BAKER DAVIES

POOLE
01202 716455
SALISBURY
01722 322872
clientservices@bakerdavies.com
bakerdavies.com

# Your **wealth**

## Balancing familysupport and retirement goals – take time to reflect this summer

**As we settle into the summer, many of us finally find the breathing space to pause and reflect. The longer evenings and holiday mindset often encourage a wider perspective - not just on where we are today, but on the future we want to enjoy.**

For many families, however, retirement planning can quietly slip down the priority list when adult children need support. Whether helping with rising living costs, a first property deposit, university fees or simply navigating a challenging economy, parents are increasingly stepping in financially long after their children reach adulthood.

### The growing cost of supporting adult children

New research[1] has found that 61% of parents with children over 18 are providing financial support, with one in seven expecting this generosity to delay or reduce their retirement plans. Some are dipping into savings, others are reducing pension contributions and many acknowledge that supporting family has affected their own long-term financial goals.

Of course, most parents want to provide security and opportunity for their children, but there is an important balance to strike. Supporting loved ones should not come at the expense of your own financial future.

### Revisiting retirement priorities

Retirement planning is rarely static. Priorities evolve over time, and so should financial plans. Revisiting retirement goals, reviewing pension contributions, understanding future income needs and adjusting investment strategies can all help ensure plans remain aligned with changing family needs and circumstances.

Importantly, retirement today is no longer viewed as a single end point. Many people are planning for phased retirements, flexible lifestyles and longer, more active later years. That makes ongoing financial clarity even more valuable.

### Finding the right balance

Summer can be the ideal moment to step back and reassess. With the right advice and careful planning, it is entirely possible to support children when needed while still protecting the retirement lifestyle you may already have or are working hard to build. The key is ensuring generosity and long-term security sit side by side

### A few positive steps to consider

- **Review your retirement goals regularly** - even small adjustments to pensions or investments can make a meaningful long-term difference
- **Set clear boundaries around family support** - helping children financially works best when it sits within an agreed and sustainable plan
- **Let's talk it through** - a fresh perspective can help balance generosity today with security tomorrow.

[1]Standard Life 2026

***The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated.***

## Investors stay focused on long-term growth

**UK investors remained committed to growing their wealth during the first half of the year, despite continued geopolitical and economic uncertainty. Research[2] found that 30% of investors increased contributions to their portfolios during Q1, while a further 30% planned to raise investment levels during Q2.**

Average planned investment levels for Q2 were £2,920, with only 14% expecting to reduce the amount they invested. The findings suggest that investor confidence remained resilient through the first half of the year, with many continuing to prioritise long-term financial goals over short-term market volatility.

### Wealth building and retirement remain key drivers

The strongest motivation for increasing investments was the desire to build long-term wealth, cited by 44% of respondents. Nearly three in ten (29%) believed it was a good time to invest, while 24% said UK economic conditions had influenced their decision-making.

Longer-term financial planning continued to shape investor behaviour overall. Growing wealth (43%) and strengthening retirement savings (42%) were the leading reasons for investing, alongside building emergency savings (28%) and funding future lifestyle goals, such as holidays (17%).

Investment habits varied, with one-off contributions proving popular (26%), although many investors continued to favour flexible ad hoc lump sums (18%) or 'set and forget' regular contributions (20%).

[2]Scottish Widows 2026

### INSIDE THIS ISSUE:

In the news // Wealth in an age of uncertainty - how investors are adapting to a changing world // Pensions and IHT - the shake-up many are missing // IHT gifting reminder: your questions answered // Enjoying your happy and healthy retirement // Freeze the higher-rate tax burden

## Salary sacrifice confusion

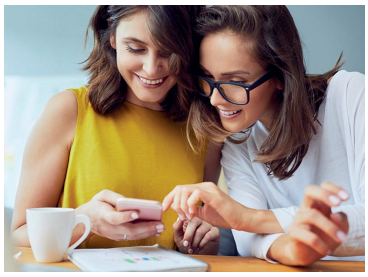
Although two thirds of UK employees now use salary sacrifice schemes, 63% are unaware of the government's planned 2029 cap, according to new research[3]. The findings come as the National Insurance Contributions Bill officially becomes law, prompting concerns that workers may not fully understand how future changes could affect pensions and workplace benefits.

## One in three adults unprepared for later life financial planning

Research[4] reveals a major gap between awareness and action on later life financial planning. While 83% of UK adults say financial preparation for death is important, 32% admit they have taken no steps at all. Only 38% have written a Will, 26% have communicated their wishes and only 18% have organised their financial documents including pension information, account records or insurance details, leaving many families at risk of avoidable stress and financial complications later on. It seems emotional barriers are also at play, with 74% agreeing that emotional preparation is important, 13% say the topic is too uncomfortable or emotional.

If any of these topics resonate – please get in touch, we can help provide support and clarity.

