildren's school fees or contributing to Junior ISAs. Before transferring any assets, ensure they align with your overall objectives and that you have sufficient funds for your future.

CONVERSATIONS THAT BUILD CONFIDENCE

IHT planning is just one part of effective intergenerational wealth planning. Many families often avoid discussing inheritance. If you haven't already, it's worth considering introducing your children or other heirs to us and involving them in conversations about your wealth.

Open communication ensures your loved ones are prepared to receive their legacy and handle it wisely. By adopting these resolutions, you take tangible steps towards a secure financial future for yourself and your family. ◄

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Is it time to discuss your plans for the year ahead and beyond?

If you have any questions about your financial situation or wish to discuss your plans for the year ahead and beyond, please do not hesitate to get in touch for further information.

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Don't let your pension funds disappear

How financial awareness can protect your hard-earned retirement savings

In an era when job changes are common, millions of people in the UK risk losing touch with their hard-earned retirement savings. New research highlights a concerning gap in financial awareness, with many individuals potentially missing out on a significant part of their future income because pension pots from previous jobs have been forgotten.

The findings are eye-opening: one in four UK adults (26%) admit they do not know who their current pension provider is[1]. This lack of engagement is made worse by the fact that two-thirds (66%) have never attempted to locate a lost pension, even though the average lost pension pot is worth around £9,470[2]. This reveals a widespread misunderstanding of how pensions work when people change jobs, with a quarter (24%) unaware that switching employers can result in multiple, separate pension pots.

GROWING PROBLEM OF SCATTERED SAVINGS

Fewer than one in three people (30%) have carefully kept records of all their pension funds from previous jobs. Although merging these scattered savings into a single plan is often recommended as a practical solution, most have not taken this step. A significant 60% of adults have never combined their workplace pensions, a trend surprisingly common among older, more experienced generations.

This reluctance is clear across all age groups. Nearly three-quarters of the Silent Generation (73%) and two-thirds of both Baby Boomers (65%) and Gen X (66%) have never combined their pensions. Younger workers show a similar pattern, with over half of Millennials (50%) and Gen Z (55%) still to consolidate. Despite the potential advantages of these unclaimed savings, many who haven't combined their pensions have no plans to do so, often because they don't know where to start (31%) or feel it would be too much trouble (10%).

SIMPLE STEPS TO LOCATE YOUR LOST FUNDS

Even if a pension pot seems small, it can grow substantially over time, making the effort to find it worthwhile. Tracking down your savings might seem intimidating, but there are simple ways to help you re-establish control. A good starting point is to look for any old paperwork, as pension providers are required to send you an annual statement with important details about your plan.

If you cannot locate any documents, you can contact your previous employers directly. They will have records of the pension scheme they offered and can give you the administrator's contact details. For those still having difficulty, the government's free Pension Tracing Service is an invaluable resource. With your National Insurance number and employment dates at hand, you can use the service to find up-to-date contact details for past employers and providers.

HOW TO KEEP YOUR PENSIONS IN ORDER

Once you have found all your savings, it is important to keep them secure and prevent them from being misplaced again. Ensure your personal details, such as your address and personal email, are up to date with all your pension providers. This allows them to contact you with important information, even long after you have left a job. Keeping a clear record of each plan will give you a complete overview of your retirement savings.

This comprehensive overview helps you make informed decisions, such as whether consolidation is right for you. Combining your pots can simplify your finances and, in some cases, reduce fees. However, it is crucial to check carefully beforehand, as some older pension schemes may include valuable guarantees or benefits that could be lost if you transfer them. Taking the time to understand what you have is the first step towards a more secure financial future. ◀

Would you like to discuss ways to enhance your retirement plan?

For advice on finding your pension pots or improving your retirement plan, speak to us about taking control of your future. Don't let your hard-earned savings disappear. To discuss your concerns or review your current plans, please contact us.

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Source data:

[1] Research conducted amongst 2,000 UK adults on behalf of Standard Life by Opinium from 12–15 August 2025.

[2] The average size of a lost pension pot, according to the Pensions Policy Institute.

Leaving your financial legacy

Planning your inheritance to transfer wealth to the next generation

Passing wealth to the next generation is a goal for many. Recent research shows that nearly half of us (47%) intend to leave a financial legacy, with a significant number planning to transfer assets directly to their children[1]. However, navigating the complexities of Inheritance Tax (IHT) can be daunting, leaving many uncertain about how to pass on their wealth in the most tax-efficient manner.

This desire for effective intergenerational wealth transfer occurs amid significant changes in the UK tax landscape. Recent Budget adjustments, such as making certain pensions liable for IHT and capping some types of tax relief, have prompted individuals to review their estate planning. With tax thresholds currently frozen and potential future changes, more people are understandably concerned about their financial future and are seeking professional advice to safeguard their legacy.

MODERN APPROACH TO ESTATE PLANNING

When planning how to organise your estate, various tools are available. One often overlooked but effective option is onshore investment bonds. These financial products provide a simple way to grow your savings within a tax-efficient wrapper. When incorporated into a broader financial plan, these bonds can play a crucial role in reducing potential IHT liabilities and enabling a smoother, more organised transfer of wealth to your loved ones.

A key advantage of onshore bonds is their flexibility. They can be transferred to family members, such as children or grandchildren, through a Bare Trust without incurring an immediate tax charge. Once transferred, the new owner is considered to have owned the bond from the beginning. This allows them to utilise valuable features like full top-slicing relief and any unused 5% tax-deferred allowances on future withdrawals, which can lead to significant tax savings.

A PRACTICAL WAY TO MANAGE TRUST ASSETS

Onshore bonds are also highly effective as trustee investments. For a trust, the bond is a non-income-producing asset, which simplifies administration and lowers the trust's ongoing tax exposure. Trustees can still access funds when necessary by using the 5% tax-deferred withdrawal allowance. This structure offers a practical way to manage trust assets while waiting for beneficiaries to reach maturity.

Later, the trustees can assign all or part of the bond to a beneficiary. This is especially useful if the bond is organised as a series of individual policies or 'clusters', allowing for partial assignments. Such a transfer is generally tax-efficient, often resulting in lower tax for the beneficiary compared to a direct cash distribution from the trust. Despite these clear benefits, a surprising 67% of people report knowing very little about how bonds can be used for inheritance planning.

BRIDGING THE KNOWLEDGE GAP

This lack of awareness highlights the importance of exploring all available financial planning options. As more people focus on securing their family's financial future, understanding the tools that can help you achieve your goals becomes essential. Onshore bonds offer a compelling combination of tax efficiency, investment growth potential and flexibility. They can be a valuable element of your strategy as you prepare for later life and aim to leave a lasting financial legacy.

As rules on inheritance and taxation evolve, staying informed is crucial. Knowing how various financial products operate can greatly influence the amount of your hard-earned wealth that is transferred to your family. ◀

Is it the right moment to revisit your estate planning approach?

If you want to learn more about how investment bonds and other estate planning strategies could benefit you and your family, please contact us to discuss your options.

Source data:

[1] Data used from a survey of 4,000 nationally representative UK adults conducted for LV= by Opinium in March 2025.

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Navigating the Autumn Budget 2025

Frozen thresholds and new caps reshape the financial landscape for savers and investors

Last year's Autumn Budget outlined several fiscal changes that will significantly influence personal and family wealth planning in the coming years. Understanding these reforms is the first step towards protecting your financial future and keeping your strategy effective in a changing economic environment.

A **key announcement is** the decision to keep Income Tax thresholds frozen until 2031. This extension of the freeze means that as wages increase with inflation, more people will be pushed into higher tax brackets, a phenomenon known as 'fiscal drag'. Consequently, a larger portion of your earnings could be subject to higher rates of tax in the coming years.

ADJUSTMENTS TO TAX AND SAVINGS

The freeze also applies to Inheritance Tax (IHT) nil rate bands, which will remain at their current levels until 2031. As property and other asset values are likely to increase during this period, more estates could surpass the IHT threshold. This emphasises the importance of strategic estate planning now more than ever to ensure your assets are transferred to your loved ones in a tax-efficient way.

Changes are also coming for pension contributions. From April 2029, the tax NI (National Insurance) relief available through salary sacrifice schemes will be limited to £2,000. This change will reduce the tax and National Insurance advantages for employees who use this method to boost their pension funds, prompting many to reassess their retirement savings strategies.

