

*in*vested interests

SPRING 2026 ISSUE



**Brighten your
financial
outlook**

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in this issue

Welcome to this latest edition of Invested Interests. As we move into the new 2026/27 tax year, attention naturally turns to making the most of available opportunities while staying prepared for an evolving financial landscape.

We begin with a practical guide to navigating the new tax year, highlighting essential steps to help ensure financial plans remain efficient and aligned with long-term goals. From there, we consider the wider global backdrop, offering an investment perspective on the ongoing Middle Eastern crisis and what it may mean for markets and investor sentiment.

Pensions remain a key area of focus, particularly as legislation evolves. Our feature on pensions under pressure explores how individuals can prepare for retirement amid a changing regulatory environment. Alongside this, we examine the role of protection, helping demystify insurance products and their importance in safeguarding financial plans.

We also examine recent Cash ISA changes and what they could mean for savers, before turning to estate planning - where we highlight why now is an important time to review and update your will to reflect current circumstances and legislation.

HOW TO NAVIGATE THE NEW 2026/27 TAX YEAR: ESSENTIAL FINANCIAL PLANNING TIPS

With 6 April now gone, the 2026/27 tax year has arrived. That means new rules, new allowances and for many people, a fresh opportunity to review their finances. But with so many changes to keep track of, it can feel overwhelming – especially if tax planning isn't exactly your idea of a fun evening.



The good news is that you don't need to understand every detail of HMRC's rulebook to make smart decisions. You just need to know what's changed, what it means for you and what steps to take.

Here's what you need to know as the 2026/27 tax year gets underway.

Your Tax Allowances in 2026/27

Most people are aware that they have a Personal Allowance - the amount they can earn before paying income tax. For 2026/27, the Personal Allowance remains at £12,570. It's been stuck there since 2021, and is likely to remain at that level until 2031.

With wages continuing to rise, more people are being pulled into higher tax bands without any increase in their actual purchasing power. This effect, sometimes called 'fiscal drag', is affecting a growing number of households.

The key thresholds to be aware of are:

- Personal Allowance: £12,570 (earnings below this are tax-free)
- Basic rate (20%) applies to income between £12,571 and £50,270
- Higher rate (40%) applies to income between £50,271 and £125,140
- Additional rate (45%) applies to any income above £125,140

Personal Allowance tapers away for earnings above £100,000, at a rate of £1 for every £2 earned, meaning those earning between £100,000 and £125,140 face an effective marginal tax rate of 60%!

If your income is near any of these thresholds, planning your finances carefully could make a meaningful difference to how much tax you pay.

Make the Most of Your ISA Allowance

One of the most valuable tools available to UK savers is the ISA. In 2026/27, the annual ISA allowance remains at £20,000 per person.

You can split this across a Cash ISA, a Stocks and Shares ISA, an Innovative

Finance ISA, or a Lifetime ISA – and you're free to spread your £20,000 allowance across multiple accounts if you wish.

Money held within an ISA is completely free from income tax, dividend tax and capital gains tax – both now and in the future. That makes it particularly powerful over the long term.

Any unused ISA allowance cannot be rolled over to the next tax year. If you only contribute £10,000 in 2026/27, then when 6 April 2027 arrives, you cannot carry over the £10,000 you didn't use to the 2027/28 tax year.

Couples can shelter up to £40,000 together in a single year by "combining" their ISA allowances.

For those aged 18-39, another useful strategy is to use a Lifetime ISA (LISA). This lets you save up to £4,000 per year towards a first home or retirement, with a 25% government bonus on contributions.

If you haven't yet used this year's ISA allowance, now is a good time to act – especially if your savings are currently sitting in a standard account where interest is taxable.

Pension Contributions and Tax Relief

Pensions remain one of the most tax-efficient ways to save, and the 2026/27 tax year is no different. You can contribute up to 100% of your earnings each year or up to the Annual Allowance of £60,000 (whichever is lower).

For most people, the practical limit is whatever they can afford – but it's worth knowing the ceiling is there, particularly for higher earners looking to make larger contributions. Tax relief on pension contributions depends on your rate of Income Tax and how your pension scheme operates.

In broad terms, the level of tax relief available is:

- Basic-rate taxpayers typically receive 20% tax relief
- Higher-rate taxpayers may be entitled to up to 40% tax relief
- Additional-rate taxpayers may be entitled to up to 45% tax relief

For example, in a relief-at-source scheme, a £100 pension contribution would usually cost a basic-rate taxpayer £80, with the remaining £20 added by the government. Higher- or additional-rate taxpayers may be able to claim further relief from HMRC, depending on their circumstances. Scottish taxpayers may have different effective rates of relief.

If you are a higher- or additional-rate taxpayer and are not claiming your full entitlement through your self-assessment tax return, you could be missing out on refunds from previous years, so it's worth checking.

For those who have already drawn flexibly from a pension, the Money Purchase Annual Allowance (MPAA) limits further contributions to £10,000 per year. This catches people out more often than you'd expect.

Capital Gains Tax: Plan Ahead

Capital Gains Tax (CGT) applies when you sell assets – such as investments, a second property, or business assets – at a profit. Everyone receives a CGT Annual Exempt Amount, though this has been significantly reduced in recent years.

For 2026/27, the CGT exempt amount is just £3,000 (down from £12,300 in 2022/23). This means that more gains than ever before are now liable to tax, making it more important to plan disposals carefully.

If you hold investments outside of an ISA or pension, it may be worth considering:

- Spreading disposals across tax years to use multiple years' exempt amounts
- Making use of your spouse or civil partner's exempt amount and lower tax rate
- Holding assets within an ISA where gains are not taxable at all

CGT rates currently sit at 18% for basic rate taxpayers and 24% for higher and additional rate taxpayers on most assets. On residential property, the same rates apply. These changes mean gains you once would have escaped are now taxable, so planning matters.



→ Dividend Income and the Dividend Allowance

If you receive dividends from company shares, funds or through running your own business, then you have a tax-free Dividend Allowance each year.

