aspen WEALTH MANAGEMENT

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"An investment in knowledge pays the best interest." - Benjamin Franklin



Six-month countdown to the April 2027 Pension IHT shake-up

With just six months to go until major Inheritance Tax (IHT) changes come into force on 6 April 2027, we're urging clients not to leave planning until the last minute.

From April, most unused pension funds and pension death benefits will be included when calculating IHT. In many cases, pension death benefits that currently sit outside an estate will instead form part of the IHT calculation, while personal representatives will also take on new responsibilities for reporting and paying any tax due.

Widely regarded as one of the most significant changes to retirement and estate planning in recent years, the reforms are prompting a seismic shift in wealth planning conversations. For families hoping to preserve and pass on wealth efficiently, the implications could be considerable.

No one-size-fits-all solution

The new rules mean pension and estate planning can no longer be viewed in isolation. Every family's circumstances, objectives and legacy ambitions are different, making bespoke advice more valuable than ever.

Strategies such as establishing gifting plans, restructuring assets, reviewing pension drawdown or considering life insurance may all play a role in mitigating an IHT liability. However, these decisions require careful analysis, discussion and time to implement. Leaving planning until the final weeks before the changes take effect could limit the options available.

Beware of costly scams

Periods of regulatory change often create opportunities for fraudsters. Experts fear criminals will exploit uncertainty by promoting schemes claiming to eliminate IHT through pension transfers or alternative investments. The most recent figures show more than £17m was lost to pension fraud across the UK in 2024 - equivalent to over £48,000 every day[1].

Mike Ambery, formerly Retirement and Savings Director at Standard Life and just appointed to direct Aviva's wealth policy, has warned, *"Scammers thrive on fear and uncertainty... As we move closer to the rule change, fraudsters are likely to prey on any confusion, perhaps presenting themselves as offering so-called 'solutions' such as moving pension savings into arrangements that claim to avoid Inheritance Tax altogether. Offers like these might sound reassuring, but they can put people's retirements at serious risk."*

Act early - not urgently

The changes have understandably raised questions, but reacting in haste can be just as damaging as doing nothing. Inheritance planning can be an emotive subject, yet protecting family wealth requires informed, considered decisions rather than rushed action. Seeking trusted financial advice now allows time to understand the options available, build an appropriate strategy and make decisions with confidence. Let's talk it through.

[1]Action Fraud

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. Gifting and trust strategies can have tax implications and may not be suitable for everyone.

Where in the world to retire?

After years of hard work, retirement offers the chance to slow down, explore new passions and enjoy life at your own pace. For many Britons, that also means starting a new chapter overseas. With more than five million Brits now living overseas, the possibilities are endless.

Do you picture yourself by the sea or in the countryside? Would you prefer the energy of a cosmopolitan city or the slower pace of a quaint town? Is year-round sunshine a priority, or do you still want the changing seasons?

In addition to these considerations, practical ones such as - the cost of living, healthcare, housing, visa options, safety and how welcoming a destination is for expatriates - are just as important. According to the latest rankings[2], Greece takes the top spot, scoring highly across all of these measures. Panama, Costa Rica, Portugal and Mexico complete the top five, while Italy, France and Spain remain popular choices for those wanting to stay closer to home.

As retirement evolves, people are increasingly choosing a phased approach, continuing to work on flexible projects or part-time roles. '*The advent of digital nomad visas in dozens of countries - in addition to traditional passive income retirement visas - makes it possible to live that lifestyle wherever you'd like on earth,*' the report concludes.

Your finances would also require careful consideration - what are the tax implications? How would your pension be affected? What about your retirement and your investment planning? Plenty to ponder for those looking to retire elsewhere.

[2]Global Retirement Index

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IN THE NEWS

Half are unaware pension contributions can reduce taxable income

Over half (52%)[3] of people are unaware that paying into a pension can reduce their taxable income, making it a valuable financial planning tool as well as a way to save for retirement. This can be particularly important for parents, as those with an adjusted net income above £100,000 lose entitlement to the government's 15 or 30 hours of funded childcare. By making additional pension contributions, including through salary sacrifice (for which rules change in April 2029) where available, some parents may be able to reduce their adjusted net income below the threshold, helping retain childcare support while continuing to grow their retirement savings.

Supporting grandchildren in retirement comes at a cost

Many future retirees expect to help their grandchildren financially, but doing so could significantly increase the pension savings needed to maintain their own lifestyle. Recent analysis[4] has found that grandparents planning to provide regular support may need an extra £58,000 in retirement savings to sustain a moderate standard of living. Around one in five working adults expect to support grandchildren during retirement, despite almost half worrying about running out of money later in life. Balancing generosity with personal financial security will be crucial, ensuring retirees can support younger generations without compromising their own long-term financial wellbeing.