NEW PROPERTY AND INVESTMENT RULES

The government has also introduced measures affecting property owners and savers. A new council tax surcharge will be applied to properties valued at over £2 million, increasing costs for those owning high-value homes. It is crucial to include this additional expense in household budgets and long-term financial planning.

Although the annual ISA allowance remains unchanged, the rules for saving will alter from April 2027. For those aged under 65, cash savings within an ISA will be limited to £12,000 per year. This change aims to encourage directing the remaining £8,000 of the allowance into stocks and shares investments, promoting investment over cash savings.

IMPORTANCE OF PROFESSIONAL FINANCIAL ADVICE

These developments highlight the increasing complexity of the UK's tax system. Navigating these changes without expert advice can lead to missed opportunities or costly errors, whether it involves decisions about selling assets, restructuring property ownership or adjusting pension contributions. Proactive financial planning is now essential, not optional.

We can assist you in understanding how this changing tax landscape impacts your specific circumstances. We can help identify alternative, tax-efficient strategies and ensure you are well-positioned to protect and grow your wealth, while avoiding unnecessary tax liabilities. ◀

Time to discuss frozen thresholds and new caps?

Strategic planning has become essential as frozen thresholds and new caps alter the financial landscape for savers and investors. To discuss how these changes could affect your financial plans and explore your options, please get in touch.

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Smart strategies for investing in your 50s and beyond

Making sound financial decisions this decade is crucial to securing a comfortable future.

For those in their 50s and beyond, investing can seem particularly intimidating. As retirement approaches, the timeframe for growing your money narrows, and priorities shift towards protecting capital. However, this does not mean investment opportunities are limited. Making sound financial decisions this decade is crucial to ensuring a comfortable future.

Many believe investing is only for the young, but it's never too late to make your money work harder. While you might have less time to recover from market downturns, your 50s are often your peak earning years. This presents a valuable opportunity to maximise pension contributions and other investments, giving your retirement savings a final, substantial boost before you need to start drawing from them.

REASSESSING YOUR FINANCIAL GOALS AND RISK

Saving and investing serve different purposes, a distinction that becomes clearer in your 50s. Saving offers a secure fund for immediate needs, while investing aims to outperform inflation and grow your wealth over the long term. At this stage, your investment strategy should be closely aligned with your retirement plans. The main aim is often to consolidate growth and begin shifting towards lower-risk assets to protect your accumulated capital.

A key part of managing this transition is diversification. While you may have adopted a more aggressive, growth-focused approach in your younger years, now is the time to review your portfolio. Spreading your investments across different asset classes, such as shares, bonds and property, helps to cushion your portfolio against volatility, which is crucial when you have less time to recover potential losses.

MAXIMISING YOUR PENSION AND SAVINGS

Your pension is probably your most significant investment. As you near retirement, it's essential to review it. Check your estimated retirement income, understand the investment funds you are in and consider increasing your contributions if you can. Many schemes allow you to transfer your money into lower-risk funds as you approach your planned retirement date, helping to protect its value.

Beyond your pension, using tax-efficient wrappers like Individual Savings Accounts (ISAs) is crucial. A Stocks & Shares ISA allows your investments to grow free of UK Income Tax and Capital Gains Tax. Maximising your annual ISA allowance can significantly boost your overall funds, providing a flexible and accessible income source in retirement.

FINE-TUNING YOUR INVESTMENT CHOICES

While shares offer the potential for greater growth, their volatility suggests you reduce your exposure as you approach retirement. Bonds, which are loans to governments or companies that pay a fixed interest rate, are generally considered lower risk and can provide a more stable income stream. Many investors in their 50s and beyond find that a balanced portfolio, combining shares and bonds through investment funds, strikes the right balance.

For those who find managing these decisions complicated, ready-made portfolios provide a streamlined solution. These portfolios manage a diversified investment based on your age and risk tolerance. This automates the rebalancing process, gradually shifting your investments towards a more conservative allocation as you approach your target retirement date.

Ultimately, investing in your 50s means balancing the need to safeguard your assets with the aim of ensuring they last through retirement. With careful planning and a clear understanding of your goals, you can approach this stage with confidence. ◀

Is it the right moment to talk about your investment options?

If you're unsure about the best course of action for your personal circumstances, it is essential to seek professional financial advice. To discuss your situation or for further details, please contact us.

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Stealth tax catching high-earning pensioners

Navigating this requires careful planning to ensure you maximise your earnings

Recent figures from HM Revenue & Customs (HMRC) reveal a startling trend: an increasing number of pensioners are caught in a punitive 60% tax trap[1]. In the 2024/25 tax year, 77,000 individuals aged 66 and over had earnings between £100,000 and £125,140, subject to this alarmingly high effective tax rate. This figure has more than doubled in just three years, demonstrating the significant impact of frozen tax thresholds on older, higher-earning workers.

Although the official Income Tax rates are 20%, 40% and 45%, a quirk in the system creates a 60% band. This occurs because the £12,570 tax-free personal allowance gradually decreases once income exceeds £100,000. For every £2 earned over this limit, you lose £1 of your allowance. Consequently, when income reaches £125,140, the entire allowance disappears, resulting in a notably high marginal tax rate on that portion of income.

A GROWING CONCERN FOR OLDER WORKERS

To illustrate, consider an individual who receives a pay increase from £100,000 to £110,000. They would pay 40% Income Tax on the extra £10,000, which amounts to £4,000. However, they would also lose £5,000 of their personal allowance. This lost allowance is subsequently taxed at 40%, adding another £2,000 to their tax bill. Overall, they pay £6,000 in tax on the £10,000 increase, resulting in an effective rate of 60%.

The threshold for losing the personal allowance has stayed fixed at £100,000 since it was introduced in April 2010. Had this figure kept up with inflation, people could now earn around £155,000 before being affected. With Income Tax bands frozen until at least 2028/29, more people, including those past State Pension age, will fall into this bracket as more individuals continue working and earning at the top of their careers well into their late 60s.

STRATEGIC FINANCIAL PLANNING IS KEY

This situation poses a genuine risk of losing valuable experienced workers from the workforce. As taxes take an increasingly large share, many high earners might question whether continuing to work is worthwhile, possibly opting to cut their hours or retire earlier to avoid such a heavy tax burden. This is a crucial consideration, especially with the State Pension also adding to taxable income.

Nevertheless, there are effective strategies to mitigate the effects of the 60% tax trap, and pensions are a valuable tool. Contributing to a pension can lower your 'adjusted net income', the figure used by HMRC to determine your tax liabilities. By making pension contributions, you can bring your income below the £100,000 threshold, which not only entitles you to 40% tax relief but also helps you retain your full tax-free personal allowance.

NAVIGATING THE RULES AND ALLOWANCES

If you contribute to a private pension, such as a SIPP, remember to declare the contribution on your tax return to claim the full higher rate relief, as only basic rate relief is applied automatically. It is also important to be aware of certain pension rules. For instance, older workers who have already started drawing a taxable income from their pension may be subject to the Money Purchase Annual Allowance (MPAA). This reduces your annual allowance from £60,000 to just £10,000 and removes the ability to use 'carry forward' relief from previous years.

Another option is to delay claiming your State Pension. For each year you postpone, your future entitlement increases. This could be a prudent move for those currently caught in the tax trap who plan to reduce their work and enter a lower tax band soon. Navigating these complexities requires careful planning to ensure you maximise your earnings. ◀

Are you maximising your income and pension prospects?

The tax landscape for high earners can be complex. If you think you might be affected and need personalised financial advice, or want to find out more or discuss your situation, don't let the tax trap catch you unprepared. Please contact us.

Source data:

[1] Freedom of Information request by Interactive Investor to HMRC 30/10/25.

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What a weaker sterling means for your money

Impacts on living costs, mortgage, holiday funds, savings and investments

To understand the current economic climate, it is essential to assess the strength of the pound. You might have seen headlines about sterling falling against other currencies, particularly the US dollar. But what does this mean in real terms and how does it affect your personal finances?

A **falling pound**, often called a weak pound, means your money doesn't go as far when buying goods and services from abroad. Several factors contribute to this. Economic uncertainty, rising inflation and the Bank of England's interest rate decisions all play significant roles. When global investors lose confidence in the UK's economic outlook, they may sell their pounds, which pushes the pound's value down.

IMPACT OF A WEAK POUND ON YOUR EVERYDAY SPENDING

The immediate effect of a weaker pound is on the cost of imported goods. Everything from car fuel to home technology and some foods can become more expensive. This is because it costs UK companies more to buy these items from international suppliers.

