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Your **wealth**

Adapting to transformation: *investing through global change*

As we enter the final quarter of what has been an eventful year so far, investors have had much to navigate. From sharp US policy shifts, geopolitical instability, global trade realignments and a changing labour market, to the energy transition, elevated uncertainty and the prevalence of mega forces such as artificial intelligence. The investing landscape continues to evolve rapidly. What matters now is recognising the defining features shaping this environment as it transforms.

Inflation expectations are no longer anchored at 2% targets, fiscal discipline is under pressure and long-term growth trajectories are shifting. Against this backdrop, markets are reacting more quickly to short-term data, as investors look to interpret what it signals for both near-term performance and longer-term outcomes.

Key policy priorities

The International Monetary Fund's (IMF's) latest World Economic Update projects global growth expectations of 3% this year, rising slightly to 3.1% in 2026 – an upgrade on earlier forecasts. The revision reflects front-loading ahead of tariff changes, lower effective tariff rates, improved financial conditions, and fiscal expansion in key economies. While global inflation is expected to ease, it is anticipated to remain above target in some key countries like the US and on home shores. The IMF deduce, *'Downside risks from potentially higher tariffs, elevated uncertainty, and geopolitical tensions persist. Restoring confidence, predictability and sustainability remains a key policy priority.'*

Inflection point

During the World Economic Forum's Annual Meeting at the start of the year, President and CEO Børge Brende said, *"we are at an inflection point,"* adding that the forum was taking place during *"one of the most uncertain geopolitical and geoeconomic moments in generations."*

Fast forward to their August review and the Forum highlighted how a number of key issues are set to shape the global outlook over the coming months. These include renewed collaboration to tackle conflict and misinformation, large-scale reskilling to meet job transformation, redesigning financial systems for longer lifespans, greater investment in sustainable infrastructure and the energy transition, and accelerating gender parity and digital inclusion.

Together, these areas underline both the challenges and opportunities of this moment – and why, for investors, staying agile, globally diversified and aligned with long-term structural shifts, will be key to capturing growth while managing risk in line with their personal tolerances.

Embracing change

The key is not just to acknowledge this transformation but to see the opportunities it creates. Understanding how these forces interact can help position portfolios to capture growth while protecting against volatility in a changing world. The good news? You've got us to help you traverse and capitalise on these driving forces shaping our world.

Autumn Budget – forward thinking

As the Autumn Budget approaches, speculation is growing about what the Chancellor may announce.

The National Institute of Economic and Social Research (NIESR) forecasts the government will miss its fiscal target, predicting a £41.2bn deficit by 2029/30. To address this, the Chancellor may need to raise billions through higher taxes, spending cuts or additional borrowing. NIESR has called for *'a moderate but sustained increase in taxes,'* suggesting substantial adjustments may be unavoidable.

While exact measures cannot be predicted, potential focus areas include tax reliefs and thresholds (pensions, Income Tax bands, Capital Gains Tax), Inheritance Tax (IHT), Dividend Tax, National Insurance, school fees, and business-owner planning such as Entrepreneur's Relief.

Proactive financial planning remains key. Ahead of the Budget, sensible steps may include maximising ISA allowances, reviewing pension contributions, crystallising capital gains where appropriate, and considering inheritance planning strategies. Small adjustments now may strengthen your position, regardless of policy changes.

Once the Budget is announced, we can review your financial plan in light of any new measures. Professional advice ensures decisions are tailored to your circumstances, whether changes take effect immediately or from the new tax year starting 6 April 2026. Preparing early may help you stay ahead of the curve.

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Women lag behind with pension savings – time to make amends

IN THE News

People don't understand IHT

Research[1] shows there's a significant knowledge gap surrounding IHT, which could cost families later down the line. A third of those expecting to inherit at least £300,000 do not fully understand IHT rules, meaning many families could miss out on maximising the wealth that is transferred. Only 20% plan to pass on their wealth during their lifetime because 37% are worried about paying for future living or care costs. Meanwhile, a quarter (28%) don't understand their planning options and 22% are uncomfortable talking about inheritance. Perhaps it's time to break the taboo?