[3]Standard Life, [4]Skipton BS



ISA changes incoming - what they mean for your savings

Changes are on the horizon. The biggest overhaul of the ISA (Individual Savings Account) regime in several years is coming into effect on 6 April 2027, with new rules designed to encourage more people to invest rather than hold cash. While the overall annual ISA allowance remains unchanged, there are several important changes savers should be aware of.

Cash ISA allowance reduced for under-65s

From April 2027, the Cash ISA allowance for anyone under 65 will fall from £20,000 to £12,000. However, the overall ISA allowance will remain £20,000, meaning the remaining £8,000 can still be invested into a Stocks & Shares ISA or another eligible ISA product. Savers aged 65 and over will continue to have the full £20,000 Cash ISA allowance available, including anyone who turns 65 during the 2027/28 tax year.

Changes for Stocks & Shares ISAs

The government is also introducing measures to discourage investors from using Stocks & Shares ISAs simply as cash savings accounts. Interest earned on uninvested cash within these ISAs will be subject to a 22% charge, collected by the ISA provider. Importantly, this does not apply to returns from investments such as shares, funds, bonds or ETFs, or to returns from Money Market Funds held as part of a diversified portfolio. Only the return on cash itself is in scope. The charge will be collected by the ISA manager.

In addition, from 6 April 2027, under-65s will no longer be able to transfer from a Stocks & Shares ISA into a Cash ISA, although transfers in the opposite direction will still be allowed. Transfers from a Cash ISA into a Stocks & Shares ISA will still be permitted without restriction. Individuals aged 65 and over are exempt from the transfer restriction, from the start of the tax year in which they turn 65.

Note - ISA transfers do not count against the annual subscription limit, so a client could transfer their entire Stocks & Shares ISA cash balance into a Cash ISA before the deadline, avoiding the charge that would otherwise apply to the interest on uninvested cash from April 2027.

What about Lifetime ISAs?

The government has also announced plans to phase out Lifetime ISAs (LISAs), although existing account holders can continue contributing under the current rules while a new First Time Buyer ISA is being considered (consultation closed August 2026) – we'll keep you posted on developments.

With significant changes ahead, now is a good time to review your ISA strategy and ensure your savings remain as tax efficient as possible.

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Cash rich? Time to put your wealth to work

Keeping a healthy cash buffer has long been considered the cornerstone of good financial planning. Having money set aside for unexpected expenses is sensible and essential, but when cash becomes a significant proportion of your wealth, it can begin to work against your long-term financial goals.

The UK's growing cash mountain

Research[5] estimates that UK households hold around £218bn in cash above emergency savings needs. Around 5.7 million working-age adults (27%) have cash sitting beyond what they need as a precautionary reserve.

Perhaps more striking is who is holding this surplus. Higher-income, older and more financially secure individuals account for the largest cash balances. In other words, many affluent investors are choosing to leave substantial sums sitting in cash.

For surplus cash holders, investment participation is limited, with typically just 33% of their investable assets held in investments.

Why are wealthy investors holding back?

The issue is rarely a lack of financial resilience. Most surplus cash holders report being financially secure and capable of covering unexpected expenses. Instead, behaviour appears to be the biggest barrier.

Research found that 75% of surplus cash holders agree it is better to 'play it safe' with savings, even if investing is likely to generate higher returns. This reflects a natural tendency towards loss aversion. When markets feel uncertain, cash can seem reassuring.

Given today's backdrop of geopolitical tensions, persistent inflation concerns and economic uncertainty, that caution is entirely understandable.

However, while cash has an important role within a financial plan, holding excessive amounts for prolonged periods can leave money losing purchasing power and missing valuable growth opportunities.

Putting your wealth to work

Beyond your emergency reserve and planned short-term spending, your wealth should be working towards your future objectives.

Nothing is guaranteed when investing, and markets will always experience periods of volatility. Historically, diversified investments have often generated higher long-term returns than cash, although this is not guaranteed and investors could receive back less than they invest.

The right balance between cash and investments is different for everyone and should always reflect your goals, time horizon and attitude to risk.

Investing with confidence

There is no one-size-fits-all solution. Every investment decision should be based on your unique circumstances, not market headlines.

A well-diversified portfolio, built around your objectives and reviewed regularly, can help manage risk while improving your long-term financial prospects. We work closely with clients to determine an appropriate level of cash, assess their attitude to risk and ensure investment decisions remain grounded in sound financial planning principles.