These rising costs are often passed on to you, the consumer. You might notice the price of your weekly shop going up or that filling your car with fuel is now more expensive than before. This is a direct consequence of the pound's reduced purchasing power on the global market.

IMPACT OF A WEAKER POUND ON YOUR COST OF LIVING

A declining pound directly increases the cost of living. Since much of the UK's energy is imported, a weaker pound results in higher bills for gas and electricity. This creates a ripple effect, as businesses also face increased energy costs, which can lead to higher prices for their products and services.

Furthermore, many everyday supermarket products are imported or include imported ingredients. From bananas to coffee, the price on the shelf reflects the cost of bringing these items into the country. When the pound is weak, import costs increase, and you will probably notice the difference at the checkout.

HOMEOWNERS FACE SHIFTING RATES

The Bank of England frequently responds to a weakening pound and rising inflation by increasing its base interest rate. The goal is to make borrowing more expensive, which can help slow the economy and keep inflation under control. If you have a variable-rate or tracker mortgage, your monthly payments will probably go up after a base rate rise.

For those on a fixed-rate mortgage, there is no immediate change. However, once your current deal ends, you may discover that the new rates available are considerably higher than what you are used to. This could lead to a significant increase in your monthly housing costs.

GETTING LESS FOR YOUR POUND ABROAD

Planning a trip abroad? A weaker pound means your holiday money will not go as far. When you exchange your pounds for euros, dollars or any other currency, you will receive less than you would when the pound was stronger. This makes every aspect of your holiday, from accommodation to meals and activities, more expensive.

For example, if the pound drops by 10% against the euro, a hotel room that would have cost you £100 will now effectively cost £110. It can be beneficial to compare exchange rates and consider all-inclusive packages with fixed upfront costs to better manage your budget.

IMPACT ON YOUR SAVINGS AND INVESTMENTS

For savers, the outlook is mixed. Although rising interest rates aim to curb inflation, returns on standard savings accounts often fail to keep pace with the rising cost of living. This could mean the real value of your cash savings diminishes over time.

Conversely, a weak pound can benefit certain investments. Many companies listed on the London Stock Exchange earn a substantial part of their revenue abroad. When they convert these foreign profits into pounds, a weaker sterling boosts their earnings, potentially raising their share prices. This is particularly true for FTSE 100 companies. ◀

Feeling unsure about your finances in the current economic climate?

Contact us for professional guidance and personalised advice on navigating these changes. We look forward to hearing from you.

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Mastering your money

Time for a financial refresh for the New Year

A new year often provides a perfect chance to review personal goals and update old habits. This year, consider expanding that review to include your personal finances. For many, managing their finances can seem daunting. However, as with many challenges, the worry is often worse than the task itself, and the most challenging part is simply taking that first step.

With just a few hours of focused effort, you can develop greater control and positivity around your finances. No matter your starting point, there are always steps you can take to make meaningful improvements. An annual financial review, especially after the festive excesses of December, is highly recommended. It's also wise to reassess your finances whenever your personal circumstances change significantly.

TAKING CONTROL OF YOUR DEBTS

If you are struggling with debt, this must be the first and most crucial area to address. Debt is a common part of most people's financial lives at some point, and it's essential to distinguish between manageable 'good' debt and problematic 'bad' debt. However, if your borrowing becomes unmanageable, you need to seek help promptly to regain control of your finances. Debt problems tend to worsen if left unaddressed.

Consider whether you can consolidate or rearrange your debts with a reputable lender, such as through a workplace scheme, your bank or a building society. Contact your lenders to arrange an affordable, sustainable repayment plan. For help, think about contacting reputable debt charities such as Citizens Advice, National Debtline or StepChange.

EVALUATING YOUR SPENDING HABITS

A comprehensive review of your expenses is the next step. Examine your bank and credit card statements from the past three months. Are you happy with how your money is being spent, or are there costs that could be stopped, rearranged, reduced or paused? Even minor adjustments across a few items can make a noticeable overall difference.

Reducing regular expenses can provide greater budget flexibility, freeing up cash to pay off debt more quickly or boost your savings contributions. The largest expense for most households is rent or a mortgage payment. It is advisable to ensure this expense aligns with your lifestyle and finances. Whether you are saving for a first home or planning to remortgage, understanding your options is crucial.

BUILDING YOUR SAVINGS AND INVESTMENTS

Savings form the foundation for achieving the lifestyle you desire and reaching your primary life goals. There are key areas to consider when reviewing your savings plan. The first is your emergency fund, an easily accessible savings pot designed to cover unexpected financial shocks. It should cover three to six months of your essential monthly expenses. If you need to use it, make a plan to restore it as soon as possible.

The amount you save depends on your budget, affordability and specific financial goals. Regularly review your budget to identify opportunities to increase your contributions. Remember that in addition to regular saving, one-off windfalls such as gifts, bonuses or pay rises can substantially boost your savings plans. Your financial plan should outline your goals and the timeframes you aim for.

ALIGNING PRODUCTS WITH YOUR FINANCIAL PLAN

Choosing the right products is essential. For savings goals within five years, cash-based options like high-interest savings accounts, Premium Bonds and Cash ISAs are usually suitable. For targets beyond five years, if appropriate, consider risk-based investments such as a Stocks & Shares ISA. Ensure you are aware of what your workplace offers, as many employers provide pensions, share schemes or corporate ISAs.

Regularly review your investments to ensure they remain aligned with your financial plan and risk tolerance. It is also important to check that their costs and performance meet your expectations. Remember, the value of investments can both decrease and increase, and you may receive less than you initially invested. ◀

Ready to move forward on your path to financial freedom?

Your financial plan acts as the guiding document for these choices, so reviewing it each year is a sensible practice. Spending a few hours this January could greatly benefit your financial wellbeing. For more information and to discuss how we can support you, please do not hesitate to contact us.

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How to spot the con

Recognising sophisticated investment scams targeting your savings

Investment scams are becoming more sophisticated as many fraudsters ruthlessly exploit the current cost of living crisis. An estimated nine million people in the UK have fallen victim to financial scams[1]. As households face increasing pressure, the appeal of high returns on savings becomes very tempting, making it easier for criminals to persuade individuals to part with their money. These schemes often target lesser-known or 'alternative' asset classes, designed to appear as exclusive opportunities that the average saver might miss.

The harsh truth is that there is no foolproof way to protect yourself against fraud completely; scammers are expert manipulators who change their tactics daily. However, there are clear warning signs to watch for. The 'golden rule' of investing remains your best defence: if an investment opportunity seems too good to be true, it probably is. Also, genuine investment opportunities rarely demand an immediate decision. If someone is giving you a hard sell over the phone or pressuring you to transfer funds quickly, you should step back immediately.

IDENTIFYING THE WARNING SIGNS

One of the clearest signs of a scam is receiving an unsolicited approach. You should never invest in anything you have been cold-called about. Financial advisers selling 'regulated' investments, products overseen by the Financial Conduct Authority (FCA), such as stocks, shares and pensions, are legally prohibited from cold-calling potential clients. While the government is currently consulting on a complete ban on cold-calling for all financial services, some legitimate firms selling unregulated assets may still contact you. However, any decision to invest should be made at your own pace, after thorough independent research, and never because a stranger on the phone demands an answer.

Regulation acts as your safety net. When an investment is regulated, strict rules specify how it must be sold. If a financial adviser breaks these rules, you may be able to claim compensation for mis-selling. Before investing any money, verify that the adviser is authorised. Always check the Financial Conduct Authority's register and contact their consumer helpline to confirm the firm's status. Be immediately suspicious if a salesperson urges you to keep the investment secret from friends or family, as this is a common tactic to prevent others from warning you off.

LIQUID ASSETS AND FORESTRY

Although wine is a legitimate asset class, the market has sadly seen its fair share of fraudsters. Over the years, many wine investment firms have vanished overnight, taking investors' money and going bankrupt before delivering any returns. If you are thinking of investing in fine wine to grow your capital, you must carry out thorough due diligence. Check how long the firm has been operating, verify exactly where your wine will be stored and search the firm's name along with the word 'complaint' in a search engine. The Wine and Spirit Trade Association's website clearly warns about fraud in this sector.

Another common area targeted by scammers involves 'green' investments in teak or bamboo forests. Victims are often cold-called or subjected to high-pressure sales pitches at events. While there is a legitimate market for these investments, they remain unregulated, allowing salespeople to make exaggerated claims about potential returns without facing consequences. Remember, the farther you are from your asset, the harder it becomes to monitor. If you invest in a forest on the other side of the world, you are often entirely reliant on the salesperson's word that the crops even exist.

