Cailean

TAILORED FINANCIAL PLANNING

E. hello@cailean.co.uk
T. 01577 212 577
www.cailean.co.uk

Your **Money** Spring Q2 2026



Building wealth today, planning for tomorrow

Inheritance Tax (IHT) is often viewed as something to think about later on in life. It can feel distant, complicated and easy to put off while you focus on building your career, supporting family and growing your finances. With rising property values, frozen thresholds and more wealth being passed between generations, IHT is becoming relevant to more families than ever before.

Understanding IHT now isn't about predicting the future, it's about being aware of what you might inherit, how it could be affected by tax and how your own financial decisions today could shape the legacy you leave behind. Even a family home or pension savings could one day push an estate over the threshold.

Why early awareness matters

Planning at this stage is less about making big changes and more about building awareness. Knowing the basics helps you ask the right questions, both about your own long-term plans and those of the people closest to you. Have Wills been kept up to date? Are beneficiaries named correctly? Would your family know what to do if something unexpected happened?

With further rule changes ahead, including pensions becoming more closely tied to IHT from April 2027, understanding how different assets fit together is becoming increasingly important.

Family conversations

Just as important as financial planning are the conversations that go alongside it. Open discussions about intentions and expectations can make a real difference for everyone involved. They can:

- Reduce uncertainty
- Avoid future conflict
- Give family members confidence in your plans.

These discussions don't need to be detailed or formal. Simply starting the conversation can help families feel more prepared and aligned.

The value of professional advice

IHT rules are complex and change over time, and not every option will be right for every family. We can help you understand what applies to your situation, bring generations into the conversation if required and create a plan that provides clarity, confidence and reassurance for 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. The Financial Conduct Authority does not regulate Will writing, tax and trust advice and certain forms of estate planning.

What is Inheritance Tax? A quick reminder

- IHT is a tax charge based on the value of someone's estate when they die, though currently any transfer to a surviving spouse or civil partner is exempt
- An estate includes property, savings, investments, personal possessions and other assets held in the deceased's name
- Currently, estates worth more than £325,000 may be taxed on the amount above this level
- The standard IHT rate is 40%, although this can reduce to 36% if at least 10% of the estate is left to charity
- There is an extra allowance (£175,000) when leaving a main residence to direct descendants (children, stepchildren or grandchildren), which can increase the tax-free amount
- The tax is usually paid by the executor(s) of the estate before assets are distributed to beneficiaries
- Making lifetime gifts, within certain rules and allowances, can help reduce the value of an estate over time
- In some cases, placing assets into trusts may help with passing on wealth while keeping a level of control, but this can be complex
- Planning ahead may help reduce the amount of tax due, but the rules can be complicated
- Seeking professional advice can help ensure you understand your options and make informed decisions for yourself and your family.

Trust planning can be complex and may trigger tax charges depending on individual circumstances.

Inside this issue

In the news // Dividend Tax – what's changing? // Fresh start, smart moves: planning for the new tax year // Small steps to securing your financial future – it is attainable! // The power of participation - markets move - participation matters // Protection policies – just 42% hold one – don't be in the minority

IN THE News

Confidence in a comfortable retirement on the up

A positive trend is emerging according to a recent study[1], which shows a third (33%) of workers in the UK feel 'very' or 'extremely' confident about achieving a comfortable lifestyle when they retire. This follows rates of 22% in 2023 and 30% in 2024, signalling growing optimism about long-term financial prospects. There are some significant disparities, including across income groups, age and gender. Confidence peaks among men and younger workers, with 43% of men and over half (55%) of 25 to 34-year-olds feeling highly confident, versus under a quarter (23%) of women and just 14% of 45 to 54-year-olds.

Over half of cash ISA savers could reinvest

According to research[2], 60% of UK cash Individual Savings Account (ISA) savers could be persuaded to move funds to a stocks and shares ISA, despite financial constraint being cited as the main barrier. Concern about risk was the second biggest obstacle, with 35% of non-investors worried about potential losses and 12% concerned about access to their money. Around 40% of Brits currently hold an ISA[3], but since the launch over 25 years ago, there is still widespread confusion. A quarter of Brits admitted that they do not understand how stocks and shares work.

[1]Aegon 2025, [2]Royal London 2025, [3]AJ Bell 2026





Dividend Tax – what's changing?