[3]Barnett Waddingham 2026, [4]Aegon 2026



# *Wealth in an age of uncertainty - how investors are adapting to a changing world*

**For investors, structural weaknesses exposed by the pandemic, geopolitical conflict and persistent inflation have created a more unpredictable environment where volatility appears increasingly embedded in the global economy.**

Central banks continue to walk a difficult line - balancing inflation control with economic growth while managing historically high debt levels. At the same time, fragmented supply chains, fiscal pressures and rapid technological disruption are reshaping global markets and consumer behaviour alike.

### IMF warns of slower growth ahead

The International Monetary Fund (IMF) expects global growth to slow to 3.1% in 2026 before edging slightly higher to 3.2% in 2027, while inflation is projected to rise modestly next year before easing again. Emerging and developing economies are expected to feel the greatest strain from slower growth and higher prices.

The IMF believes downside risks continue to dominate the outlook. Escalating geopolitical tensions, prolonged conflict, renewed trade disputes and uncertainty around artificial intelligence-led productivity gains, all have the potential to unsettle markets further.

IMF Managing Director Kristalina Georgieva warned that *"all roads now lead to higher prices and slower growth,"* describing the current environment as *"a world of elevated uncertainty,"* shaped by geopolitical tensions, climate shocks, technological change and demographic shifts. *"All of this means that after we recover from this shock, we need to keep our eyes open for the next one,"* she concluded.

### Global wealth continues to expand

Despite these headwinds, global wealth creation continues at remarkable speed. One leading wealth report[5] found that 89 individuals crossed the US$30m wealth threshold every day over the past five years, taking the global ultra-high-net-worth (UHNW) population to more than 713,000 in 2026. The US remains the dominant engine of wealth creation, accounting for 41% of new UHNW individuals, while India and China continue to drive significant expansion and reshape the global balance of wealth.

### From accumulation to transformation

The report also highlights how wealth itself is evolving. While 'plutonomy' - where the wealthy command an outsized share of global capital - remains firmly intact, spending patterns are shifting. Luxury is becoming less about ownership and more about experience, wellness and personal transformation. For investors, the focus is increasingly not only on growing wealth but preserving and positioning capital intelligently in a more complex world.

### An environment defined by change

The global economy is constantly evolving, fragmented and unpredictable - uncertainty is nothing new for investors. Wealth holders are placing greater value on strategic advice, long-term thinking and understanding where resilience, innovation and long-term opportunity exist. In a more complex investment landscape, informed advice and a disciplined approach remain central to preserving and growing wealth over time.

[5]Knight Frank 2026



***The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated.***

# Pensions and IHT - the shake-up many are missing

**From April 2027, a significant change to Inheritance Tax (IHT) will take effect. Unused pension funds will no longer sit outside a person's estate. Instead, they will be included when calculating IHT, potentially exposing them to a 40% charge where thresholds are exceeded.**

### The end of a tax-efficient era

For many years, pensions have been seen as one of the most tax-efficient ways to pass on wealth, often left untouched while other assets were used first. This long-standing approach is now being overturned, forcing a major rethink of retirement and estate planning.

### The awareness gap

Despite the scale of the change, awareness remains low. Research[6] suggests that nearly nine in 10 UK adults are unaware that pensions will fall within the IHT net from 2027.

This knowledge gap is already influencing behaviour. An increasing number of people are choosing to access their pensions earlier than planned, with over 116,000 individuals withdrawing funds at age 55 in the past year, a five-year high[7]. In many cases, this reflects a desire to reduce future tax liabilities or pass on wealth sooner. However, acting too quickly can have consequences, particularly if it could leave you short of income later in retirement.

### When change creates opportunity… for scammers

There are also wider risks emerging as periods of uncertainty, combined with pressure to act, can leave individuals more vulnerable to scams. Fraudsters are already exploiting confusion around the new rules, offering so-called solutions to avoid IHT that can put retirement savings at risk.

The key message is clear: while the 2027 reforms will reshape how pensions are treated on death, they do not mean immediate action is always the right course. Careful planning, informed decisions and taking professional advice remain essential to ensure that both retirement security and legacy goals are protected.

The changes from April 2027 are proposed and subject to legislation.

[6]Standard Life 2026, [7]Lubbock Fine 2026

## IHT gifting reminder: your questions answered

### Why is gifting back in the spotlight?

Rising Inheritance Tax (IHT) receipts and ongoing reforms mean more families are being drawn into the net. Frozen thresholds and planned changes, including bringing unused pension funds into IHT from April 2027, are prompting many to review how they pass on wealth.

### How can gifting help reduce IHT?

Making gifts during your lifetime can reduce the value of your estate. These are known as 'potentially exempt transfers' and fall completely outside your estate for IHT purposes if you survive for seven years after making them. Alongside this, annual exemptions still play a key role. For example, the £3,000 yearly allowance and small gifts of £250 per person per tax year, which help individuals pass on wealth gradually.

### What's driving increased interest?

There is growing demand for gifting strategies as families respond to tightening rules. With pensions historically used to pass on wealth tax-efficiently, their inclusion in IHT calculations from 2027 is accelerating the shift towards lifetime gifting.