METALS AND CARBON CREDITS

There is a strong, legitimate market for gold and other precious metals, but this sector also offers many opportunities for fraudsters. No matter how convincing an investment opportunity involving diamonds, gold or rare earth metals seems, you should always consult a professional adviser before investing, to determine whether the scheme has genuine potential for profit or if the valuations are inflated.

Carbon credits are another complex area. These are permits that allow companies to emit a tonne of carbon dioxide. While the concept itself is legitimate, an unreliable industry has developed around offering private investors the chance to buy these credits. It can be difficult for individual investors to sell carbon credits, making them effectively worthless. Importantly, since the FCA does not regulate the sale of carbon credits, you cannot claim mis-selling if the investment fails.

REPORTING AND TAKING ACTION

Never allow yourself to be pressured into investing in any type. If anyone tries to rush your decision, stay away immediately. However, if you suspect you've fallen for an investment scam, act swiftly. Contact your bank straight away; they may be able to stop the transaction or recover your funds.

If you have been a victim of fraud, report it to Action Fraud either online or by calling 0300 123 2040. Also, inform the Financial Conduct Authority to help stop others from becoming victims of the same scam. ◀

Do you need further advice?

If you are unsure about an investment opportunity or need to report a suspicion, contact the Financial Conduct Authority consumer helpline on 0800 111 6768 or visit their website for further information.

Source data:

[1] Citizens Advice_press-releases-9-million-people-caught-out-by-financial-scams-in-the-past-year_21/10/24

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A new era for pension inheritance

The inevitable shift in the approach to intergenerational wealth transfer

Pension savers intending to pass on their retirement funds to loved ones received unwelcome news following announcements in the 2024 Budget. The Chancellor revealed that pensions will soon be subject to Inheritance Tax (IHT), marking a significant change from previous rules that usually protected pension funds from tax upon death.

Although the tax-free lump sum and pension tax relief remain unaffected, the government confirmed that unused defined contribution pension funds and death benefits paid from a pension will be included in a person's estate for IHT purposes. This change will take effect from 6 April 2027, meaning children inheriting their parents' pension savings could face a significant tax bill that was previously avoidable.

UNDERSTANDING THE NEW TAX LANDSCAPE

When you die, IHT is charged on the value of your assets above a certain threshold. This IHT threshold, known as the 'nil rate band', is currently set at £325,000, and any assets exceeding this amount are liable to a 40% tax charge. The threshold has been frozen at this level since 2009, and Chancellor Rachel Reeves announced in the Budget that it will remain at £325,000 until April 2030, causing more families to fall into the tax net as asset values rise.

If you are married or have a registered civil partner, you can currently leave your entire estate to your spouse or partner free of IHT. Under current rules, your pension usually isn't counted as part of your taxable estate on death. From April 2027, unused pension funds and certain death benefits will be brought into scope for IHT, meaning they may form part of your estate for tax purposes.

IMPACT ON UNMARRIED PARTNERS AND BENEFICIARIES

The pension pots targeted by these new proposals include both defined contribution benefits paid as income to dependants through an annuity or drawdown, and defined benefit pension lump sum death benefits. Careful implementation and clarity will be essential, particularly for unmarried partners who may be at a disadvantage compared to their married counterparts.

Because the IHT spousal exemption allows married couples and registered civil partners to pass their estates to their spouses without tax, benefits paid to an unmarried partner may face IHT charges. Now that pensions are set to fall within the scope of IHT, surviving unmarried partners could end up with considerably less income and, consequently, a lower standard of living in retirement.

ADMINISTRATION AND STRATEGIC SHIFTS

According to the Treasury, pension scheme administrators (PSAs) will be responsible for reporting and paying any IHT due on unused pension funds and death benefits. Including pensions in the IHT net is likely to encourage many savers to consider alternative ways of passing on their wealth without facing a significant tax bill.

The long-standing practice of shielding pensions from IHT has been a key element of retirement planning; removing this benefit will inevitably alter the approach to intergenerational wealth transfer. We might see more pensioners inclined to draw down their pension funds during their lifetime rather than leaving them as inheritance.

RETHINKING YOUR FINANCIAL FUTURE

This change could direct attention towards other tax-efficient savings options, such as Individual Savings Accounts (ISAs). While ISAs offer tax-efficient growth and withdrawals, pensions still provide immediate tax relief on contributions and may include employer contributions. However, their appeal as a method of passing on wealth might be diminished by these new factors, encouraging some savers to make more generous gifts during their lifetime.

Gifts benefit from the 'seven-year rule', meaning if a gift is made more than seven years before a donor's death, no IHT is payable. There are also several other gift allowances available that haven't been affected by the Budget. While the changes are significant, avoid making panic decisions. It is worth noting that estate planning and determining the best way to manage your pension can be complex, and professional advice is often the safest approach. ◀

Time to find out how to protect your assets for your beneficiaries?

Navigating these new rules requires careful planning to safeguard your assets for your beneficiaries. We can assist with your unique circumstances if you want more information on how this may impact you. Feel free to contact us to discuss your situation.

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Is it time to gift smart?

Reducing your estate's Inheritance Tax liability for your loved ones

Considering the later years of your life is an essential part of financial planning, especially when it involves how your assets will be distributed after you pass away. Many people think about gifting their dependents or family members an early inheritance. However, this requires careful planning and a solid understanding of Inheritance Tax rules to ensure your wealth is transferred in a reasonable and efficient manner.

Talking to us about your needs can help you avoid unexpected tax burdens and understand the complexities of estate planning. So, let's think about what you should know if you are considering gifting part of your wealth early.

UNDERSTANDING THE BASICS OF INHERITANCE TAX

Inheritance Tax, in its simplest form, is the tax imposed on the estate of someone who has died. The value of an estate comprises all assets, including savings, investments, property and personal possessions. For many, IHT isn't a concern, as the current allowance for any individual in the UK is £325,000. This amount is known as the nil rate band (NRB).

If the total value of your estate is below this threshold, no tax is payable. However, if your estate exceeds the NRB, the executor of your Will or the administrator of your estate must pay 40% to HMRC on the amount above the threshold. This 40% is the standard IHT rate applied to the part of the estate that surpasses the £325,000 NRB, which remains frozen until at least 2031.

ADDITIONAL RELIEFS AND ALLOWANCES

Some relief might be available if you decide to pass your main residence to any direct descendant. The Residence Nil Rate Band (RNRB) can add an extra £175,000 to the usual IHT allowance. As a result, your personal allowance could rise to £500,000. For married couples or civil partners, these allowances can be transferred to the surviving partner, possibly letting up to £1,000,000 be passed on before incurring IHT.

One of the easiest ways to reduce the value of your estate before you pass away is to give money to your chosen beneficiaries early. By gifting parts of your inheritance, your total assets may drop below the taxable threshold. A good starting point is to calculate your estate's total value to gain a clear understanding of its value. If it exceeds the IHT allowance, we can advise you on IHT mitigation planning, which may involve gifting.

GIFTING RULES AND THE SEVEN-YEAR CLOCK

When giving money as a gift early, it is important to understand the rules. The current limit for a small cash gift to a single person is £250 a year, which can be given to as many people as you like, as long as they haven't received another gift from you. For any amount above £250, you can utilise your annual exemption of £3,000, which can be gifted to one or more people within a tax year without IHT implications. If you do not use this exemption, you can carry it forward for one tax year, allowing a gift of up to £6,000.

If you decide to gift an amount above the annual exemption, you should become familiar with the 'seven-year rule'. These gifts are known as Potentially Exempt Transfers (PETs) if they are made to an individual or a Bare Trust. A PET can be of any value and is exempt from IHT if you survive more than seven years after making the gift. If you pass away within this seven-year period, the gift may become a taxable asset. The tax rate on the gift is on a sliding scale for amounts over the NRB.

OTHER TAX-FREE GIFTING OPPORTUNITIES

Along with the annual allowance, there are additional exemptions that let you gift part of your inheritance early. Assets left to a spouse or civil partner are exempt from IHT, as are unlimited gifts between you, as long as both of you live permanently in the UK. You can also make tax-free wedding gifts of up to £5,000 to a child, £2,500 to a grandchild or £1,000 to anyone else.

Furthermore, regular gifts from your surplus income that do not affect your standard of living can also be exempt. These could go towards a relative's living expenses or into their savings account. Detailed records must be kept of these payments to show that they are part of a consistent pattern and originate from surplus income. By planning ahead, you may be able to reduce future tax liabilities for your beneficiaries. ◀

Ready to explore how you can safeguard your family's future?

