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Your **Wealth** Winter Q1 2026

Investing in 2026: Opportunity ahead in a changing world?



After a year of uncertainty, with many macroeconomic and geopolitical tensions affecting the landscape, investors may well be looking toward 2026 with cautious optimism. Despite the shocks of 'Liberation Day' trade announcements and the resulting sell-off, markets rebounded strongly last year to reach highs amidst persistent inflation, trade trauma and an AI-fuelled rally.

In an era where headlines can move markets within minutes – what's the lesson for investors? Staying nimble, pragmatic and avoiding knee-jerk reactions remains key. So, what's coming for investors in the year ahead? As 2026 gets underway, some themes are taking shape.

Balancing risks and rewards

The coming year, as ever, promises a mix of challenges and opportunities. Inflation in some key advanced economies remains above target, leaving monetary policy finely balanced. Persistent inflation could weigh on consumer sectors, demanding selective positioning, lower borrowing costs could support equities and despite notions of an AI bubble, continued investment in data centres and innovation may sustain growth opportunities; time will tell. Markets may well be expecting rate cuts in 2026, but central banks may act more conservatively.

Global growth and strategic positioning

According to the International Monetary Fund's (IMF's) latest outlook, the global economy is projected to grow by 3.1% this year, down from 3.2% in 2025. IMF notes that while growth remains positive, it is fragile, reflecting ongoing risks from tariffs, trade tensions and geopolitical uncertainties, while other drivers including technological investment, fiscal support and favourable financial conditions are offsetting potential upsets. IMF highlights that with an uneven recovery likely, some regions and sectors may outperform, while others remain more vulnerable.

A smarter way to invest

Diversification will therefore remain a guiding principle for 2026 – balancing exposure to sectors, regions and asset classes, in line with your risk tolerance, objectives and timescale. Identifying sectors benefitting from long-term trends, mitigating risks, optimising asset allocation and adapting strategies to market dynamics – that's on our agenda in 2026.

Looking ahead: A new year, a clear plan

As we welcome 2026, we'd like to take a moment to thank you for your continued trust throughout the last year. It's been a year marked by ongoing change and resilience – and your commitment to thoughtful financial planning has been central to navigating it successfully.

Looking ahead, we're here to help you plan, protect and grow your wealth with clarity and purpose. Whether that means reviewing your investment strategy, optimising your tax position, revisiting pension arrangements, or preparing for key milestones, we'll work with you to ensure your plans remain aligned with your goals and circumstances as they flex.

As you set your priorities for the year ahead, now is the perfect time to take stock and start 2026 with a clear plan and peace of mind. We look forward to continuing to support you and your family in achieving the financial future to which you aspire.

