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Essentially Wealth

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Has your financial plan kept pace with your life?

Life insurance in a changing planning landscape

Long-term growth remains a focus for investors

Turning good intentions into practical planning

Inside: *Inheritance Tax (IHT) changes are reshaping pension planning ahead of 2027 / Investing – adapting to an evolving world / Future changes to salary sacrifice remain under the radar / Managing the move into higher rate tax / How grandparents can turn childcare into extra retirement income / Be purposeful with every penny / A younger generation taking pensions seriously*


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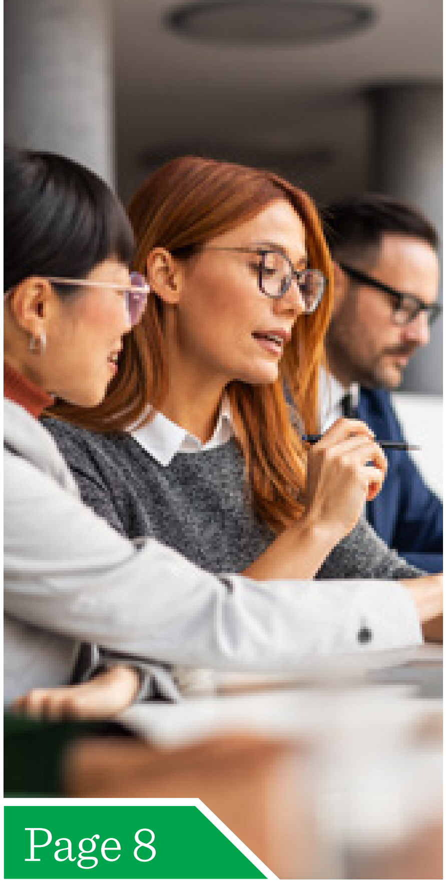
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Has your financial plan kept pace with your life?

Life rarely stands still. Careers progress, incomes change, families grow and priorities evolve. Yet while personal circumstances can transform dramatically over time, many people leave their financial arrangements largely untouched.

Research[1] suggests this may be more common than many realise.

When financial plans stand still

Over the past decade, nearly a third (32%) of UK adults (around 18 million people) have experienced significant life changes without updating their protection, savings or pension arrangements accordingly.

The research highlights a worrying disconnect. Despite income growth for many households, a third of adults say they are saving no more than they were ten years ago, while 28% are saving less.

Retirement planning also appears to be lagging. Almost four in ten (39%) have not increased pension contributions following pay rises and 32% continue to rely solely on default workplace contribution levels.

The long-term consequences

Failing to review financial arrangements regularly can mean missed opportunities to strengthen long-term outcomes.

More than half of respondents (57%) worry they may have missed opportunities to build greater wealth, while 34% say their emergency savings would not cover three months of expenditure. Over time, small adjustments can have a meaningful impact, particularly when it comes to tax-efficient investing, pension planning and ensuring appropriate financial protection is in place.

Summer reset

Rising living costs and ongoing economic uncertainty have placed increasing pressure on household finances. While incomes may have grown, they have not always kept pace with expenses. Managing your finances as if it were 2016 could leave you unprepared for today's realities and your future goals. A summer financial reset doesn't require a complete overhaul...

[1]L&G 2026

Your simple checklist

- Review ISA contributions and allowances
- Consider increasing pension contributions
- Review existing pensions and consolidation opportunities
- Revisit savings goals and interest rates
- Check emergency cash reserves remain adequate
- Update protection arrangements following major life events.

Small improvements can help strengthen your financial position for years to come.

Inheritance Tax (IHT) changes are reshaping pension planning ahead of 2027

As the April 2027 changes to how pensions are treated for Inheritance Tax (IHT) draw closer, many people are starting to reassess how their retirement savings will be passed on.

New research from Quilter and NextWealth suggests this is already changing behaviour, with uncertainty and delay emerging as key themes for people.

The study, based on detailed interviews with advisers and specialists, shows that pensions are no longer seen as a straightforward way to pass on wealth tax efficiently. Instead, individuals are having to weigh up more complex choices around how and when to use their pension savings, and what this means for both their own retirement and their families.