To learn more about Inheritance Tax planning or to receive expert financial advice, contact us today to discover how we can help secure your family's future. Please get in touch, don't leave it to chance.

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Are you making the most of your ISA?

How to grow your savings beyond cash accounts

Recent research shows a significant change in savings attitudes, with over half of UK Cash Individual Savings Account (ISA) holders willing to explore the investment market. For the 2025/26 tax year, this offers a notable chance for savers to grow their wealth beyond the returns from traditional cash accounts.

Since their introduction over twenty years ago, Individual Savings Accounts (ISAs) have become vital for UK savers. Despite their popularity, there is still a widespread lack of clarity about how they work, especially concerning the specific benefits of Stocks & Shares ISAs. With new research indicating that 60% of Cash ISA savers might be persuaded to invest, it is time to reassess how we approach our long-term savings goals.

The Autumn Budget 2025 announced a significant change to Cash ISAs: starting April 2027, the annual tax-free savings limit will be reduced from £20,000 to £12,000 for individuals under 65. This move aims to encourage younger savers to explore investment options such as Stocks & Shares ISAs while maintaining the £20,000 limit for those aged 65 and over.

OVERCOMING THE BARRIERS TO INVESTING

The primary barrier preventing many from investing is financial constraints. The research shows that 42% of those not currently investing believe they lack sufficient disposable income. This belief is slightly more common among women (45%) than men (38%), highlighting a confidence gap that goes beyond just financial resources.

The second main concern is risk. Over a third (35%) of non-investors worry about potential financial losses, a valid concern in any investment journey. An additional 12% express anxiety about their ability to access their money quickly if needed. These issues, though understandable, often stem from a lack of detailed information on how Stocks & Shares ISAs can be managed to suit individual risk tolerance and financial timelines.

THE PULL OF GREATER RETURNS

What motivates a person to switch? For 39% of Cash ISA holders, the main motivation is the chance of better financial returns. This increases to 50% among those aged 18 to 34, a group very aware of the importance of making their money work harder. The ability to generate returns that outpace inflation is also a crucial factor for 27% of savers, which is especially relevant in the current economic climate.

If this sentiment encourages action, a significant portion of the funds currently in Cash ISAs, potentially up to £216 billion, could be redirected into investments. This shift would rely entirely on savers feeling confident and well-informed enough to proceed, highlighting the crucial need for better financial education and guidance.

CLOSING THE KNOWLEDGE AND CONFIDENCE GAP

Many people admit that limited knowledge holds them back. A quarter (25%) of non-investors say they do not understand stocks and shares, while 16% are unsure where to begin. This uncertainty is more apparent among younger savers, with nearly a third of those under 50 acknowledging a lack of understanding.

Surprisingly, even those with a Stocks & Shares ISA report a lack of knowledge. Over half (58%) feel they only have 'a little knowledge' about how their investments work. Furthermore, a significant two-thirds of UK adults are incorrect or uncertain about the tax rules, with 25% mistakenly believing they pay tax on gains from a Stocks & Shares ISA. This basic misunderstanding prevents many from recognising one of the account's most valuable benefits: tax-efficient growth.

MAKING AN INFORMED DECISION FOR YOUR FUTURE

While cash is essential for short-term savings and emergencies, a Stocks & Shares ISA can be a valuable option for those with a longer-term perspective of at least five years. The data highlights a clear opportunity to empower savers with the knowledge they need to make informed decisions that align with their financial goals.

By demystifying the world of investing and highlighting the significant tax advantages, we can help people unlock the full potential of their savings. Investing is not suitable for everyone, and capital is always at risk. However, for many Cash ISA savers, the potential for higher long-term returns could be be life-changing. ◀

Is it time to review your investment objectives and set clear targets for lasting success?

If you are considering your options and want to learn more about how a Stocks & Shares ISA could fit into your financial plan and review your investment objectives to set clear targets for lasting success, please speak to us.

Source data:

[1] The Opinium research for Royal London was conducted online between 4–11 April 2025, with a sample of 4,000 UK adults, weighted to be nationally representative.

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Shaping your investment timeline

Why waiting for the 'perfect' moment in the market might cause you to miss valuable opportunities

Deciding when to start investing can feel daunting. Many believe they must be an expert or have a large sum of money saved in advance. The truth is, the right moment to invest is often sooner than you realise. Waiting for the 'perfect' market timing might cause you to miss valuable opportunities for your money to grow.

The concept of 'time in the market' rather than 'timing the market' is a rule many successful investors follow. Predicting market peaks and troughs is very difficult, even for seasoned professionals.

ALIGNING INVESTMENT WITH YOUR PERSONAL GOALS

Before investing a single penny, it's crucial to understand your purpose. Are you saving for a house deposit in five years, planning for retirement in thirty years or building a fund for your children's future? Your financial goals will influence your investment timeframe, risk appetite and the types of investments that are suitable for you.

Short-term goals usually require lower-risk investment strategies, as you need to access the funds sooner and have less time to recover from market downturns. For long-term goals, such as retirement, you can generally accept more risk to seek higher returns. The longer your time horizon, the better your portfolio can withstand the inevitable market fluctuations.

PRACTICAL STEPS TO BEGIN YOUR JOURNEY

Getting started with investing doesn't have to be complicated. A good initial step is to ensure your financial foundations are solid. This means paying off high-interest debts, such as credit cards, and building an emergency fund that can cover three to six months of living expenses. Once you have this safety net in place, you can approach investing any surplus income with more confidence.

A common misconception is that you need a large amount of capital to start. The reality is that beginning with small investments is a powerful strategy. Consistent, regular contributions, even if modest, can add up to a significant sum over the long term. This method, known as pound-cost averaging, involves investing a fixed amount at regular intervals, regardless of market fluctuations. It smooths the purchase price over time and encourages disciplined saving habits, turning small, manageable steps into substantial wealth.

TIME CREATES A SNOWBALL EFFECT

One of the greatest benefits of long-term investing is the power of compounding. Compounding happens when the returns you earn, such as interest, dividends or capital gains, are reinvested, allowing future gains to be calculated on both your initial investment and the earnings already accumulated. Over time, this creates a snowball effect, where your money can grow much more rapidly than if you simply withdrew your returns each year.

The sooner you begin investing, the more powerful compounding becomes. Even small, consistent contributions can grow into substantial amounts over time as your earnings start to generate returns. For investors aiming for long-term goals such as retirement, leveraging the power of compounding is essential to building true wealth. The key point is that the combination of time and reinvested earnings can greatly influence the success of your investment journey.

HELPING YOU TO IDENTIFY THE RIGHT STRATEGIES

Furthermore, seeking professional financial advice when starting your investment journey or building additional wealth can greatly enhance your results. We take the time to understand your personal circumstances and long-term goals, helping you identify appropriate strategies to meet your needs.

We will help you navigate uncertainties, provide an impartial perspective and ensure your investments match your risk appetite and timelines. This will enable you to make informed decisions and develop a well-structured, diversified portfolio aimed at sustainable growth. ◀

Ready to make confident, well-informed choices about your financial future?

To discuss your investment objectives and goals, don't leave it to chance; contact us to assess your situation. We look forward to hearing from you.

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Building a resilient income portfolio

A fundamental aspect of prudent financial planning

Whether you're nearing retirement or seeking to boost your current income, building a portfolio that generates steady returns is a fundamental aspect of prudent financial planning. For most investors, the aim is to create an income stream that is not only dependable but also flexible to changing financial circumstances.

However, income investing isn't just about today's payouts. It's about ensuring your capital grows sufficiently to keep pace with inflation. Balancing the need to preserve purchasing power while also achieving long-term growth is the key challenge for any income strategy.

POWER OF DIVIDENDS

Dividends are often regarded as a mark of financial discipline. When a company commits to returning cash to its shareholders, it indicates responsible management and a focus on sustainable, long-term value creation. For investors, dividends are among the most tangible rewards for loyalty and trust in a business.

A company with a consistent history of paying and increasing dividends often signals quality. Historically, dividends have contributed significantly to overall stock market returns. While growth-focused investors may pursue the 'next big thing', overlooking well-established dividend-paying firms could be costly. The true secret is not in choosing between growth and income but in recognising dependable companies that provide both.