### Are there any risks to making gifts outright?

Yes. Once a gift is made, you no longer control the asset and it cannot usually be reversed. This can create issues if circumstances change or if beneficiaries receive funds before they are ready. Also, gifts with continued benefit, for example, giving away your home but still living in it rent-free, may still be counted as part of your estate.

### Is there a way to retain control?

Increasingly, families are exploring how to gift with control, such as placing assets into trusts. These structures can allow wealth to be distributed gradually while maintaining oversight, offering both flexibility and protection.

### What should you do next?

Gifting can be a powerful IHT planning tool, but it needs careful consideration. Seeking professional advice can help ensure your strategy aligns with your long-term goals.

*Gifting and trust strategies can have tax implications and may not be suitable for everyone. The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated. The Financial Conduct Authority does not regulate Will writing, tax and trust advice and certain forms of estate planning.*

# *Enjoying your happy and healthy retirement*

**With a clear sense of purpose, your retirement opens a world of possibilities. Getting your finances in order is a crucial step, but it is only one part of a wider plan. Here are some key considerations for a happy and healthy retirement.**

### Wellbeing and wealth

After all those years of work, retirement is a chance to live exactly how you want. As people are living longer, retirement planning increasingly spans multiple decades, giving you a large window to chase your dreams.

Two building blocks of a happy retirement are wellbeing and wealth.

**Wellbeing** means something different to each of us. Living your healthiest life will allow you to stay active and independent for longer, whether you're planning to run ultramarathons or simply want to feel at your most energetic. Mental wellbeing means keeping your mind sharp and prioritising social connection.

Likewise, **wealth** is not a one-size-fits-all indicator. From having the means to travel far and wide to supporting loved ones, your wealth goals can secure the retirement you want. Whatever financial security means to you, retirement planning can provide confidence and peace of mind.

### Laying the foundations – and continuing to build

Retirement planning is not a now-or-never moment. Rather, your plans should be built gradually and remain in constant development. Over time, priorities, health or spending needs evolve, so plans should be reviewed periodically to ensure they still meet your lifestyle.

One key concept to keep in mind is **income sustainability**. This means balancing present spending with preserving wealth for later-life needs and legacy goals. A dynamic retirement plan that can adapt quickly to changes helps you strike the right balance.

### Planning beyond the numbers

Retirement planning is about much more than money. A well-planned retirement should support your broader life goals, including your lifestyle, travel, family, hobbies and personal growth.

A fulfilling retirement comes with purpose and flexibility. Indeed, the most successful retirements are often those that combine clarity and openness. You have a strong plan – now it's time to put it into action!

***Tax treatment depends on individual circumstances and may change in future.***

***The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated.***

It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK. We cannot assume legal liability for any errors or omissions it might contain. Levels and bases of, and reliefs from, taxation are those currently applying or proposed and are subject to change; their value depends on the individual circumstances of the investor. Information is based on our understanding of taxation legislation and regulations. Tax treatment is based on individual circumstances and may be subject to change in the future.
The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated. If you withdraw from an investment in the early years, you may not get back the full amount you invested. Changes in the rates of exchange may have an adverse effect on the value or price of an investment in sterling terms if it is denominated in a foreign currency.
No part of this document may be reproduced in any manner without prior permission.
Hanbury Wealth Management Ltd is authorised and regulated by the Financial Conduct Authority.

**All details correct at time of writing (June 2026).**

## Freeze the higher-rate tax burden

**While workers were raising a glass to a pay rise, the government's decision not to raise tax thresholds means more will have become higher rate taxpayers. Research suggests 4.8 million more people will be paying higher rate tax by 2031 than in 2022 when the freeze began. If you're one of them, what steps can you take to avoid putting the party on ice?**

### Salary sacrifice (while you can)

One of the most efficient ways to reduce your tax take is to increase your pension contributions. That's because, with salary sacrifice, contributions will be made from your gross salary. The government plans to change salary sacrifice rules from April 2029, so use it while you can!

### Check pension tax relief

When moving into a higher rate, check you are receiving higher rate tax relief because this isn't always applied automatically. You may need to claim the extra relief through Self-Assessment or by contacting HMRC directly.

### Know the PSA limits

Personal Savings Allowance (PSA) limits are lower for higher-rate earners: you will only be able to earn £500 interest on savings outside ISAs before paying tax.

### Think about Marriage Allowance and Child Benefit

If you or your partner are a higher rate earner, you can no longer benefit from Marriage Allowance. This could mean losing a tax saving worth up to £252 a year. Keep an eye on Child Benefit too, as support is withdrawn through the High Income Child Benefit Charge (HICBC).

**Get in touch – we can talk it through.**

**IF YOU WOULD LIKE ADVICE OR INFORMATION ON ANY OF THE AREAS HIGHLIGHTED IN THIS NEWSLETTER, PLEASE GET IN TOUCH**