For 2026/27, this remains at £500. Above this allowance, dividends are taxed at:

- 10.75% for basic rate taxpayers
- 35.75% for higher rate taxpayers
- 39.35% for additional rate taxpayers

For business owners who pay themselves partly through dividends, this is an area worth reviewing with a financial adviser, as the tax-efficient combination of salary and dividends has shifted over recent years.

Inheritance Tax: Still Worth Planning For

Inheritance Tax (IHT) is charged at 40% on estates above the nil-rate band of £325,000.

A residence nil-rate band of up to £175,000 may also apply where a family home is passed to direct descendants, bringing the effective threshold to £500,000 for eligible individuals - or up to £1 million for married couples and civil partners.

From April 2027, most pension funds will be brought within the scope of IHT for the first time, making early estate planning even more important for those with significant pension savings.

If IHT is a concern, there are a number of legitimate

strategies available, including making use of annual gift exemptions, contributing to trusts or reviewing your pension nomination forms. This is an area where professional advice can save your family a considerable sum.

We're Here to Help

Navigating a new tax year is much easier with the right guidance. Whether you're looking to make the most of your allowances, reduce your tax bill, or simply check that your financial plan is still on track, we're here to help.

Please don't hesitate to get in touch with a member of the team to find out more.

Please note:

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THE ONGOING MIDDLE EASTERN CRISIS AN INVESTMENT PERSPECTIVE →



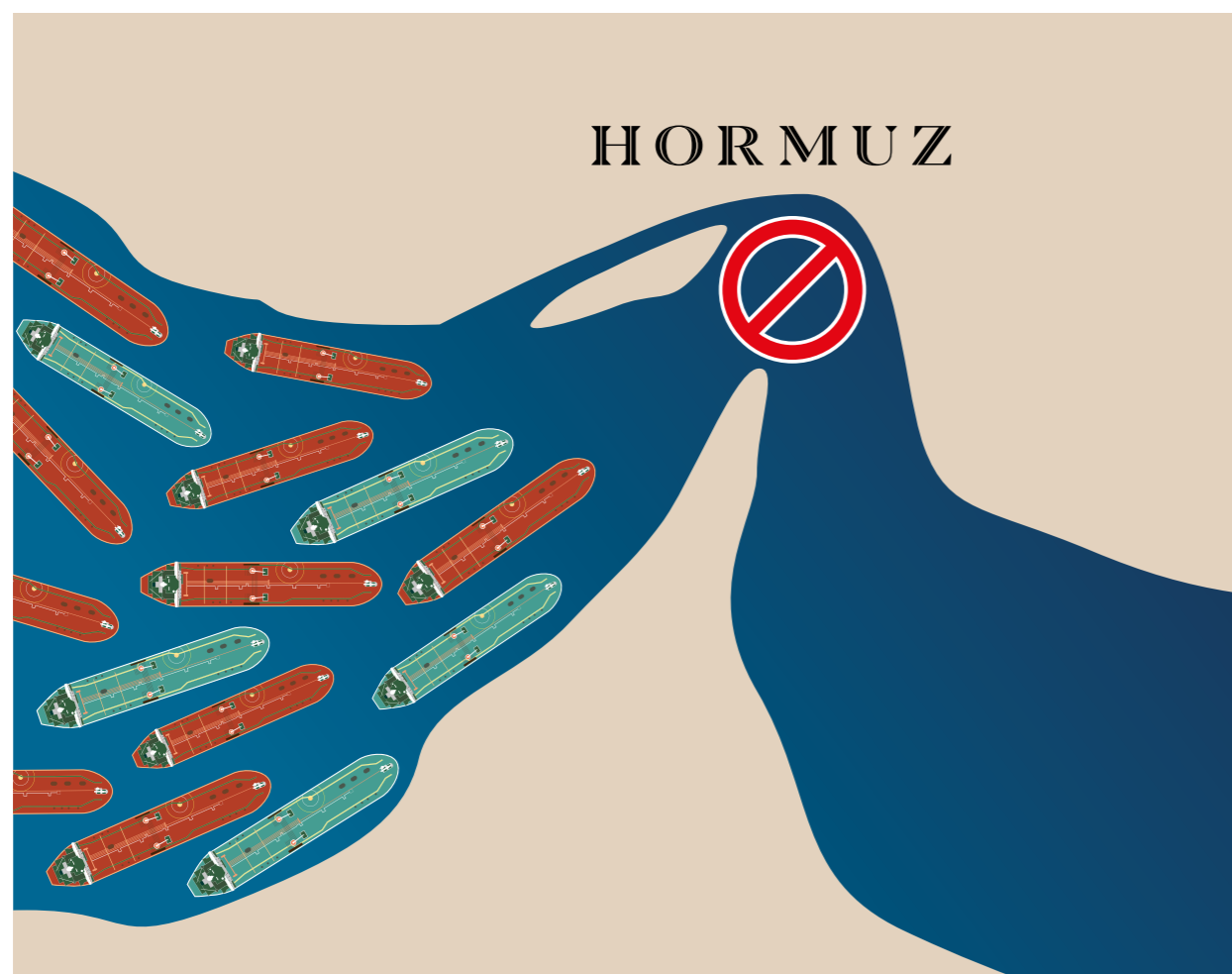
THE ONGOING MIDDLE EASTERN CRISIS – AN INVESTMENT PERSPECTIVE

→ The events unfolding in Iran have shocked the world, and tensions are continuing to escalate. Since the Ukraine war started in 2022 (in addition to the other crises of the last few years), global headlines tell a continuous story of violence, trauma and political polarisation.

A two-week ceasefire was agreed upon in early April, but as of April 20, it is effectively collapsing. Peace talks in Islamabad have stalled, and Iran has officially re-closed the Strait of Hormuz as of two days ago (April 18) in response to a continued US naval blockade.

Sadly, we are not able to solve the world's problems or comment with any authority about the current crisis (or the decades-long conflict which preceded it). We can only say our thoughts are with those affected and that we hope for a peaceful resolution.