HOW TO EVALUATE DIVIDEND RELIABILITY

When choosing dividend-paying stocks, it can be tempting to pursue the highest yields. However, high yields can sometimes indicate risk, particularly if they are unsustainable. The most reliable dividends come from companies with consistent profits and adequate earnings to comfortably cover their payouts. Investors rely on three key metrics to assess dividend reliability.

Diversification, dividend growth and dividend cover. Diversification helps lower risk by preventing over-reliance on a small number of companies for most returns. Dividend growth indicates a company's financial stability and commitment to shareholders, as demonstrated by a consistent record of increasing payouts over time. Lastly, dividend cover assesses how comfortably a company can sustain its payments from current profits, with a higher ratio signifying greater reliability.

ROLE OF BONDS IN A BALANCED PORTFOLIO

While equities offer growth potential, bonds deliver much-needed stability. Bonds pay regular interest, providing a predictable income stream with amounts known beforehand. This fixed characteristic acts as a buffer against the volatility of stock market dividends, helping to smooth out fluctuations in your portfolio.

The timing of bond investments often hinges on the economic cycle. Government and high-quality bonds tend to perform well during periods of economic downturn, while higher-yielding corporate bonds may be more appealing during times of economic growth.

SAFEGUARDING YOUR INCOME

Inflation can decrease the purchasing power of your income over time, but dividends can act as a strong defence. Companies that regularly boost their profits often raise their payouts at a rate exceeding inflation, thus maintaining the real value of your money. By combining the stability of bonds with the growth potential of dividend-paying stocks, you can build a balanced portfolio that provides a reliable income stream. This strategy not only satisfies your short-term income needs but also supports your long-term financial objectives.

Building an income portfolio involves a careful balance of reliability, growth and flexibility. By focusing on high-quality dividend-paying stocks, diversifying your investments and including bonds for stability, you can develop a resilient income stream that endures over time. ◀

Want to discuss your income-generating needs?

Whether you're preparing for retirement or simply aiming to improve your financial security, a well-structured income strategy is essential for success. To learn more or discuss your income-generating needs, please contact us.

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UK tax allowances: Are you making the most of your money?

Proactively managing your allowances can help you maximise your savings and investments

Tax is an unavoidable part of life for anyone earning above the UK Personal Allowance threshold. However, the government offers various tax allowances each year that can help you keep more of your hard-earned money. Understanding and using these allowances is crucial for improving your financial efficiency.

Many of these allowances function on a 'use it or lose it' basis. This means that if you don't utilise them within the current tax year, which ends on 5 April, the opportunity is lost and cannot be carried over. As we near the end of the 2025/26 tax year, it's wise to review your finances and identify where you could save, especially considering the updates from the recent Autumn Budget 2025 Statement.

UNDERSTANDING INCOME AND SAVINGS

Income Tax is charged on most types of earnings, but several allowances help reduce the amount you pay. The Personal Allowance for the 2025/26 tax year is £12,570, meaning you can earn this amount without paying any Income Tax. This threshold remains the same following the Autumn Budget. If you are married or in a civil partnership and your partner earns less than this, you might be able to optimise your joint tax position by transferring income-generating assets to them.

Furthermore, a Personal Savings Allowance lets you earn up to £1,000 in interest from savings and investments tax-free if you are a basic rate taxpayer. This allowance drops to £500 for higher rate taxpayers and is unavailable to additional rate taxpayers.

A practical way to achieve tax-efficient growth is through the annual ISA allowance, which permits you to save up to £20,000 in the 2025/26 tax year. Any interest, dividends or capital gains earned within an ISA are entirely free from UK tax. The Autumn Budget confirmed that the ISA allowance will stay at its current level for the next tax year; however, from April 2027, you'll only be able to deposit £12,000 into a Cash ISA each tax year (if you're under 65).

PENSIONS AND NATIONAL INSURANCE

One of the most significant policy changes announced in the Autumn Budget 2025 Statement affecting pension savers was the introduction of a cap on how much of your salary you can sacrifice for pension contributions without paying National Insurance (NI), with implementation scheduled for April 2029.

Your pension is one of the most effective, tax-efficient savings vehicles available. For the 2025/26 tax year, you can contribute up to £60,000 into your pension and receive tax relief on your contributions. This allowance is tapered for high earners, reducing by £1 for every £2 of adjusted income you have above £260,000, and the MPAA could also apply.

National Insurance contributions (NICs) are also deducted from your earnings and are essential for qualifying for certain state benefits, including the State Pension. You will not pay NICs on the first £12,570 of your earnings. For income between £12,571 and £50,270, the rate is 8%, then decreases to 2% on earnings above this threshold. To receive the full New State Pension, you generally need 35 qualifying years of National Insurance contributions.

CAPITAL GAINS TAX CONSIDERATIONS

Capital Gains Tax (CGT) is a tax on the profit you make when you sell or 'dispose of' an asset that has increased in value. Each individual has an annual CGT allowance of £ 3,000 for the 2025/26 tax year. For profits exceeding the allowance, CGT is charged at 18% for basic rate taxpayers and 24% for higher or additional rate taxpayers on residential property, with different rates possibly applying to other assets.

There are legitimate ways to reduce your CGT liability, such as spreading the sale of assets over different tax years or transferring an asset to a spouse or civil partner to maximise both of your allowances. It is also important to report any capital losses to HM Revenue & Customs, as these can be offset against future gains to lower your tax bill. ◀

Will you maximise every opportunity before the end of the tax year?

Proactively managing your allowances can help you maximise your savings and investments. We can help ensure you make the most of every opportunity before the tax year ends. If you'd like to discuss your personal tax planning in more detail, please contact us for further information.

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Growing a successful company requires more than just a great idea

How to safeguard your business, diversify investments and plan for a prosperous retirement

For many entrepreneurs, the business means everything, a commitment of time, money and passion. However, building a successful enterprise requires more than a great idea; it also requires a solid financial foundation to support growth and safeguard your personal future. Professional financial planning is not merely a business requirement; it is essential to your long-term success.

Many business owners see their company as their pension plan. It's a common belief that once they retire, the business will be sold and the proceeds will adequately fund their later years. However, this can be a risky approach. What if the sale takes longer than expected, or if the final valuation is lower than what you need to enjoy the lifestyle you desire?

SECURING YOUR RETIREMENT

Making regular contributions to a personal pension helps establish a more secure financial future, separate from your business's performance. It also offers a highly tax-efficient way to save. As a company owner, you can make personal contributions that qualify for tax relief. Additionally, your company can make employer contributions, which are typically deductible against Corporation Tax, thereby reducing your business's tax liability.

Securing professional financial planning advice is vital to navigate the complexities of personal and business tax reliefs available to you. We can also provide guidance on the most suitable business structure to optimise your tax position, ensuring you maximise every opportunity to save effectively for retirement.

PROTECTING YOUR MOST VALUABLE ASSETS

You're probably familiar with insuring your business premises, equipment and stock. But have you considered protecting your most valuable asset: your people? As the owner, you are essential to the business's operations. If you were to pass away or become seriously ill and unable to work, the business could face significant challenges and struggle to continue trading.

Protection against death and critical illness is therefore essential for entrepreneurs. It is also wise to consider covering other key individuals within your organisation. Solutions such as key person protection and shareholder protection can provide the necessary capital to keep the business running if the worst happens to a vital staff member or a fellow shareholder.

Advice on cross-option agreements can also be beneficial, as they enable surviving shareholders to choose to purchase the shares of a deceased or critically ill shareholder, helping to maintain stability and minimise disruption.

PLANNING YOUR EXIT FROM DAY ONE

Although exiting your business might seem like a distant goal, early planning can provide significant advantages later on. If your long-term aim is to sell, it is wise to identify your 'magic number'. This is the amount you would need from a sale to maintain your preferred lifestyle. We can assist you in calculating this figure, considering your other assets such as pensions, savings and investments to determine whether a potential sale would be sufficient.

If you plan to pass the business to your family, you might be eligible for Business Relief (BR), which can significantly reduce Inheritance Tax (IHT). Currently, BR can mean no IHT is payable on the value of company shares upon your death. It is essential to stay informed about changes. From April 2026, the full IHT relief will apply only to the first £1 million of qualifying assets per individual, with a 50% relief rate (equivalent to a 20% tax rate) applying thereafter. Also, ensure your Will is up to date so your shares and business interests are transferred according to your wishes.

DIVERSIFYING BEYOND YOUR BUSINESS

Your primary focus might be on reinvesting in your business to drive its success, but it is important to consider your overall investment strategy. In addition to putting money back into your company, consider investing across various asset classes, such as equities, bonds and property. Diversifying your investments can help protect your long-term finances if the business does not perform as well as you had hoped.