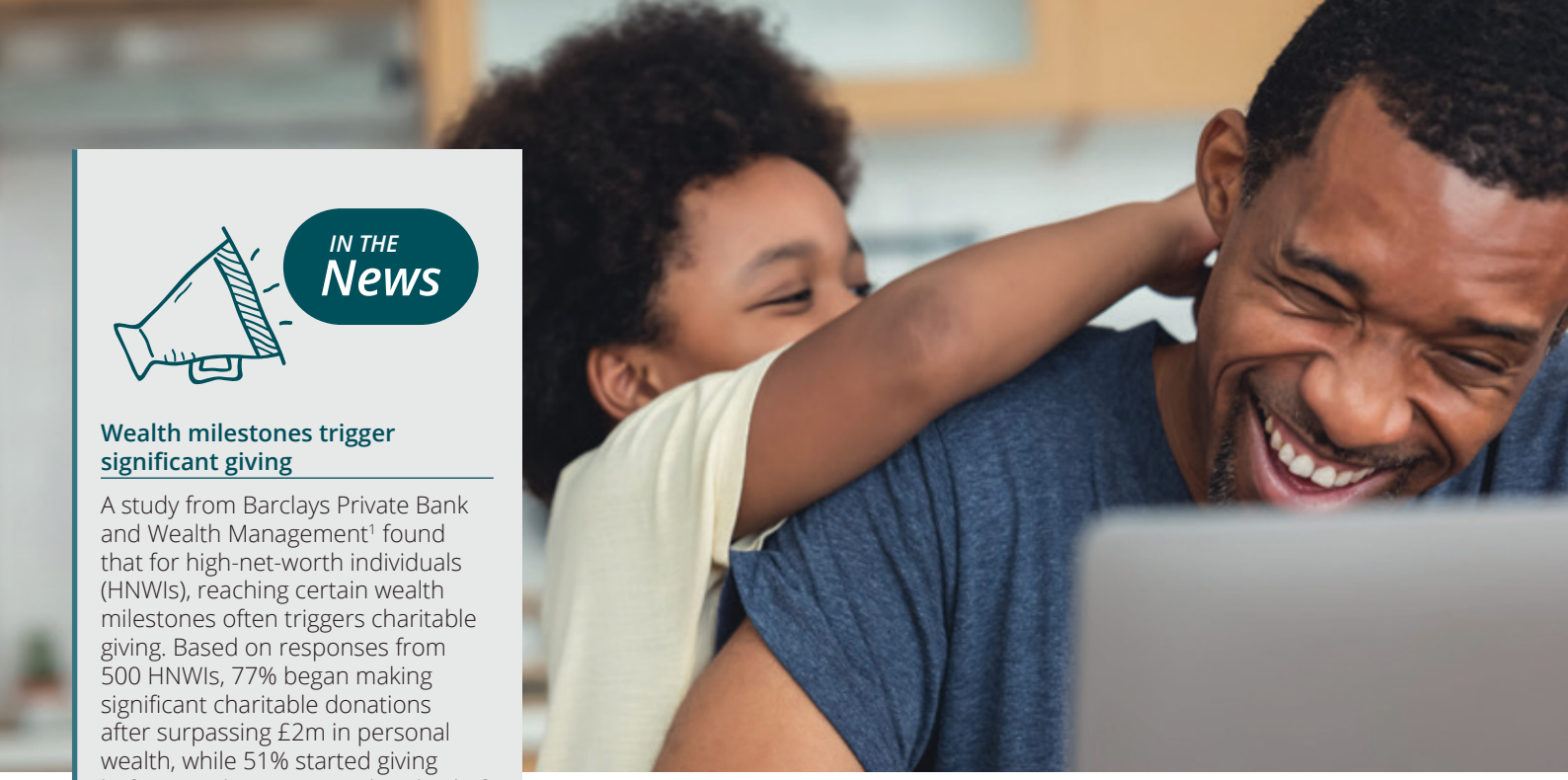
Wishing you a happy, healthy and prosperous New Year.



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IN THE News

Wealth milestones trigger significant giving

A study from Barclays Private Bank and Wealth Management[1] found that for high-net-worth individuals (HNWIs), reaching certain wealth milestones often triggers charitable giving. Based on responses from 500 HNWIs, 77% began making significant charitable donations after surpassing £2m in personal wealth, while 51% started giving before reaching £1m. With a third of respondents expecting inheritances of £1m or more, philanthropic activity is likely to accelerate in the years ahead.

Head of Philanthropy at Barclays Private Bank and Wealth Management, Juliet Agnew, commented on the findings, *"The view of philanthropy amongst HNW individuals in the UK is shifting to become an integral part of wealth planning. As the research shows, once individuals reach key milestones in their wealth journey, they increasingly want their money to carry meaning as well as value."*

IHT receipts continue their upward climb

Inheritance Tax (IHT) receipts show no signs of slowing, with the latest HM Revenue & Customs[2] data revealing continued year-on-year growth. Between April and September 2025, IHT receipts totalled £4.4bn, around £100m more than during the same period in 2024, representing a 2.3% increase. If the current pace continues, total receipts for the 2025/26 tax year could reach approximately £8.8bn, setting yet another record. Looking ahead, the Office for Budget Responsibility (OBR) forecasts that IHT revenues could potentially rise to £14bn by the end of the decade.

[1]Barclays, 2025, [2]HMRC, 2025

Future ready: Tune into Budget changes now

Now the dust has settled on the Budget, and everyone has had a chance to process the key announcements – you can step back and think about what it all means for you and your finances.