If you're sitting on substantial cash reserves, it may be time to ask whether your money is protecting your future - or simply standing still.

[5]Vanguard



Budget 2026 - planning ahead, not predicting

It's that time of year again - the Budget is on the horizon, with Chancellor John Healey confirming that his first Budget will take place on 28 October. The Office for Budget Responsibility (OBR) is now preparing its economic and fiscal forecasts, while speculation grows over what measures could be announced.

The Chancellor has said the Budget will be built on *"fiscal discipline"* and provide businesses and families with greater stability to plan for the future.

Over the years we've learnt the most useful approach is to look beyond the headlines, not to get swept away with speculation, but to focus on what we do know. There are already important changes we know about and can plan for, such as the IHT pension changes and the ISA reforms, all previously announced.

Beyond these known changes, little is expected to be confirmed in advance, but a handful of taxes may be in the spotlight, having featured in speeches and wider policy discussions.

- **Capital Gains Tax (CGT) -** one area commentators have highlighted as a possible candidate for reform
- **Inheritance Tax –** the PM has previously spoken about reforming IHT including replacing the current system with a broader levy on estates
- **Income Tax, VAT and National Insurance** - the government has indicated it does not intend to increase the main rates but we'll wait and see as Mr Burnham has previously commented about how unpopular the Income Tax allowance freeze has been.

For now, resisting speculation is key. A review of your financial plans ahead of the Budget can help ensure your affairs remain well positioned under today's rules. We can then revisit your plans once the announcements are made. When it comes to tax planning, certainty is usually a better foundation than speculation.

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Rewarding conversations - why the smartest families are talking about inheritance now

Progressive planning starts with open conversations. For many successful families, conversations about building wealth happen naturally. Yet discussions about *passing* that wealth on are often delayed until it's too late. While talking about inheritance can feel uncomfortable, today's most forward-thinking families are recognising that these conversations are not about dwelling on death - they're about creating clarity, preserving relationships and ensuring the wealth they've worked hard to build has the greatest possible impact.

Money, legacy and family dynamics are deeply personal. Understandably, emotions, cultural taboos and concerns about causing conflict can discourage open discussion. Many people also feel they lack the technical knowledge to explain Inheritance Tax rules or estate planning, making it easier to avoid the subject altogether. Yet silence often creates far greater uncertainty than the conversation itself.

Research[6] highlights this challenge. A quarter of Britons aged 55 and over have never discussed their inheritance plans with their family, while 35% of those aged 45 to 54 have also avoided the topic. Many believe it is simply 'too early' to talk about death, despite only a small proportion fully understanding key Inheritance Tax rules and significant upcoming changes affecting pensions from April.

Creating confidence, not complacency

Importantly, discussing inheritance should never diminish ambition or work ethic. Instead, it provides reassurance, establishes expectations and reinforces the values that created family wealth in the first place. Open conversations are about stewardship rather than entitlement, helping future generations understand both the opportunities and the responsibilities that come with wealth.

Delaying these discussions can leave families making important financial and emotional decisions during periods of stress, increasing the likelihood of misunderstandings, unnecessary tax liabilities and avoidable disputes.

Professional guidance can make these conversations significantly easier. We can bring structure, objectivity and expertise, helping families navigate complex issues with confidence while ensuring everyone's voice is heard. The result is not simply a better estate plan, but stronger family understanding, greater financial preparedness and a legacy that reflects both wealth and shared values.

[6]YouGov

AI and the global economy

The global economy is continuing to hold up, but growth remains uneven, according to the International Monetary Fund (IMF). Their global economic outlook, entitled *'Global economy in crosscurrents of war and technology,'* highlights how momentum from technology is helping to offset the drag from the conflict in the Middle East, which continues to weigh on energy importers and more vulnerable economies.

At the same time, AI-driven demand is supporting countries integrated into the global technology value chain, as businesses invest in the infrastructure needed to support the technology. The IMF explores the risks and opportunities surrounding AI, with Petya Koeva Brooks, Deputy Director of Research, highlighting two possible paths - on the downside, a market correction could follow a reassessment of AI profitability; on the upside, '*faster AI adoption could lift growth.*'

Looking ahead, the consensus is that the AI 'build-out' is accelerating - AI requires data centres, semiconductors, digital infrastructure and energy systems. For investors, it's important to understand where valuations, risks and opportunities sit as the AI story continues to evolve.

If it's been a while since you reviewed your investments, now could be a good time to get in touch and discuss whether your portfolio remains well positioned for the changing economic and investment landscape.

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