We can only focus on what we can control, which means helping investors make good decisions with their money,



despite everything that is going on in the world.

The Financial Impact of the US-Iran Crisis

While markets often “price in” regional instability, the direct involvement of the United States and Israel against Iran in early March 2026 has triggered a more pronounced reaction than previous local conflicts.

Global markets are currently navigating a “risk-off” environment, characterised by a flight to safety as investors weigh the possibility of a prolonged regional campaign.

Here are some of the key drivers of current market volatility

- **Energy Shock and the Strait of Hormuz:** Unlike previous localised skirmishes, the current conflict has led to a military blockade of the Strait of Hormuz. With approximately 20% of the world's oil and LNG passing through this chokepoint, Brent crude has already spiked above \$114 per barrel, while European gas prices surged by 40% following supply disruptions in Qatar.
- **Defence Sector Surge:** Military spending is no longer just a theoretical “boost.” With the initiation of Operation Epic Fury, defence contractors like Lockheed Martin and Northrop Grumman have seen double-digit year-to-date gains. Analysts expect defence budgets to become “more urgent and less controversial” as the conflict persists.
- **The “Safe Haven” Pivot:** We are seeing a classic rotation into protective assets. Gold has hit new highs, trading near \$5,400 at a high point (recently pulling back to \$4,830/oz). The US Dollar and Treasury bonds have also strengthened. Interestingly, Bitcoin has also shown resilience, surging by more than 5% as some investors treat it as an alternative to “digital gold” amid fiat and geopolitical uncertainty.
- **Stagflationary Risks:** The main concern for central banks is the “stagflationary” nature of this crisis. Higher energy costs act as a tax on consumers, pushing inflation expectations higher (potentially up to 3.5%) just as the Federal Reserve was hoping to finalise interest rate cuts.
- **Direct vs Indirect Exposure:** While Iran accounts for a negligible share of global market capitalisation, its role as a major energy exporter to China and its ability to disrupt global trade routes mean that even a “diversified” portfolio is feeling the heat from higher industrial input costs and shipping delays.

Investor Sentiment: Panic vs Persistence

The current market reflects a “wait-and-see” approach. Historical precedents—such as the 1990 Gulf War—show

that markets often see a sharp, short-lived sell-off (averaging around 3-10%) followed by a recovery once the scope of the conflict is clear. However, with US leadership signalling a goal of “regime change,” this volatility may persist longer than the “short bursts” seen in previous years.

What Should You Do

We can't control the market, the economy, or the tragic events which happen every day. Trying to predict or time these factors to gain a financial advantage is usually time-consuming, pointless, and ultimately damaging to your returns.

If you are aware of a situation that could impact share prices, so are millions of other people, many of whom will have already acted on the information. An efficient market means that any information in the public domain is already priced in, and it's too late to gain any real benefit.

Our tips for investing through a crisis are below:

- Avoid making reactive changes to your portfolio or panic-selling during a downturn.
- Be patient. History shows that equity markets generally deliver positive returns over sufficiently long timeframes.
- Invest in a diverse range of assets from across the market.
- Keep enough cash in the bank to cover short-term expenses and emergencies.
- Stick with your plan unless anything changes – this means maintaining your agreed level of risk and keeping up with your regular contributions.
- Remember that some things are more important than money. Take care of your health, spend time with your loved ones, and focus on enjoying life rather than worrying about the market.

Please don't hesitate to contact a member of the team if you would like to find out more about investments.

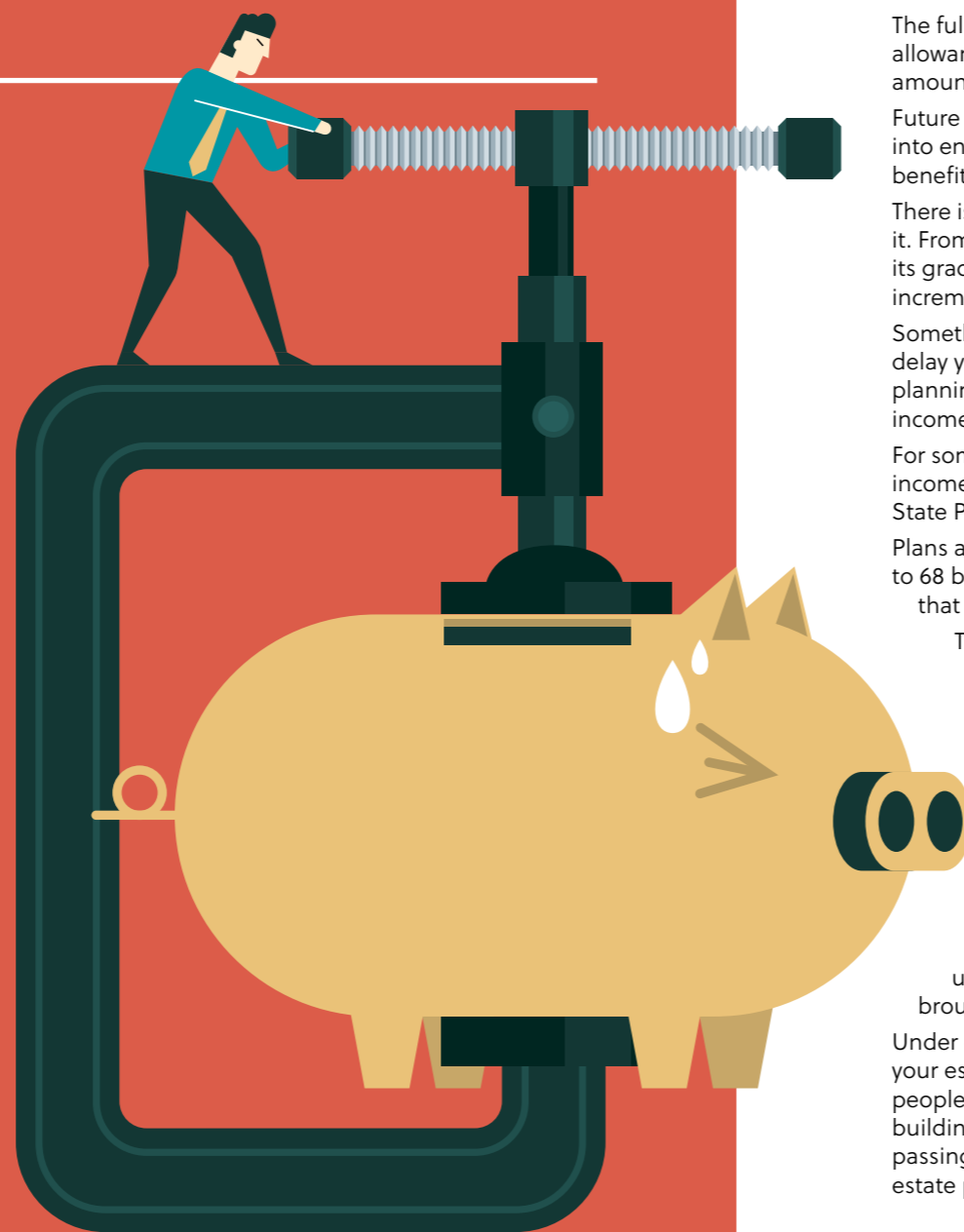
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PENSIONS UNDER PRESSURE:

Preparing for Retirement Amid Changing Legislation

Pension planning has never been simple. But over the past year or so, the pace of change has accelerated. For those approaching retirement, or simply trying to build a solid foundation for the future, keeping up has become more important than ever.



The 2024 Autumn Budget announced major pension and inheritance tax changes. Combined with changes already taking effect in 2026/27 (and more on the horizon for 2027/28 and beyond), now is a sensible time to review existing retirement plans.

The State Pension: Good News, But Not the Full Picture

The State Pension increased by 4.8% in April 2026, bringing the full new State Pension to £241.30 per week - a meaningful boost for those already in retirement or approaching it.

This increase was delivered under the triple lock, which guarantees that the State Pension rises each year by the highest of inflation, average earnings growth, or 2.5%.

The triple lock remains in place for this Parliament, which offers some reassurance. But there is a sting in the tail for some.

The full new State Pension is now close to the personal allowance threshold of £12,570, meaning even small amounts of additional income can trigger a tax liability.

Future triple lock increases could push the State Pension into entirely taxable territory, quietly eroding the real benefit of each annual uplift.

There is also the question of when you can actually claim it. From April 2026, the State Pension age has begun its gradual rise from 66 to 67, rolled out in monthly increments based on date of birth.

Something as small as your exact birthday could now delay your retirement by weeks or months. For those planning to retire at 66, this creates an unexpected income gap.

For some people, the timing change could create a short income gap between stopping work and receiving the State Pension.

Plans are already in place to push the State Pension age to 68 between 2044 and 2046, and there are warnings that it could happen sooner.

The practical message: do not assume your State Pension will arrive when you expect it to. Check your exact entitlement date at gov.uk and build your retirement plan around the actual numbers, not assumptions.

The Biggest Change: Pensions and Inheritance Tax

If there is one announcement from the 2024 Autumn Budget that demands attention, it is this: from 6 April 2027, most unused pension funds and death benefits will be brought into the scope of inheritance tax (IHT).

Under current rules, pension funds are excluded from your estate for inheritance tax purposes. For many people - particularly those who have spent years building up a sizeable pension pot with the intention of passing it to family - this has been a central part of their estate planning strategy.

Currently, unused pension funds paid as lump-sum death benefits under discretionary trust provisions do not form part of the deceased's estate and are not subject to inheritance tax. That changes from April 2027.

This change will apply equally to defined benefit and defined contribution schemes, as well as to non-UK schemes. Draft rules include limited exclusions, including some dependants' pensions and certain charity and death-in-service benefits, but the details should be checked against the final legislation.

Inheritance tax is charged at 40% on estates above the nil-rate band. The nil-rate band of £325,000 and the residential nil-rate band of £175,000 will remain frozen until April 2030.

With pension funds now set to be counted alongside property, savings and other assets, many more estates will find themselves over the threshold than before.

If you have a substantial pension pot and had planned to leave it as a legacy, this change fundamentally alters the calculation. It is worth:

- Reviewing your nomination of beneficiaries
- Considering whether your drawdown strategy needs to change
- Thinking about whether other estate planning tools (e.g. lifetime gifts or trusts) should now form part of your plan.

The Private Pension Access Age Is Also Changing

Alongside the shift in State Pension age, the minimum age at which you can access your private or workplace pension is also on the move. From 6 April 2028, the normal minimum pension age will increase from 55 to 57. This is particularly relevant for many people born between 6 April 1971 and 5 April 1973, although some schemes may have protected pension ages.

If your date of birth falls within that range, you turn 55 within the two years before the age limit rises to 57, creating a window during which you could access your pension savings at the current minimum age. If you do not act within that window, you will need to wait until your 57th birthday.

This does not mean you should rush to access your pension. Doing so prematurely carries risks, including triggering the Money Purchase Annual Allowance, which permanently reduces the amount you can tax-efficiently contribute to your pension each year to £10,000. But if early retirement was part of your plan, this is a change you need to be aware of and factor in well in advance.

Pension Contributions and Tax Relief: Still Powerful

Despite all the changes, pensions remain one of the most tax-efficient ways to save. The Annual Allowance - the maximum you can contribute to all your pensions in a single tax year while retaining tax relief - remains at £60,000 for 2026/27.



→ Basic-rate taxpayers receive 20% tax relief on contributions; higher-rate taxpayers can claim 40%; and additional-rate taxpayers can claim 45%.

For those who pay higher or additional rate tax and do not claim the full relief owed through self-assessment, significant refunds could go unclaimed year after year.

For business owners, employer pension contributions can still be a tax-efficient way to save, and the company may usually obtain corporation tax relief, but the member's annual allowance and other pension tax rules still need to be considered.