Depending on your company's cash flow, investing some of its surplus profits can offer that capital opportunities for long-term growth beyond the business itself. The allocation of funds across different assets will depend on factors such as your investment timeframe, personal goals and risk appetite. Regular reviews of your financial plan are crucial to ensure it remains aligned with both your personal and business objectives as they evolve. ◀

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Time to safeguard your financial future and maximise your business success?

For professional financial advice to help build and protect your business and personal future, contact us today and take the next step towards financial peace of mind.

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Financial wellbeing

Your pathway to a healthier, happier life

When anxiety hits, our instinct is often to withdraw rather than face it. However, if the root of your worry is your bank balance, seeking professional financial advice might be the most valuable discussion you have this year. The link between money and mental health is undeniable, emphasising the close connection between our finances and our wellbeing.

Just as financial difficulties can cause significant stress, taking proactive steps to improve your financial situation can serve as a powerful catalyst for happiness and life satisfaction. By managing your finances, you often reduce the psychological burden. Addressing monetary issues not only enhances your financial outlook but can also notably contribute to greater wellbeing and peace of mind.

REGAINING A SENSE OF CONTROL

Professional financial advice offers more than just investment management; it helps you regain control of your life. Financial wellbeing fundamentally depends on feeling in charge. It involves having a clear understanding of your income and expenditures, supported by robust budgeting and savings plans.

We can act as impartial observers, helping you analyse your monthly expenditure to identify areas where you can cut waste and increase savings and investments, while also assessing your debt situation and creating a plan to pay it off effectively. This process of taking control of daily finances can turn a vague sense of dread into a clear, practical plan, making you feel more secure about your current situation.

BUILDING RESILIENCE FOR THE FUTURE

While managing today is important, genuine peace of mind comes from being ready for tomorrow. You may be saving diligently, but would your finances endure a real crisis? If you haven't yet set up a 'rainy day' fund, this should become a priority.

Keeping about six months' worth of essential expenses in an accessible savings account can act as a buffer between a minor setback and a serious crisis if you encounter unforeseen home repairs or a period of unemployment. Along with savings, we also consider protection elements. Life insurance, critical illness cover and income protection provide vital support for your loved ones if the worst occurs. We can assist you in finding the most suitable solutions for your specific needs.

STAYING ON TRACK FOR YOUR GOALS

You are more likely to feel a strong sense of wellbeing if you feel confident that you are on the right track to achieving your life goals. Whether your aims involve paying university fees, securing a comfortable retirement or leaving a legacy, understanding your position is crucial.

We can evaluate whether you're on track and, importantly, determine the steps to take if you're falling behind, helping you navigate the tax landscape effectively. For example, maximising your Individual Savings Account (ISA) allowance of £20,000 in the current 2025/26 tax year, or optimising pension contributions (the current annual allowance is £60,000 for most earners), ensures that more of your money works harder for your future, rather than being diminished by inefficiency.

FREEDOM TO ENJOY LIFE TODAY

Ultimately, financial planning is about giving yourself the freedom to enjoy life to the fullest. By outlining your vision, we can estimate how long your money could last in various scenarios. This is essential for understanding the real-world impacts of the choices you make today.

Whether you aspire to reduce your hours to spend more time with family, retire early or sell a business, clarity builds confidence. Knowing the outcomes of your choices removes the fear of the unknown. Money concerns can be a heavy load to carry alone. Together, we can develop a financial plan that shows where you are, where you want to go and how to get there. ◀

Ready to take the next step towards enhanced financial peace of mind?

Contact us today to arrange a confidential meeting and start building a brighter, more secure future.

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£100k annual retirement dream

Are young people's expectations realistic?

Recent research highlights a notable generational gap in retirement expectations, with over one in five young people believing they will need an annual income of more than £100,000 for a comfortable retirement[1]. This figure, reported by 22% of those aged 18 to 34, sharply contrasts with the industry body Pensions UK's Retirement Living Standards estimates that a single individual needs £43,900 to maintain a comfortable standard of living, excluding housing costs and Income Tax.

The data shows a significant gap between the ambitions of younger generations and the outlook of those nearing retirement. Only 3% of people aged 50 to 69 expect to need the same six-figure sum for a comfortable standard of living. This divergence in expectations comes amid ongoing speculation about potential tax reforms that could substantially alter the landscape for long-term savers, adding another layer of complexity to financial planning.

GENERATION SHAPED BY UNCERTAINTY

The high-earning ambitions of younger adults may be shaped by their direct experiences with significant economic pressures. Having navigated multiple economic downturns and periods of high inflation, many naturally worry about their future quality of life. This generation anticipates a more financially challenging retirement, mainly due to a surge in housing costs that earlier generations did not face to the same extent.

This concern is clear in their housing outlook. Nearly half (48%) of adults aged 18 to 34 expect to still be paying mortgage or rent in retirement. This is a significant increase from one in three (33%) of those aged 50 to 69 who anticipate the same. Making the situation more complex, younger people plan to retire earlier, aiming to do so at 59. This goal to leave the workforce sooner further hampers their ability to save enough for retirement.

THE GUIDANCE GAP

Despite these concerns, a surprising number of people are not seeking professional help. Research shows that over a quarter (26%) of individuals feel anxious about their retirement funds after checking their pension balance, while 15% believe it is either too early or too late to make any meaningful changes. However, over half (52%) of employees with a workplace pension have never sought professional guidance or advice.

This troubling reluctance to seek advice could significantly hinder achieving a comfortable retirement. It is evident that many younger adults are uncertain whether the State Pension and their personal savings will be sufficient. Removing barriers to accessing financial guidance, particularly regarding cost and trust, is crucial to help bridge this generational gap and enable individuals to plan effectively for their future.

PERSISTENT GENDER DIVIDE

Across all age groups, the research also uncovers a notable gender gap in anticipated retirement income. Men consistently expect to need more than women to live comfortably. Among younger adults aged 18 to 34, men anticipate requiring around £81,300 annually, while women in the same age group expect to need approximately £69,000.

This gap remains across all age groups, with men nearing retirement (50 to 69) expecting to need £38,900, compared to £31,800 for women. Lower income expectations among women may be linked to concerns about pension adequacy, often driven by earnings gaps during their careers and time taken out of work for caring responsibilities. Whether due to these factors or others, this gap highlights the urgent need to tackle the specific challenges women encounter when planning their financial futures. ◀

What will you need to sustain a comfortable standard of living?

If you have questions about your retirement planning or would like to discuss your financial future, please contact us to review your situation or for further information.

Source data:

[1] Royal London's workplace pensions research was conducted between 4–14 July 2025, with a sample of 4,000 UK workers with a pension, of whom 3,404 had a workplace pension.

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The unseen gap

Why do some women experience poverty in their retirement?

A comfortable retirement is a goal many of us strive for throughout our lives. However, for many women, this goal remains out of reach. New analysis reveals a stark truth: more than a third (36%) of women are projected to face poverty in their retirement years[1]. This issue, often called the 'gender pension gap', arises from a complex mix of societal norms, career breaks and financial planning oversights that unfairly affect women.

The financial disparity often begins with career breaks. Research for the 2025/26 tax year indicates that 58% of women approaching retirement have taken a significant career pause, compared to just 12% of men. The primary reason for this is childcare, with women being 12 times more likely to suspend their careers to raise a family. These pauses lead to immediate income loss and, more crucially, create substantial gaps in pension contributions that accrue over time.

LONG-TERM COST OF A CAREER BREAK

The financial impact of taking time out of the workforce is significant. For example, a woman who takes a five-year career break at age 35 could see her final pension fund reduced by as much as £70,000. This notable figure results from missed contributions from herself and her employer, as well as the lost investment growth that would have accumulated during those years. By the time she reaches the State Pension age of 67, her retirement savings could be considerably lower than those of a peer who worked continuously.

Although data suggests that women may manage their daily finances more carefully than men during a career break, there is a notable shortcoming in long-term planning. A worrying 40% of women admit they did not plan financially for their time away from work. Moreover, over half (56%) never considered the significant impact it would have on their retirement prospects. This lack of foresight means many women are unknowingly living with a pension shortfall that will only become clear when it is too late to address.