Dividend update

The latest data shows UK company dividends totalled £35.1bn in Q2[2]. Although this is down 1.4% annually, it is better than Computershare's predicted decrease of 2.6%. The headline decline is due to a stronger pound against the dollar and one-off special dividends halving to £2bn. However, there are signs of strong underlying growth as regular dividends rose by 6.8% on a constant-currency basis to £33.1bn. Rolls-Royce was a key contributor to Q2 growth as it paid its first dividend since 2019. Payouts from banks also went up by 8.1%, accounting for a third of the increase. As for the rest of Europe, the whole continent displayed strong growth in Q2, with dividends rising by 10% year-on-year to $261bn[3]. This performance is similar to the combined increases seen in North America, China and Japan.

[1]M&G, 2025, [2]Computershare, 2025, [3]Vanguard, 2025

Nearly 40% of women in the UK risk not having enough funds for a comfortable retirement, according to research. Men contribute 27% more to their pension on average per month, which means they have built up nearly double the funds of women[4]. For every £1 in a man's pension pot, a woman has just 42p[4].

The pension contribution imbalance starts early. At 20 years old, men already have a 15% head start. By the time they reach their mid-thirties, the gap has widened to 22%. It gets even bigger closer to retirement, with men aged 60 or over contributing 41% more than women[5].

Time to redress the balance

Career breaks for care giving, part-time jobs and lower wages can all impact a woman's ability to grow a healthy pension pot. More than a third of women work part-time compared with 14% of men[5], which means they don't always earn enough to qualify for auto-enrolment in workplace pensions. There are opportunities, however, to redress the balance whatever your age.

Making some purposeful pension contribution decisions

Making decisions about pension contributions can be overwhelming – especially if you lack confidence or knowledge. With 38% of women worried that their pension won't fund a comfortable retirement[4], now is the time to take control – and make pensions work harder within your overall wealth strategy. And remember – it's never too late, you deserve to flourish in retirement.

[4]Royal London, 2025, [5]Aviva, 2025

Pensions are one of the most tax-efficient vehicles for building wealth, offering valuable tax relief on contributions and the ability for tax-free growth. Integrating pensions into a broader financial plan can unlock powerful opportunities for long-term security.

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Unspent pensions to be included in IHT from 2027

The government has confirmed it will move ahead with plans to include unspent defined contribution pensions in IHT calculations from April 2027. This marks a major change: until now, pensions have usually fallen outside the estate for IHT, often making them an efficient way to pass on wealth.

What's changing?

Following consultation, some elements of the original proposal have changed. Death in service benefits paid from registered pension schemes will remain exempt, as will scheme pensions paid to a dependant from defined benefit arrangements and death benefits from collective money purchase schemes. The government has also confirmed that a deceased person's legal personal representatives will be responsible for declaring pension benefits within the IHT return to HMRC.

Impact on estates

Around 8% of estates are expected to be affected annually, with average IHT bills rising by an estimated £34,000. The impact could be greater if individuals do not review their arrangements in light of the changes. From 2027, all estates that include pensions will need to assess whether IHT is due, creating potential delays as pension providers and executors share information.

Another concern is the risk of double taxation. Pensions inherited after age 75 are already taxed as income; from 2027, they could also face IHT. This could leave beneficiaries losing more than half the pension value to tax, even at basic rates.

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Planning considerations

There are ways to reduce future IHT exposure, such as:

Gifting
Up to £3,000 annually tax-free, with the IHT impact on larger gifts reducing in stages to zero after seven years

Trusts
Though complex, these can remove assets from the estate

Charitable giving
Leaving 10% of the estate to charity reduces IHT rate to 36%

Whole of life insurance
Written in trust to cover IHT liabilities

Looking ahead

The change highlights the need for careful estate planning. With rules shifting, pensions can no longer be assumed to fall outside IHT. Reviewing your position now – including pensions, property, and other assets – will help ensure your wealth is passed on as intended. With the rules not applying until April 2027, there is still time to plan effectively.

Clients are tuning in to intergenerational planning

The Great Wealth Transfer is happening, with the UK expected to see a significant shift in assets passed down to younger generations over the next 30 years. This is perhaps why more people are showing an interest in intergenerational financial planning.