If you have already started drawing flexibly from a pension, bear in mind that the Money Purchase Annual Allowance restricts further contributions to just £10,000 per year.

This catches people out more often than you might expect - particularly those who accessed pension funds early and later returned to work or wanted to continue saving.

What Should You Do Now?

The pace of legislative change means that a retirement plan written even two or three years ago may no longer reflect the rules or the most tax-efficient approach available today.

For those within ten to fifteen years of retirement, the window to adapt is real, but it is narrowing. Here are some practical steps worth taking:

- Check your State Pension forecast and confirm your exact entitlement date (do not rely on a rough estimate)

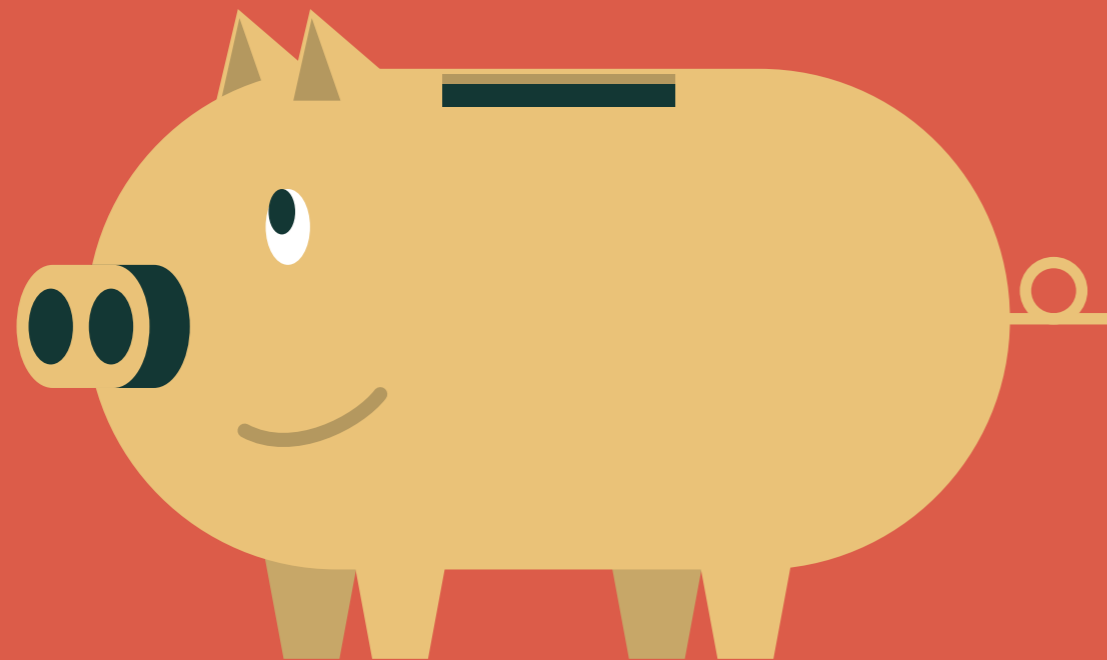
- Review the nomination of beneficiaries on your pension, especially in light of the 2027 inheritance tax change
- If you are in the 1971 to 1973 birth cohort, consider your options carefully before the minimum access age rises in 2028
- Ensure you are claiming full pension tax relief through your self-assessment return if you pay higher or additional rate tax
- If your estate is likely to exceed the inheritance tax thresholds once pension funds are included, consider whether your drawdown strategy and wider estate plan need to be updated
- Review your pension investments to ensure they remain aligned with your actual retirement timeline and risk appetite

Pension legislation will continue to evolve. What matters is not predicting every change, but building a flexible plan that can adapt as the landscape shifts.

We're Here to Help

Whether you are several years from retirement or approaching it sooner than you would like, navigating these changes is much easier with professional support.

Please don't hesitate to get in touch with a member of the team. We're here to help you make sense of your options and put a plan in place that works for you.



Please note:

This article is for general information only and does not constitute personal financial, tax or legal advice. Pension and tax rules depend on individual circumstances and may change in future. The value of pension investments can fall as well as rise, and you may get back less than you put in. Before making decisions about accessing or restructuring pension benefits, consider taking guidance from Pension Wise and/or regulated financial advice. Estate planning, will writing and some trust and tax-planning activities are not regulated by the Financial Conduct Authority.

Protecting Your Future: Understanding Insurance Products in the Current Climate →



Protecting Your Future: Understanding Insurance Products in the Current Climate

Financial planning often focuses on growing your wealth, making smart investments and building a pension that will fund the retirement you want. Protection tends to get less attention. It is less aspirational, harder to get enthusiastic about, and it involves thinking about scenarios most of us would rather not dwell on.

But protection is not the least important part of a financial plan. In many ways, it is the most important. It is the foundation on which everything else rests.

Without it, even the most carefully constructed financial strategy can unravel quickly when life does not go to plan.

In 2026, that conversation is more relevant than ever. The cost-of-living pressures of recent years have left many households with less financial slack than before. Savings buffers that once provided breathing room have been eroded.

And yet, research continues to highlight a significant protection gap in the UK, with many people lacking adequate cover.

The Protection Gap in the UK

The numbers tell a sobering story. Millions of households in the UK have no life insurance, no income protection and no critical illness cover.

Many people assume that their employer will look after them if they fall ill. However, from 6 April 2026, statutory sick pay (SSP) is paid at 80% of average weekly earnings or £123.25 per week, whichever is lower, and is normally payable for up to 28 weeks.

Others assume they can rely on savings, family or the state. These are understandable assumptions, but they are rarely tested until something goes wrong. By then, however, options are typically more limited.

The reality is that the risk of being unable to work at some point during a career is far higher than most people appreciate. Serious illness, mental health conditions and accidents together account for a substantial proportion of working-age absences.

And the financial consequences of an extended period without income can be severe - not just for the individual affected, but for everyone who depends on them.