A series of tax and spending measures were unveiled, estimated to raise an extra £26bn a year in taxes by 2029/30. While immediate changes were limited, as Helen Miller, Director of the Institute for Fiscal Studies (IFS) said, *"the Chancellor is relying heavily on tax rises towards the back end of the parliament. More borrowing for the next few years, then a sharp adjustment."*

Significant changes

Some of the changes on the horizon, worth tuning into now, include:

- Income Tax thresholds will remain unchanged until at least 2031, meaning more earners will be in higher tax bands, and National Insurance contributions (secondary threshold) are also frozen to 2031
- Properties in England valued at £2m or more in 2026 will face a new High Value Council Tax Surcharge (HVCTS) of £2,500, with an annual levy of £7,500 owed for homes worth £5m plus, from April 2028
- From April 2029, only the first £2,000 of pension salary sacrifice will be exempt from National Insurance, affecting the tax efficiency of many salary sacrifice arrangements
- A new mileage-based road tax for electric (3p per mile) and plug-in hybrid (1.5p per mile) vehicles will be introduced from 2028
- The annual Cash ISA allowance will be cut to £12,000 for those under 65 from April 2027, with the remaining £8,000 only permitted to be invested in Stocks and Shares ISAs
- Tax on savings and property income will rise by 2 percentage points from April 2027
- Extended the freeze on Inheritance Tax (IHT) thresholds from 2030 to April 2031.

More imminent

From April 2026, the Dividend Tax rate will increase by 2 percentage points. The basic Dividend Tax rate will rise from 8.75% to 10.75%, while the higher rate will increase from 33.75% to 35.75%. Following repeated cuts to the tax-free annual Dividend Allowance, which now stands at just £500, people who hold investments outside of a Stocks and Shares ISA or SIPP, or who own their own business and pay themselves in dividends, are expected to pay more tax.

With the government pressing ahead with changes to the Inheritance Tax rules regarding unused pensions, which take effect from April 2027, there's plenty to think about. We're here to help you navigate the changes.

Tax legislation and rates can change, and their application depends on individual circumstances.

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The Financial Conduct Authority does not regulate Will writing, tax and trust advice and certain forms of estate planning.

The gradual retirement trend – making the right choices

New research[3] highlights a growing preference among UK workers for a gradual transition into retirement, rather than a 'hard stop' where work ends entirely.

Fewer than a quarter (24%) of workers expect to stop working altogether when they reach retirement age. The majority plan to either change the way they work (43%), continue in their current role (15%), or move into a new position (9%).

Finding balance – financially and personally

Gradual retirement can take many forms. Some people choose to reduce their working hours over time, while others shift into consultancy roles, mentoring or part-time work, sometimes in a new field. This approach can offer financial stability, maintain purpose and social connection, and support overall wellbeing as routines and priorities evolve.

Confidence to make the right choices

The research also highlights some challenges. Many nearing retirement are concerned that uncertainty around pension rules and tax treatment could undermine their plans. This lack of confidence can lead to rushed financial decisions, such as taking a tax-free cash lump sum or drawing income earlier than necessary, choices that could later be regretted.

Aegon's Pensions Director, Steven Cameron, says a *"significant cultural shift"* in how people approach later-life work and retirement is occurring. He stresses the importance of a stable pension system that gives people the confidence to plan for the long term.

Plan, don't rush

Today's retirees have more flexibility than ever before, but with choice comes complexity. Taking time to plan carefully, and seeking professional guidance, can help ensure decisions align with your long-term goals and lifestyle. Whatever approach you take to retirement, we're here to help you make confident, informed choices.

[3]Aegon, 2025



Kick off 2026 on top of your tax numbers

As the end of the 2025/26 tax year approaches, it's the ideal time to ensure you're making the most of tax-efficient opportunities before the new financial year begins on 6 April 2026. Here's a reminder of three of the main tax planning opportunities:

Your Individual Savings Account (ISA)

The ISA allowance is **£20,000** for the 2025/26 tax year. You can put all the £20,000 into a Cash ISA (until the allowance is cut in 2027), or invest the whole amount into a Stocks and Shares ISA. You can also mix and match as long as the combined amount doesn't exceed your annual ISA allowance. Junior ISAs work in the same way but the maximum annual investment is **£9,000** per child.

Your pension

You can contribute as much as you like into your pension, but there is a limit on the amount of tax relief you will receive each year. The Annual Allowance is currently **£60,000**. An individual can't use the full £60,000 Annual Allowance where 'relevant UK earnings' are less than £60,000, although your employer still could. You may be able to carry forward unused allowances from the past three years, provided you were a pension scheme member during those years. For every £2 of adjusted income (total taxable income including all pension contributions) over £260,000, an individual's Annual Allowance is reduced by £1 until the minimum Annual Allowance of £10,000 is reached.