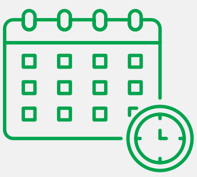
Uncertainty is leading to delays

A central issue is that many are holding back from making decisions. While this may feel cautious, in practice it can work against them. Delaying action reduces flexibility, particularly where planning strategies such as gifting or restructuring assets depend on having sufficient time to implement them properly.

The emotional impact of pension planning

The emotional side of these decisions is also becoming more evident. Faced with the prospect of higher tax bills, some people are cutting back spending unnecessarily or delaying retirement, while others choose not to act at all. Neither approach is without risk, especially where inaction leads to missed opportunities or weaker outcomes over the longer term.

The April 2027 changes to how pensions are treated for Inheritance Tax (IHT) are drawing closer



"Delaying action reduces flexibility"

Why acting sooner creates more options

From a financial planning perspective, this underlines the importance of engaging with these changes sooner rather than later. While there is still time before April 2027, the scope to make gradual, well-considered decisions narrows as the deadline approaches, increasing the likelihood of more rushed or constrained choices.

Bringing families into the conversation

There are also wider family considerations, as if intentions are not clearly discussed, beneficiaries may be surprised by outcomes, particularly if assumptions have been made based on how pensions were treated in the past. This is prompting a greater focus on involving family members earlier and ensuring decisions are properly documented.

A changing role for pensions

In practical terms, this marks a shift in how pensions are viewed within overall financial plans. What was once often treated as a relatively stable legacy asset is now being reassessed, with individuals needing to balance their own income needs alongside the impact on those they intend to leave wealth to.

Don't mistake inaction for a strategy

The key takeaway is that doing nothing is not a neutral choice. Taking advice early can help bring clarity, reduce uncertainty and ensure that decisions reflect both current priorities and longer-term objectives, before time becomes a limiting factor.

Life insurance in a changing planning landscape

One of the most significant upcoming changes to the financial planning landscape, the inclusion of pensions within the Inheritance Tax (IHT) framework from April 2027, is prompting many to reconsider how different assets fit within their broader estate planning strategy.

Depending on your personal circumstances, life insurance may have a role to play...

The role of life insurance

Life insurance can provide an effective solution when planning for a future IHT bill. A policy can create a lump sum that beneficiaries may use to meet tax liabilities, helping to avoid the need to sell property, investments or other family assets.

When written in trust, policy proceeds will generally sit outside the estate and can often be paid quickly, providing valuable liquidity at an important time.

Why early planning matters

Leaving planning too late reduces the available options and may lead to higher premiums or even limited insurability later in life. Reviewing your position sooner can help ensure cover is affordable, well-structured and in line with your wider estate plan.

Investing – adapting to an evolving world

The investment environment continues to evolve at pace. Structural weaknesses laid bare by economic challenges, geopolitical tensions and technological innovation, are reshaping markets around the world, creating an unpredictable environment where volatility is embedded.

As central banks try to balance growth and inflation, whilst often managing high levels of debt, alongside fragmented supply chains and fast-paced technological disruption – markets and consumer behaviour are becoming redefined. The key is understanding how broader trends may influence future opportunities and risks.

Growth expectations moderate

The International Monetary Fund (IMF) expects global growth to slow to 3.1% during 2026 before improving slightly to 3.2% in 2027. Inflation is expected to remain elevated in the near term before easing, with emerging and developing economies likely to face the greatest pressure from slower growth and higher prices.

A world adapting to change

In the shadow of dominant risks such as trade disputes, the impact of AI, climate issues, shifting demographics and conflict, Kristalina Georgieva, IMF Managing Director, believes, *"all roads now lead to higher prices and slower growth."* Summing up the current environment as *"a world of elevated uncertainty,"* Georgieva concludes, *"after we recover from this shock, we need to keep our eyes open for the next one."*

Wealth creation continues at pace

Despite these challenges, wealth creation remains strong. A prominent report[2] found that over the past five years, 89 individuals crossed the US$30m wealth threshold daily, taking the global ultra-high-net-worth (UHNW) population to over 713,000 this year.