A well-structured protection plan does not eliminate risk. But it means that if the worst happens, financial pressure does not compound an already difficult situation.

Life Insurance: The Starting Point

For anyone with financial dependants - a partner, children, or other family members who rely on their income - life insurance is the non-negotiable starting point.

At its most straightforward, life insurance pays out a lump sum or income to your dependents if you die during the policy term.

That money can be used to pay off a mortgage, replace lost income, cover childcare costs, or simply provide financial stability during an incredibly difficult time.

There are different types of life insurance, and the right one will depend on your circumstances:

- **Term insurance** covers you for a fixed period and pays out only if you die within that term. It is typically the most affordable option and suits those who want to cover a specific liability, such as a mortgage.
- **Whole of life insurance** covers you indefinitely and guarantees a payout whenever you die, making it relevant for those thinking about inheritance tax planning. Family income benefit pays a regular income rather than a lump sum, which can be simpler and more practical for families with young children.

Premiums for life insurance are typically most affordable when you are young and in good health. Delaying a decision can mean higher premiums later, and health changes may affect the cover available.

Income Protection: The Cover Most People Overlook

If life insurance is underused, income protection is even more so. Yet for most working-age people, it is arguably the most valuable cover available.

Income protection pays a proportion of your salary (typically between 50% and 70%) if you are unable to work due to illness or injury. Crucially, it is not limited to a short period.

A good policy will pay out until you are able to return to work, or until the policy end date, which can be set to coincide with your planned retirement age.

This matters because the consequences of a long-term inability to work are far more financially devastating than a short-term absence.

A few weeks off work is disruptive but manageable for most people with some savings. A year, or five years, or a decade without income is a different matter entirely. Yet it is precisely this scenario that income protection is designed to address.

The policy excess period (sometimes called the deferred period) is the length of time you must be unable to work before the policy starts paying out. A longer deferred period reduces the premium, so it is worth aligning this with whatever employer sick pay you receive, your emergency fund, and how long you could realistically manage without income.

For the self-employed, income protection can be particularly important. There is no employer sick pay to fall back on, and support may be far more limited than many people expect. Research continues to point to a significant protection gap in the UK, with many adults lacking life, critical illness or income protection cover.

Critical Illness Cover: When Illness Does Not Mean Unable to Work

Critical illness cover pays a tax-free lump sum if you are diagnosed with one of a specified list of serious conditions, typically including:

- Cancer
- Heart attack
- Stroke
- A range of other significant illnesses.

Unlike income protection, it pays out regardless of whether the diagnosis prevents you from working. The focus is on the financial impact of a serious diagnosis itself.

Critical illness cover is often available alongside life insurance as a combined policy, and for many people this represents a cost-effective way to access both forms of cover.

However, the definitions of covered conditions vary significantly between providers, and the details matter enormously. Not all policies are equal, and what appears to be the cheapest option on a comparison site may offer significantly less comprehensive cover in practice.

Reviewing What You Already Have

Many people have some level of protection in place, perhaps through their employer, a mortgage arrangement, or a policy taken out some years ago. The question is whether what is in place is still appropriate.

Employment benefits can change. A policy taken out when your income was lower may no longer reflect your current financial commitments.

A plan designed to protect a young couple without children may look very different from what a family with a mortgage and school-age children actually needs.

The products available in the market have evolved. In some cases, newer policies may offer different features or definitions, so it can be worth reviewing whether existing cover still meets your needs.

A protection review needs to start with an honest assessment of what you rely on financially, what would happen if that income or those assets were no longer there and what gap currently exists between your exposure and your cover.

We're Here to Help

Understanding which protection products are right for your situation, and how much cover you actually need, is not always straightforward. There are many variables, and the right answer looks different for everyone.

If you would like to review your existing cover or explore what protection might be appropriate for your circumstances, please don't hesitate to get in touch with a member of the team. We are here to help you build a financial plan that works not just in good times but also when it matters most.

Please note:

This article is for general information only and does not constitute personal financial advice or a recommendation to take out any particular policy. Protection products vary by provider and individual circumstances. Terms, conditions and exclusions apply, and eligibility is subject to underwriting. Premiums must be maintained or cover may lapse. Some policies may have no cash-in value. You should review policy documentation carefully and seek regulated advice before making a decision.



...What they mean for you.

The government has announced significant changes to Individual Savings Accounts (ISAs) that will affect how much you can save in cash from April 2027.

Although the overall ISA allowance will remain at £20,000, a new £12,000 yearly contribution “cap” on Cash ISAs will apply to those under 65. This is a significant reform, representing the first reduction to the Cash ISA limit since 2017.

The upcoming changes are designed to encourage savers to move towards investment-based products, but they will require many people to rethink their savings strategy.

Understanding how these changes affect you and what options are available can help you make the most of your tax-free allowances.

What's Changing?

From 6 April 2027, the annual subscription limit for Cash ISAs will be reduced from £20,000 to £12,000 for savers under the age of 65.

This means that if you want to use your full £20,000 ISA allowance, you will need to allocate at least £8,000 to investment products such as Stocks and Shares ISAs.

The change will create a two-tier system based on age. If you are 65 or over on 6 April 2027, you will retain the ability to save the full £20,000 in cash.

This exemption recognises that older savers, particularly those in retirement, may have a lower risk appetite and a shorter time horizon, making cash a more suitable option.

It's important to note that the £12,000 limit only applies to new contributions made from April 2027 onwards. Any money you have already saved in previous years will remain tax-free and will not count towards the new lower limit.

Until the changes take effect, you can continue to use the full £20,000 cash ISA allowance until 5 April 2027, covering the

2025/26 and 2026/27 tax years. This gives you a bit more time to maximise your cash savings under the current rules.

Why Is the Government Making These Changes?

The government has stated that the policy is designed to encourage an “investment culture” in the UK. By reducing the amount that can be held in cash, the aim is to encourage savers to invest in products that support UK companies and contribute to economic growth.

While cash savings provide security and accessibility, they typically offer lower long-term returns than investments. The government hopes that by creating this incentive, more people will build wealth through investing.