Gifting for IHT purposes

You can make gifts worth up to **£3,000** in each tax year. These gifts will be exempt from IHT on your death, even if you die within seven years. You can carry forward any unused part of the £3,000 exemption to the following year but if you don't use it in that year, the exemption will expire. Certain gifts don't use up this annual exemption, however, there is still no IHT due on them e.g. wedding gifts of up to **£5,000** for a child, **£2,500** for a grandchild (or great grandchild) and **£1,000** to anyone else. Individual gifts worth up to **£250** per recipient per tax year are also IHT free. Under current HMRC rules, gifts outside the above categories normally cease to count for IHT purposes upon the donor's survival for seven years, with reductions in the event of death after at least three years.

And don't forget about Capital Gains Tax (CGT) and your Divided Allowance! Time for an end of tax year review?

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Entrepreneurs defy uncertainty with optimism and adaptability

Almost 3,000 entrepreneurs across 15 markets took part in HSBC's Global Entrepreneurial Wealth Report 2025[4], providing a fascinating snapshot of how some of the world's most successful wealth creators are feeling in an unpredictable economic landscape. Despite last year being shaped by policy shifts, market volatility and trade disruption, one message stands out: optimism remains remarkably high.

Willem Sels, Global Chief Investment Officer at HSBC Private Banking, explains, *"Entrepreneurs are very aware of the elevated volatility in financial markets, geopolitical tensions and uncertainty about future trade patterns. Yet they remain optimistic – and that's because of their entrepreneurial spirit. Whatever way the global economy or trade patterns change, they are ready to adapt and take advantage of new opportunities."*

Key findings from the report include:

- **94%** of entrepreneurs say they are positive about their business prospects
- Among UK respondents, **71%** forecast a significant improvement in personal wealth over the next year – well above the global average (~50%)
- The UK remains attractive due to its robust legal / regulatory framework, language and world-class education system
- Spending priorities: entrepreneurs cited luxury goods **(53%)**, property **(53%)**, cars **(58%)**, health and wellness **(50%)** as top personal wealth uses
- Even in markets with political or economic uncertainty (including the UK), entrepreneurs maintain strong optimism – underlining resilience even when broader sentiment is muted.

Why it matters

Entrepreneurs have always been the engine of economic progress, and their confidence levels often provide an early signal of wider business sentiment. Gauging their outlook matters because entrepreneurial optimism tends to translate into investment, innovation and job creation across the broader economy.

This report highlights that entrepreneurs are not only adapting to change but embracing it. Their appetite to harness long-term trends, from AI to global wealth flows, underpins continued growth and resilience. Understanding how entrepreneurs think and where they see potential, provides valuable insight into where the next phase of global economic momentum may come from.

[4]HSBC, 2025

94% of entrepreneurs say they are positive about their business prospects

Retirement ready in 2026?

The start of a new year is an ideal time to assess how ready you are for retirement, and recent research into the UK's Baby Boomer generation (born 1946–1964) offers a timely reminder of the value of planning ahead.

The study[5] found that only 40–50% of Baby Boomers are on track to maintain their current lifestyle or achieve a moderate standard of living in retirement. However, it also revealed a clear divide between those who receive financial advice and those who don't.

Advised Baby Boomers are significantly more retirement-ready, with 83% on track to reach the Pensions and Lifetime Savings Association's 'comfortable' living standard (around £50,900 a year pre-tax budget for an individual, rising to £67,500 for a couple), compared with just 68% of their non-advised peers.

Middle-income earners were found to be particularly vulnerable to falling short, while wealthier Boomers who sought professional advice were best positioned to meet their future spending needs.

Adding to concerns about inadequate retirement planning among those nearing the end of their working lives, a separate study[6] found that only 6% of Gen X (born 1965–1983) have a written retirement plan, while 13% have one that isn't documented. The vast majority admit to having only a vague plan or none at all.

Whatever your level of wealth, the findings underline a simple truth: expert advice can help bridge the gap between retirement hopes and financial reality. In an ever-changing economic landscape, regular reviews and tailored guidance remain key to ensuring lasting financial confidence.

[5]Vanguard, 2025, [6]Just, 2025

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