The United States remains a major driver of wealth creation, with 41% of new UHNW individuals deriving from across the pond. Meanwhile China and India continue to play an increasingly important role in shaping the global balance of wealth.

Redefining wealth

The report also underscores a broader shift in the nature of wealth itself. While the era of 'plutonomy'- where affluent individuals control a disproportionate share of global capital – is firmly established, the way wealth is deployed is changing. Increasingly, luxury is defined not by ownership, but by experiences, wellbeing and personal growth. For investors, the priority is no longer solely wealth creation; it is also about preserving capital and positioning it strategically to navigate an increasingly complex and uncertain world.

The value of perspective

Focus extends beyond accumulation alone towards preserving wealth, maintaining flexibility and ensuring capital is positioned effectively for the future.

As the world evolves, it reinforces the importance of clear thinking, diversification and long-term planning. In an environment defined by constant change, a disciplined investment strategy supported by professional advice remains one of the most valuable assets an investor can have.

[2]Knight Frank 2026

The United States remains a major driver of wealth creation, with 41% of new UHNW individuals deriving from across the pond

Long-term growth remains a focus for investors

Despite a backdrop of political uncertainty and economic headlines, many investors have continued to focus on what matters most – their long-term financial objectives. Rather than being distracted by short-term events, investors appear increasingly committed to building wealth steadily and consistently over time.

Confidence in investing remains resilient

Research[3] found that 30% of investors increased contributions to their portfolios during the first quarter of the year, with a further 30% planning to invest more during the second quarter. Average intended investment levels were £2,920, with only 14% expecting to reduce contributions.

Long-term goals continue to drive decisions

Building wealth remains the primary reason investors are increasing contributions, with 44% citing a desire to build long-term wealth as their main motivation. Nearly three in ten (29%) believed it was a good time to invest, while 24% say the wider UK economic environment has influenced their decision-making.

Long-term planning also remains a clear priority. Alongside growing wealth (43%) and strengthening retirement provision (42%), investors are using their money to build emergency reserves (28%) and support future lifestyle ambitions, including travel plans (17%).

Different approaches, same objective

Investors favour a variety of funding approaches. One-off contributions are popular (26%), while others prefer ad hoc lump-sum investing (18%) or the simplicity of regular monthly contributions (20%).

While individual strategies may differ, the common theme is clear – maintaining a disciplined approach and keeping sight of long-term goals can help investors look beyond temporary market fluctuations and stay focused on the bigger picture.

[3]Scottish Widows 2026

> *“Building wealth remains the primary reason investors are increasing contributions”*

Future changes to salary sacrifice remain under the radar

Salary sacrifice has become a familiar feature of workplace financial planning, where employers pay part of a salary directly into an employee's pension, meaning Income Tax or employee National Insurance (NI) is not payable on that amount. However, new research suggests many people may be unaware of significant changes planned for the years ahead.

Awareness remains low

Although around two-thirds of UK employees currently use salary sacrifice arrangements, research[4] found that 63% are unaware of the government's proposed cap due to be introduced in 2029.

The findings come shortly after the National Insurance Contributions Bill became law and highlight a broader issue: many employees may not fully understand how future policy changes could affect their pensions and workplace benefits.

Why it matters

Salary sacrifice can be an effective way to boost pension contributions while reducing tax and National Insurance liabilities. For many higher earners in particular, it forms an important part of long-term retirement planning.

While the proposed changes remain some years away, understanding how they may affect future contributions can help individuals make more informed decisions today.

Keeping informed

If you would like to discuss how salary sacrifice fits into your overall financial plan, please get in touch.

[4]Barnett Waddingham 2026

> *"New research suggests many people may be unaware of significant changes planned for the years ahead"*

A recap of what's changing

- Only the first £2,000 per year of pension contributions made via salary sacrifice will be exempt from NI from April 2029
- Any amount above this will still receive Income Tax relief, but NI will be payable
- Contributions made between now and 2029 continue to benefit from full NI efficiency, making this a valuable window of opportunity.

Managing the move into higher rate tax

A pay rise should be a welcome milestone. However, with Income Tax thresholds remaining frozen, increasing numbers of people are finding themselves drawn into higher rate tax bands without necessarily feeling significantly better off.