However, the change has proved controversial. Critics argue that it removes choice from savers and could push people into investment risk before they are ready.

Supporters counter that the change still allows substantial tax-free cash savings and that most people do not currently use their full allowance.

Additional Restrictions to Prevent Workarounds

The government knows that savers

may try to circumvent the Cash ISA cap by holding cash within investment accounts. To prevent this, several new restrictions will apply from April 2027.

Firstly, new rules will prevent certain transfers from Stocks and Shares ISAs and Innovative Finance ISAs back into Cash ISAs for under-65s to ensure the £12,000 limit is effective.

Secondly, new tests will be introduced to determine whether an investment held within a Stocks and Shares ISA is genuinely an investment or is “cash-like”.

Finally, a charge will be levied on interest paid on cash balances held in Stocks and Shares or Innovative Finance ISAs. This effectively removes the tax incentive for parking large cash sums in investment wrappers to bypass the £12,000 cap.

How Does This Affect Your Savings Strategy?

If you currently save less than £12,000 per year into Cash ISAs, these changes will not affect you directly. You can continue to save as you do now, with the same tax benefits.

However, if you regularly save more than £12,000 per year, or if you anticipate doing so in the future, you will need to consider how to use the remaining £8,000 of your ISA allowance.

The most obvious option is to open a Stocks and Shares ISA, but this requires accepting some level of investment risk.

Alternatively, if you prefer to keep your money in cash, you could explore other savings options outside the ISA wrapper. This might mean using your Personal Savings Allowance (PSA) more strategically or considering other tax-efficient structures.

For couples, there may be opportunities to maximise tax-free savings by using both partners' allowances. Each person will still have a £12,000 Cash ISA allowance (or £20,000 if over 65), meaning a couple could save up to £24,000 in cash ISAs each year.

Understanding the Personal Savings Allowance

The Personal Savings Allowance (PSA) allows you to earn a certain amount of interest on savings held outside ISAs without paying tax. For basic-rate taxpayers, the PSA is £1,000 per year.

Please note:

The information contained in this article is for general information only and does not constitute personal financial, investment, or tax advice. Tax treatment depends on individual circumstances and may change in the future. Investments can go down as well as up, and you may get back less than you invest; past performance is not a reliable indicator of future results. Holding cash may expose savings to the effects of inflation, which can erode purchasing power over time. Any decision to save or invest should be based on your own circumstances, objectives, and attitude to risk, and you should consider seeking independent financial advice before making any financial decisions.

For higher-rate taxpayers, it is £500. Additional-rate taxpayers do not benefit from a PSA.

If you are a basic-rate taxpayer and current savings rates are around 4.5%, you could hold approximately £22,000 in a standard savings account and stay within your PSA. Combined with the £12,000 Cash ISA allowance, this means you could have substantial tax-free cash savings.

From April 2027, tax on savings interest will increase by two percentage points across all tax bands. Basic-rate taxpayers will pay 22% instead of 20%, higher-rate taxpayers will pay 42% instead of 40%, and additional-rate taxpayers will pay 47% instead of 45%. This makes tax-efficient savings vehicles even more valuable.

Other ISA Options

In addition to Cash ISAs, there are other types of ISA that might suit your needs. The most famous is the Stocks & Shares ISA, which lets you invest in shares (e.g. companies listed on the London Stock Exchange) and generate tax-free capital gains and dividends.

An Innovative Finance ISA allows you to invest in peer-to-peer lending and other alternative finance arrangements. These can offer higher returns than cash but carry greater risk, including the risk of borrower default.

A Lifetime ISA is designed for first-time home buyers or retirement savings. You can save up to £4,000 per year and receive a 25% government bonus.

However, withdrawals for any other purpose incur a penalty. The government will consult on a potential replacement for the Lifetime ISA in early 2026.

Junior ISAs remain unchanged, with an annual allowance of £9,000 that will stay at this level until at least April 2031.

Make the Most of Your Remaining Cash ISA Allowances

With two full tax years remaining before the Cash ISA cap takes effect, there is still time to maximise your cash savings under the current rules.

If you have not yet used your £20,000 Cash ISA allowance for the 2025/26 tax year, consider doing so before 5 April 2026. You will then have another full year to save £20,000 in cash during 2026/27.

This could be particularly valuable if you are planning a major purchase, building up an emergency fund, or simply prefer the security of cash. Once the cap takes effect, you will not have the same opportunity to shelter large amounts from tax within an ISA.

Review Your Overall Savings and Investment Strategy

The Cash ISA changes provide a good opportunity to review your overall financial position and ensure your savings are working as hard as possible for you.

Consider whether you have the right balance between cash and investments, taking into account your age, risk tolerance, and financial goals. If you have been reluctant to invest in the past, the reduced Cash ISA limit may give the nudge you need to explore investment options.

It's also worth reviewing your use of other tax-efficient savings and investment vehicles. For example, pensions offer generous tax relief and can work together with ISAs as part of a comprehensive financial plan.

Seek Professional Advice

Navigating the Cash ISA changes and deciding how to allocate your savings between cash and investments can be complex. Professional financial advice can help you understand your options and make informed decisions based on your individual circumstances.

An adviser can assess your risk tolerance, help you understand the potential returns and risks of different investment options, and create a strategy that aligns with your financial goals. They can also ensure that you are making the most of all available tax allowances and reliefs.

The Cash ISA changes represent a significant shift in UK savings policy. While the £12,000 cap may not affect everyone, understanding how it impacts your situation and planning accordingly can help you make the most of your tax-free allowances. By taking action now, you can ensure your savings strategy remains effective in the years ahead.

Please don't hesitate to contact a member of the team if you would like to discuss your savings and investment strategy.

ESTATE PLANNING:

Why Now is the Time to Update Your Will

Writing or updating a Will is one of those things that feels pressing for a moment, then often gets quietly pushed aside as the demands of everyday life take over.