BRIDGING THE PENSION DIVIDE

To achieve true equality in retirement, we must ensure that career breaks do not threaten a woman's future financial security. A simple way to address this is by raising awareness and encouraging the use of Shared Parental Leave. This policy aims to allow parents to share childcare responsibilities more equally, yet surprisingly, 80% of women who have had children in the last decade did not utilise it. For many, a lack of support from their partner's employer was a major obstacle.

Another practical step is for spouses to make contributions to their partner's pension during a career break. This process, known as a third-party contribution, is an effective financial planning tool that is often overlooked. It not only helps fill contribution gaps when earning capacity is reduced but also provides tax relief benefits for the contributor. Employers also have a crucial role, as their pension contributions during maternity leave are typically based on the employee's pre-leave salary, offering a vital safety net.

TAKING CONTROL OF YOUR FINANCIAL FUTURE

The path to a secure retirement demands proactive planning and awareness of potential risks. Recognising the long-term financial impact of a career break is the first step in mitigating those effects.

By exploring options such as Shared Parental Leave, spousal contributions and maximising employer schemes, women can gain greater control over their financial futures and work towards closing the gender pension gap once and for all. ◀

Would you like to gain a clearer understanding of your retirement planning options?

If you are worried about your retirement savings or want to better understand your options, seeking professional financial advice offers clarity and a personalised plan for your future. For more information, please contact us to discuss your needs.

Source data:

[1] The Women and Retirement Survey was conducted online by YouGov Plc from 29 August to 8 September 2025 across a total of 4,091 adults aged 18+, weighted to be representative of the UK adult population. The survey asked general questions on pensions and retirement planning, as well as savings, investments, career breaks and financial planning behaviours.

This article is for information purposes only and does not constitute tax, legal or financial advice. Tax treatment depends on individual circumstances and may change in the future. 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. Investments can fall as well as rise in value, and you may get back less than you invest.

Chasing the sun over security

Some Britons prioritise immediate pleasures over long-term financial security

Recent research indicates that many UK adults prioritise immediate pleasures over long-term financial security, with holidays and daily expenses often taking precedence over pension contributions. As the cost of living continues to tighten household budgets, nearly a third of Britons (28%) admit they prefer to enjoy the present rather than plan for the future[1].

However, the data has also identified that managing daily finances remains the top priority for 40% of people, followed by saving for holidays at 31%. In contrast, only 15% state that contributing to their pension is one of their main financial goals. This 'live for today' attitude persists despite growing awareness that auto-enrolment alone may not guarantee a comfortable retirement.

CONFIDENCE IN CONFLICT WITH REALITY

While over a third (35%) acknowledge that they might not be saving enough for their later years, almost half (45%) still believe they are on track. This reveals a disconnect between their confidence and the actual situation they face in retirement. A growing sense of uncertainty is also affecting people's attitudes toward the future.

Almost half of adults (47%) believe that factors beyond their control influence their retirement prospects. A significant 83% perceive the world as less stable than in previous years. More than half (59%) attribute their declining confidence in financial futures to changes in the UK, and 57% to global shifts.

TAKING CONTROL IN UNCERTAIN TIMES

Understandably, many people concentrate on covering daily expenses and prioritise a well-earned break. However, even during more difficult times, keeping an eye on the future can make a substantial difference. Regularly setting aside something for later life, no matter how small, can help you stay aligned with your long-term plans without sacrificing what matters today.

Taking manageable, steady actions can create a lasting impact and help you feel more secure. Whether that's setting a clear budget, building an emergency fund or checking your pension, small steps can improve your overall financial wellbeing and boost your sense of control.

BALANCING THE PRESENT WITH THE FUTURE

It's not about giving up what you enjoy today; it's about finding a balance that works for both the present and the future. By creating a clear picture of your finances, you can track your income and expenses to understand where your money goes each month. Budgeting apps or a simple spreadsheet can help you categorise spending and identify areas for saving without sacrificing all enjoyment.

Dividing your savings into separate pots for different goals, such as holidays, home improvements and retirement, can make saving feel more manageable. Automating transfers into these pots simplifies the process, while watching each one grow provides a sense of achievement. Even if you cannot increase pension contributions at the moment, maintaining consistency is vital, as regular payments benefit from compound growth over time.

MAXIMISING YOUR LONG-TERM POTENTIAL

If your employer offers pension matching, it is essential to take full advantage of it if affordable, as it effectively provides extra money for your retirement fund. It is also beneficial to be aware of government incentives and tax reliefs that can help your savings go further. A simple review of your finances once or twice a year can keep you aligned with your goals and motivate you as you see how much you have progressed.

Ultimately, financial wellbeing doesn't mean sacrificing fun. Including enjoyment in your budget allows you to live in the moment without guilt, while also ensuring your future is protected. In fact, the contributions you make today could enable you to enjoy more freedom and choices later, whether that's taking longer trips, travelling more frequently or simply exploring the world on your own terms. ◀

Are we trading our future for fleeting pleasure?

If you'd like to discuss your options for balancing living today and securing your future, please get in touch. Your future self will thank you.

Source data:

[1] Research conducted by Ipsos on behalf of Standard Life in June 2025. In total, 6,000 participants completed the online survey. Participants were aged 18-80 and included working, unemployed and retired individuals. Quotas and weights were used to ensure respondents were representative of the UK general population by age, gender and region.

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Decoding recent pension changes

Staying informed and maximising available tax benefits for a comfortable retirement

Last November's Autumn Budget 2025 Statement outlined a series of updates for pensioners and those saving for retirement. While a welcome increase to the State Pension was confirmed for April, the Chancellor also announced a future cap on salary-sacrifice pension contributions, which will impact many workplace pension savers.

Understanding these developments is essential for planning your financial future. Although the above-inflation increase in the State Pension provides some immediate relief, the new restrictions on salary sacrifice may impact those contributing to certain workplace schemes. Here, we look at what's changing, what remains the same, and why these announcements should not deter you from prioritising your retirement savings.

GOOD NEWS ON TAX-FREE CASH AND RELIEF

After months of speculation that the Chancellor might target pension tax benefits, both tax-free cash allowances and pension tax relief remained untouched. This provides significant relief for savers. Currently, you can typically take up to 25% of your pension pot as a tax-free lump sum once you reach the age of 55 (which will increase to 57 in 2028), subject to a maximum of £268,275, subject to protections.

Additionally, there were no modifications to the valuable Income Tax relief available on pension contributions. This relief remains applied at an individual's marginal rate of Income Tax, meaning higher rate taxpayers receive more tax back on their contributions. These consistencies provide a stable foundation for long-term retirement planning, allowing you to continue building your pension with confidence in the current tax benefits.

STATE PENSION BOOSTED BY TRIPLE LOCK

The Chancellor confirmed that the State Pension will increase by 4.8% in the 2026/27 tax year, thanks to the government's triple lock guarantee. This policy ensures that the State Pension rises each year based on whichever of the following three measures is highest: average earnings growth, September's Consumer Prices Index (CPI) inflation rate or a baseline of 2.5%.

The new full State Pension will rise from £230.25 a week to £241.30 in April, adding an extra £575 annually. For those claiming the basic State Pension (who reached State Pension age before April 2016), weekly payments will increase from £176.45 to £184.90. However, the amount you get depends on your personal National Insurance record.

CAP ON SALARY SACRIFICE CONTRIBUTIONS

A major change announced in the Budget is the cap on salary sacrifice pension contributions. From April 2029, any contributions made through this method exceeding £2,000 annually will be liable for National Insurance. Salary sacrifice remains a popular feature of many workplace schemes, enabling you to exchange part of your gross salary for an employer pension contribution. This reduces your taxable income and your National Insurance liability.

Under current auto-enrolment minimums, individuals earning less than £40,000 annually are unlikely to be affected by this cap. For higher earners, the impact will depend on how employers customise their pension schemes. It could lead to many individuals seeing their monthly National Insurance contributions rise and their take-home pay fall. Despite this change, the overall tax advantages of pension saving remain substantial and should not be overlooked.

STAYING INFORMED IS YOUR BEST STRATEGY

The Autumn Budget has undoubtedly brought a mixture of positive and challenging news for those planning for retirement. While the increase in the State Pension offers a welcome boost, upcoming changes to salary sacrifice make it more important than ever to reassess your existing pension strategy and understand how you could be affected.

Staying informed and maximising available tax benefits will help ensure your retirement savings continue to work as hard as possible for you. Proactive planning is the best defence against policy changes, enabling you to adapt and maintain a strong financial footing for the future. ◀

Need more information on how to save for a comfortable retirement?

If you have any questions about your pension and how these changes may affect you, please do not hesitate to get in touch for further information.

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