4.8 million

By 2031, an additional 4.8 million people could be paying higher rate tax

Data from the Office for Budget Responsibility (OBR) indicates that by 2031, an additional 4.8 million people could be paying higher rate tax compared with when the threshold freeze began in 2022. If your income has increased recently, it may be worth reviewing whether your financial planning remains as tax efficient as possible.

Make the most of pension contributions

One of the most effective ways to manage a higher tax burden is through pension funding. Contributions made via salary sacrifice are deducted before tax, helping to reduce taxable income while boosting long-term retirement savings. With planned changes to salary sacrifice arrangements expected from April 2029, you may wish to review use of this benefit.

Check your tax relief entitlement

Higher rate taxpayers are entitled to additional pension tax relief, but it is not always applied automatically. In some cases, extra relief may need to be claimed through Self-Assessment or directly from HMRC.

Review savings and family allowances

Moving into a higher tax band can have implications beyond Income Tax alone. The Personal Savings Allowance falls from £1,000 to £500 for higher rate taxpayers, meaning more interest could become taxable outside ISA arrangements.

It may also affect eligibility for Marriage Allowance and increase exposure to the High Income Child Benefit Charge, potentially reducing valuable family benefits.

A good time for a review

Tax rules are becoming increasingly complex, and small changes in income can have wider consequences than many people realise. A review of your position can help identify opportunities to improve tax efficiency and ensure your financial arrangements continue to work as effectively as possible.

How grandparents can turn childcare into extra retirement income

Where a parent claims Child Benefit but does not need the associated NI credit because they are already building up a qualifying year, that credit can be transferred to a grandparent or family member providing childcare for a child under 12

With the summer holidays underway, many grandparents will be preparing to step in and provide additional childcare while parents conserve annual leave and manage the rising cost of formal childcare. What is far less widely recognised is that this support can also help strengthen their own retirement income.

Specified Adult Childcare Credits (SACC) offer a straightforward and cost-effective way to boost the State Pension, which remains the foundation of income in later life for most people.

A valuable boost to retirement income

For grandparents who have not yet built up the 35 qualifying years of National Insurance (NI) contributions needed for a full State Pension, these credits can make a tangible difference. Each additional year is worth around £350 a year in State Pension income, adding more than £7,000 over a typical retirement. This compares favourably with paying voluntary contributions, which can cost more than £900 for a single year.

Quilter analysis of HMRC data shows that more than 200,000 applications for these credits have been made since 2016/17, with nearly 160,000 approved. At a collective level, this is now adding over £55m a year to retirement income, illustrating the scale of the opportunity when the scheme is used.

How Specified Adult Childcare Credits work

The way the scheme works is relatively simple. Where a parent claims Child Benefit but does not need the associated NI credit because they are already building up a qualifying year, that credit can be transferred to a grandparent or family member providing childcare for a child under 12. There is no minimum number of hours required, and claims can be backdated to April 2011.

Why some applications are rejected

However, take-up is still not universal and some applications are unsuccessful. Around one in five claims are rejected, often because the applicant already has a qualifying year through work or is not eligible for the transfer. This underlines the importance of checking eligibility carefully before applying.

Don't overlook Child Benefit

There are also important planning considerations. Choosing to opt out of Child Benefit entirely can remove the ability to transfer NI credits, even if the benefit itself would be clawed back through the High Income Child Benefit Charge. Maintaining the claim can therefore preserve valuable flexibility within families.

An opportunity many families are missing

These credits represent a practical opportunity to address gaps in NI records, particularly for those who have spent time out of the workforce. This often affects women disproportionately. As families increasingly rely on informal childcare, ensuring these credits are understood and used effectively can play a meaningful role in improving long-term financial outcomes.

Be purposeful with every penny

For many people, building wealth takes years of discipline, sacrifice and careful decision-making.

It is therefore entirely natural to want to protect what you have accumulated. However, there is an important distinction between protecting your money and allowing it to become stagnant.

Holding excessive amounts of cash can sometimes feel like the safer option, but over longer periods it may come at a cost. Money that is overprotected becomes money that underperforms.