But in 2026, there are stronger reasons than usual to move it up the priority list:

- Frozen tax thresholds
- Rising property and asset values
- A landmark change is coming to the way pensions are treated on death

All of this means that estate planning decisions made several years ago may no longer reflect either your wishes or the current law.

If you have not reviewed your Will recently - or if you do not have one at all - now is the time to act.

What Happens Without a Will

Dying without a Will (known legally as dying "intestate") means your estate is distributed according to the rules of intestacy. These rules are rigid, and they may bear little resemblance to what you would actually have wanted.

For example, under the intestacy rules in England and Wales, an unmarried partner receives nothing automatically. Everything passes to blood relatives instead, regardless of how

your life together was structured. Stepchildren are not included either, unless they were legally adopted.

Married couples and civil partners do fare better under intestacy, but even they can face complications if the estate is large or the family situation is anything other than straightforward.

A Will puts you in control. It allows you to specify exactly who receives what, appoint guardians for any minor children and choose executors you trust to carry out your wishes. Without one, those decisions are taken out of your hands entirely.

The Threshold Problem: More Estates Are Now Affected by Inheritance Tax

One of the most significant issues for anyone reviewing their estate plan in 2026 is the ongoing freeze on inheritance tax (IHT) thresholds. The nil-rate band - the amount you can pass on before inheritance tax applies - remains at £325,000.

The residence nil-rate band (RNRB) can add a further £175,000 when a family home is passed to direct descendants, but this is also frozen. Both IHT thresholds are fixed until at least April 2030.

Meanwhile, house prices, pension values and investment portfolios have continued to rise. The practical effect is that a growing number of estates that were comfortably below the inheritance tax threshold a few years ago are now approaching or exceeding it - without the owner having done anything differently. IHT is charged at 40% on anything

above the available threshold. On a modest estate, that can represent a very significant sum. The good news is that there are several legitimate ways to reduce or manage that liability, but only if planning is done in advance.

The 2027 Pension Change: Why This Cannot Wait

Perhaps the most consequential development for estate planning in recent memory is the change announced in the 2024 Autumn Budget: from 6 April 2027, most unused pension funds will be brought within the scope of inheritance tax for the first time.

Under current rules, pension funds are not part of your estate. This has made them an extremely powerful estate planning tool.

Many people have deliberately structured their retirement income to draw on other assets first, leaving their pension largely intact to pass on to family members free of inheritance tax. From April 2027, that approach changes fundamentally.

Once pension funds are included in estate calculations, many families will face a much larger inheritance tax liability than they previously anticipated.

For some, it could mean a combined bill that includes 40% inheritance tax on pension assets as well as income tax on withdrawals, depending on how the funds are taken by beneficiaries.

This change does not make pension saving any less worthwhile (far from it). But it does mean that retirement income strategies and estate plans built around the old rules need to be revisited urgently. The window

between now and April 2027 is an important one.

Reviewing Your Existing Will

Even if you already have a Will in place, it is worth asking when it was last reviewed. Life changes constantly. Marriages, divorces, births, deaths and changes in financial circumstances can all affect whether your Will still reflects your wishes.

A gift left to someone who has since died, or a guardian appointed for children who are now adults, can create uncertainty and delays for the people left behind.

There are also more subtle changes to consider. If your estate has grown significantly since your Will was written, the IHT position may now be very different.

If you have acquired new assets (a second property, a business interest, additional pension savings) these may not be adequately addressed by an older document.

And if the law has changed, as it has on pensions, even a well-drafted Will may no longer achieve what you intended.

As a general rule, it is worth reviewing your Will every three to five years - and immediately following any significant life event.

Powers of Attorney: The Piece Most People Forget

Estate planning is not only about what happens when you die. It is also about what happens if you lose the ability to make decisions for yourself due to illness, injury or cognitive decline.

A Lasting Power of Attorney (LPA) is a legal document that authorises

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someone you trust to make decisions on your behalf if you are no longer able to do so.

There are two types: one covering property and financial affairs, and one covering health and welfare.

Without an LPA in place, even a spouse or close family member may not be able to access your bank accounts, manage your investments or make decisions about your care.

LPAs can only be set up while you have the mental capacity to do so. Once capacity is lost, the option is gone. It is one of the most important documents you will ever sign - and yet many people do not have one.

Practical Steps to Take Now

If estate planning has been on your list for a while, here is a starting point.

Make sure you have a valid, up-to-date Will. If you do not have one, or if your existing Will is more than a few years old, arrange to have it reviewed or drafted by a solicitor.

A Will is not a complex or expensive document to put in place - but the consequences of not having one can be significant.

Consider whether Lasting Powers of Attorney are in place for both property and financial affairs, and for health and welfare. If not, this should be a priority.

Review your pension nomination of beneficiaries. This is a separate document held by your pension provider and does not form part of your Will.

In light of the 2027 pension inheritance tax change, it is worth reviewing whether your nominations remain appropriate and how they fit with your broader estate plan.

Think about lifetime gifting. There are a number of annual exemptions and allowances that allow you to pass money to family members during your lifetime free of inheritance tax.

The annual exemption of £3,000 per person, for example, can be given away each year without any IHT implications. These allowances are use-it-or-lose-it - making a habit of using them can meaningfully reduce the size of your estate over time.

Finally, consider seeking professional advice. Estate planning sits at the intersection of legal and financial considerations. Getting it wrong, or leaving it too late, can have real consequences for the people you care about most.

We're Here to Help

Estate planning can feel like a difficult conversation to start. But it is one of the most important things you can do for your family's future - and it is often far more straightforward than people expect once they begin.

If you would like to talk through your estate planning options or understand how the upcoming pension inheritance tax changes might affect your position, please don't hesitate to get in touch with a member of the team. We are here to help.



Need to get your finances into focus?

Talk to one of the team today
www.acuityprofessionaladvisers.com



Acuity Professional Advisers Ltd

Unit 2.02, High Weald House, Glovers End, Bexhill, East Sussex, TN39 5ES
Website: www.acuityprofessionaladvisers.com

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