A survey[6] of financial advisers found that 80% of clients are now concerned about intergenerational planning, compared with 75% in 2022. Clients seem to be recognising this area as an increasing priority, with 39% seeing it as 'highly important,' up from 34% three years ago.

This growing focus is likely due to changes announced in last year's Autumn Budget, which have prompted more advisers to use trusts when IHT planning. Also, record IHT receipts have probably encouraged people to take action to minimise their estate's tax liabilities.

Who's getting advice?

Intergenerational planning advice is more in demand, with 68% of clients discussing IHT with their adviser. However, only 47% of advised clients actually have solutions in place to reduce the IHT on their estate. Despite this advice-action gap, there's a near-universal agreement that intergenerational planning matters, with 98% of advisers saying it is important to their clients.

The gender gap

Research[7] suggests that women are at the centre of the Great Wealth Transfer as they are 45% more likely to have inherited assets than men. This puts them on track to control 60% of UK private wealth by the end of 2025[8]. Despite inheriting more, women do not hold as many long-term income generating assets. This could be because 69% of women said they haven't received financial advice before.

It's time to start a conversation about intergenerational planning. Preparation is essential to ensure wealth is passed smoothly and efficiently across the generations.

[6]HSBC Life (UK), 2025, [7]Unbiased, 2025, [8]CEBR, 2025

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When gifts backfire

With pensions set to join the list of assets liable for IHT, for many families, this ends a major tax break and makes effective planning essential. One of the most powerful tools is gifting. However, when done incorrectly, it can wipe out the benefit entirely.

Getting gifting right

Some gifts are exempt straight away, like the £3,000 annual allowance or small gifts under £250. Larger gifts, known as Potentially Exempt Transfers (PETs), escape IHT if you live for seven years after making them. Regular gifts from surplus income can also be tax free, provided they don't reduce your standard of living and you keep detailed records.

Detailed record-keeping includes evidence of:

- What was given, when, and to whom
- The value of the gift at the time
- The source of the funds (especially for gifts from income)
- Proof that the gift did not reduce your normal standard of living.

This might include bank statements, written notes of intention, valuations and a spreadsheet tracking dates and amounts. Without this paper trail, HMRC could reject the exemption.

The trap – gifts with reservation

The most common pitfall is the 'gift with reservation of benefit' – where you give something away but keep using it. For example, transferring your holiday home to your children, but continuing to use it rent-free will keep it in your estate for IHT. Hundreds of families fall foul of this each year, with surprise bills running into tens of thousands.

Protect your legacy – speak to us today

With thresholds frozen and pensions entering the IHT net, please get in touch to review your plans and avoid your gifts backfiring, to make sure your wealth passes on the way you intend.

Personal pension age change delays access to savings

A two-year increase in the normal minimum pension age could impact retirement planning for thousands of people. Under current rules, personal and workplace pension funds can be accessed from the age of 55. From 6 April 2028, the age limit will rise to 57 years.

This means if you were born on or after 6 April 1973, you will have to wait until after your 57th birthday to access pension-based savings. If you were planning to access these funds before 2030, then you might want to rethink your draw down strategy.

There are still some circumstances when you can access funds earlier than the normal minimum pension age, for example if you are suffering from ill health or have a protected pension age. Anyone born before 6 April 1971 will not be impacted by the change.

Funding a happy retirement

The pension freedoms that were introduced in 2015 meant the over-55s could dip into their personal pension pots even while they were still working. As a result, the government is concerned that older adults will not have sufficient resources to provide for later life.

A recent study found that the happiest retirees have an income of around £1,700 per month, which equates to a pension pot of around £221,000 at retirement age[9]. However, 22% of retirees in the UK are living on less than £1,000 a month, which is below the recommended minimum for covering essential costs later in life.

With 63% of 50-year-old workers worried about the upcoming increase to the normal minimum pension age[10], don't suffer in silence. We can advise on what the changes mean for your retirement planning.

[9]L&G, 2025, [10]Censuswide Survey, 2023

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