The hidden impact of inflation

Cash provides certainty and liquidity. It does not fluctuate in value from day to day and can offer reassurance during periods of market uncertainty. The challenge is that inflation steadily erodes purchasing power over time. Money that remains in cash for years without a specific purpose may lose value in real terms. This is why it is important to consider not only where money is held, but also what role it is intended to fulfil.

Finding the right balance

Investing is emotionally harder because it asks people to tolerate movement, it requires a different mindset. Markets move, sentiment changes and short-term volatility is unavoidable. In a world that constantly encourages short-term reactions, it's hard to resist. That does not mean every pound should be invested. Cash reserves remain essential for emergencies, planned expenditure and financial flexibility. The right balance will depend on your objectives, time horizon and tolerance for risk.

Giving your money a purpose

Rather than thinking purely in terms of cash versus investments, it can be helpful to ask a different question: what is this money meant to achieve – does it have intention? Money with a clearly defined purpose (living money) is often more effective than money left sitting idle without a role to play (dead money).

Closing the confidence gap

Research[5] suggests that 30% of UK adults feel they lack the knowledge, confidence or time to invest. This concern is particularly common among those aged between 30 and 44. Yet avoiding investment decisions altogether can have implications for future wealth and financial resilience. Understanding your options and having a clear plan can make a significant difference over time.

You don't need all the answers

Successful investing is not about predicting markets or becoming a financial expert overnight. It is about making informed decisions that align with your long-term goals. Often, the first step is simply having a conversation. We can help you assess your options, understand the opportunities available and ensure your money is working as effectively as possible to support your future.

[5]Rathbones 2026

> *"Money that is overprotected becomes money that underperforms"*

Turning good intentions into practical planning

Most people recognise the importance of getting their affairs in order, yet many never move from intention to action. While conversations about later-life planning are rarely easy, taking practical steps today can make a significant difference for loved ones in the future.

Research[6] has found that 83% of UK adults believe financial preparation for death is important. However, almost a third (32%) admit they have taken no action at all.

Only 38% have a valid Will in place, while just 26% have communicated their wishes to family members. Even fewer (18%) have organised important financial information such as pension details, investment accounts, insurance policies and other key records. The result can be unnecessary stress, delays and complications at what is already a difficult time for families.

The emotional challenge

Practical planning is only part of the picture. The research also found that 74% of people believe emotional preparation is important, yet 13% say the subject feels too uncomfortable to address. This reluctance is understandable. Discussions around mortality are hardly joyous but avoiding them often creates greater uncertainty for those left behind.

Small steps can make a big difference

Later-life planning does not need to happen all at once but having a clear plan in place can provide reassurance not only for you, but also for those closest to you.

[6]Aegon 2026

A younger generation taking pensions seriously

When it comes to pensions, younger adults are often assumed to be less engaged than their older counterparts, but research suggests the opposite may be true.

Far from ignoring retirement planning, many younger savers appear to be taking an active interest in how their pension savings are invested and managed.

Greater engagement among younger savers

The research[7] found that 31% of people aged between 18 and 34 know what their pension is invested in, compared with 21% of those aged 35 to 54. Younger savers are also more likely to express preferences around investment choices. Around 22% say they are interested in investments supporting the domestic economy, even if this meant accepting lower returns, compared with 13% of older respondents.

Taking an active role

Engagement extends beyond awareness alone. One in five younger savers report making changes to their pension investment selections, compared with just 12% of those in middle age. These findings suggest many younger adults are approaching retirement planning earlier and with greater curiosity than previous generations.

The value of informed decisions

While increased engagement is encouraging, pensions remain a complex area and there is always more to learn regardless of age or experience. Understanding contribution levels, investment options and retirement objectives can play a significant role in improving long-term outcomes.

Starting early can be powerful

One of the greatest advantages younger savers possess is time. Small decisions made early in a career can compound into meaningful differences over the decades that follow. Whether you are just beginning your retirement journey or reviewing plans built up over many years, professional advice can help ensure your pension remains aligned with your wider financial goals.

[7]Pensions UK 2026

"31% of people aged between 18 and 34 know what their pension is invested in compared with 21% of those aged 35 to 54"