From April 2026, changes to Dividend Tax kick in. While most of the Chancellor's tax announcements from her November Budget will commence towards the end of this Parliament, this was one of the most imminent changes.

Specifically, two bands increase by two percentage points. The ordinary rate rises from 8.75% to 10.75%, and the upper rate from 33.75% to 35.75%. The additional rate remains unchanged at 39.35%, although you may still be affected depending on your dividend income. The rate payable depends on your marginal Income Tax band.

All taxpayers have a Dividend Allowance, allowing individuals to earn up to £500 of dividend income per tax year outside of an Individual Savings Account (ISA) without paying tax on it; this is in addition to the Personal Allowance of £12,570. With dividends received within an ISA being tax free, so too are those received within a Self-Invested Personal Pension (SIPP) or by registered pension schemes. Importantly, dividends above the Dividend Allowance received on investments held outside of these tax-advantaged wrappers are subject to Income Tax.

How could it impact you

Changes to Dividend Tax mean that some business owners and investors could see their tax bills increase. While over 90% of UK taxpayers don't pay Dividend Tax at all, those who regularly take dividends – particularly company directors – may feel the impact over time, especially as profits grow. Even small increases in tax rates can add up, making it important to review how you extract income from your business. You will not be impacted if you are an additional rate taxpayer.

Do you need to do anything?

The good news is that dividends can still form part of a tax-efficient strategy when combined with salary, pension contributions and ISAs. With the right balance and regular reviews, it's possible to continue paying yourself efficiently while staying fully compliant with HMRC. If you're taking dividends now, or planning to in the future, this is an ideal time to sense-check your approach and make sure you're not paying more tax than you need to.

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.

Small steps to securing your financial future - it is attainable!

It can be easy to disengage when you see the statistics about how much you'll need for a comfortable retirement, especially when you're working hard and the demands of life, both financial and family, take precedence. It can make saving enough into your pension feel completely unattainable.

The pandemic shifted priorities for a lot of families - making memories, enjoying life and spending time together now feels more important than ever. In some cases, this is reinforced by expectations of an inheritance from Baby Boomer parents, but this is not something you can rely on. With changing tax rules around pensions and Inheritance Tax, you may inherit less than you expect, or later than you expect, making it even more important to stand on your own two feet financially.

At the same time, the pensions landscape itself is constantly evolving. Government changes to salary sacrifice, rising life expectancy, the likelihood of working for longer and an increasing State Pension age all mean retirement planning is very much a moving target. While retirement may still be some way off, you really can't afford to switch off from your future needs. Making provision now will make a meaningful difference.

Heard it all before?

Perhaps a closer look at the numbers will help put things into perspective. For a comfortable retirement, you would typically need an annual income of around £60,600 as a couple and £43,900 as an individual[4]. When you consider the average UK pension pot currently stands at just £32,700 and that 14.6 million Brits are under-saving for retirement[5], it becomes clear that there may be a significant gap to fill.

These figures are general guidelines; your personal retirement needs may differ significantly.

Break it down

The key starting point is understanding exactly where you are now. Only by getting a clear picture of your current pension position can you begin to address any shortfall and put a plan in place to close it.

The good news is that this doesn't have to be overwhelming. Breaking it down into simple, achievable steps can make everything feel far more manageable. Start by gathering all your pension information in one place – current workplace schemes, old employer pensions and any personal plans. We can review whether you're contributing enough, check how your money is invested, what it's invested in and think about what you actually want your retirement to look like.

This is where expert support can really help. We can join the dots between your contributions, investments, tax position and long-term goals, and build a plan that fits around your life and affordability. You don't need to do everything at once. Start with a review, make one small change and build from there.

One shot

This is about you - your life, your priorities and your future. There is no one-size-fits-all approach to pensions or retirement, because everyone's circumstances are different. You only get one opportunity to build the retirement you want, and after working hard for decades, you deserve to enjoy that time to the fullest.

[4]PLSA 2025, [5]DWP 2025

While retirement may still be some way off, you really can't afford to switch off from your future needs



Fresh start, smart moves: planning for the new tax year

A new tax year brings a clean slate - new allowances, renewed focus and a chance to put positive financial habits in place early.

Getting organised now, rather than rushing as deadlines approach, can help you make the most of available tax reliefs and keep your longer-term plans on track. A few simple actions at the start of the year can go a long way.

Make the most of your allowances

- **Use your ISA allowance** - you can invest up to £20,000 into ISAs this tax year. Investing early gives your money more time to grow free from UK Income Tax and Capital Gains Tax
- **Don't forget Junior ISAs** - you and others can also contribute to a Junior ISA for your children, helping to build tax efficient savings for their future
- **Review your capital gains position** - making use of your annual exemption can help reduce tax on investment profits
- **Boost your pension savings** - pension contributions attract tax relief and may reduce your taxable income. Spreading contributions across the year can make planning easier
- **Think about Inheritance Tax planning** - using lifetime gifting allowances can gradually reduce the value of your estate while supporting family members.

Set the tone for 2026/27

The start of the tax year is the perfect moment to step back and review your wider financial plan. Are your investments aligned with your goals? Are you saving in the most efficient way?

Small, proactive decisions now can create flexibility and confidence for the years ahead. If you'd like to explore your options for 2026/27, we're here to help you build a clear, considered plan.

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

The power of participation - markets move - participation matters

Investors are constantly navigating changing narratives. Last year markets rebounded to reach new highs following President Trump's spring trade announcements, despite ongoing geopolitical and economic uncertainty. More recently, the conflict in the Middle East has prompted more market moves.

Periods of volatility can be uncomfortable and emotions can run high, but history consistently shows that markets rise and fall over time. The key is not avoiding these movements but participating through them.

Time in the market beats timing the market

When markets are hitting highs, it's natural to feel conflicted - you don't want to miss out, but you also fear investing just before a downturn. These concerns often prevent people from taking the most important step - getting invested. Trying to time the perfect entry point is extremely difficult, even for professionals. Instead, time in the market has proven to be far more important than timing the market.

Investing strategically, not emotionally

Holding cash can feel reassuring and plays an important role in meeting short-term needs or emergencies.

For long-term goals, holding too much cash may mean missing opportunities for growth. One way to invest during uncertain or high markets is pound-cost averaging, where regular investments are made over time to smooth out market fluctuations. Market pullbacks can also present opportunities, rather than reasons to sell or step away entirely.

Balance, diversification and advice

Successful investing isn't about chasing headlines or reacting to fear of missing out. A well-diversified strategy helps manage risk and keeps emotions in check, while targeted exposure to growth areas can help enhance returns. It's all about asset allocation, picking the right investments. We can help you stay disciplined, avoid impulsive decisions and ensure your investments align with your long-term objectives like retirement or building family wealth. With the right strategy and guidance, market participation can help your money work harder over time.

Participating responsibly

Market movements reinforce the importance of staying invested, even when instincts suggest otherwise. Investing isn't about ignoring volatility or hoping for the best, it's built on a well-diversified portfolio that provides stability while allowing flexibility to manage risk and take advantage of opportunities as they arise.

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. Tax legislation and rates can change, and their application depends on individual circumstances. Financial protection policies typically have no cash in value at any time and cover will cease at the end of the term. If premiums stop, then cover will lapse.

Protection policies – just 42% hold one

Have you got protection in place? A survey of over 14,000 UK consumers[6], has discovered that just 42% have protection policies arranged, including those purchased privately and held as part of an employee benefit package.

Encouragingly, three-quarters of people who hold a life policy and two thirds with income protection and critical illness cover regard their policies as essential.

The 'have nots'

People not holding life insurance cited most common reasons as affordability, no requirement, limited knowledge or confidence in arranging cover. Just under half (47%) without cover, have never even considered arranging it. A change in financial circumstances, or sourcing a more affordable policy, has prompted 9% of people to cancel or reduce their level of cover in the past two to three years.

Trigger moments

As expected, major trigger moments in life tend to prompt people to arrange cover, with most policyholders securing plans when buying a home or securing a new mortgage. For those aged over 50, insurance was typically bought after a bereavement or milestone birthday.

Need a helping hand?

The research uncovered a degree of difficulty associated with comparing policies and prices, with people often unsure of their actual requirements, with some compromising their choice of policy due to health and affordability concerns.If you'd like some help securing the right protection for your circumstances, we can help.

[6]FCA 2025/6

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.

No part of this document may be reproduced in any manner without prior permission.
Cailean Ltd is authorised and regulated by the Financial Conduct Authority.

All details correct at time of writing (March 2026).