Essentially Wealth

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Small steps, big impact: building your financial future

Dividend outlook: modest growth expected in 2026

Time out, not checked out – the rise of sabbaticals

Finding sustainable opportunities in a volatile world

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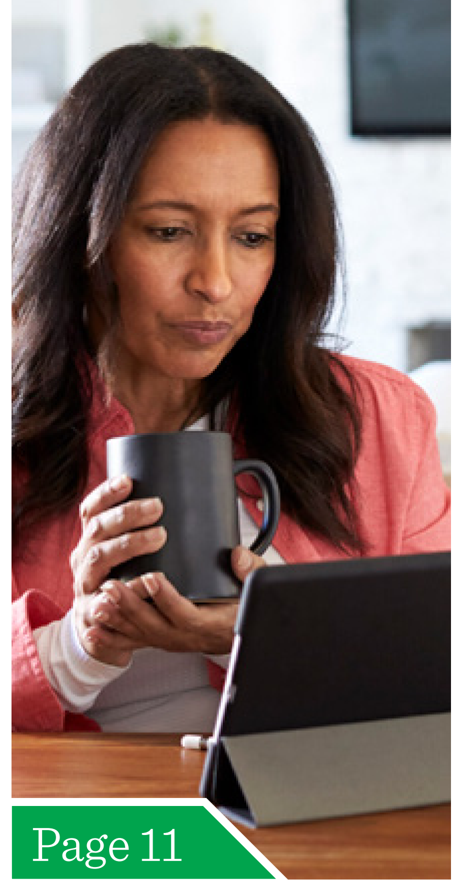
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Preparing your family for the great wealth transfer – a historic shift in family wealth

Over the next two decades, the world will see one of the largest transfers of wealth in history. Research[1] suggests that over $83tn globally could pass from older generations to their children and grandchildren by 2048. In the UK alone, it's estimated that around £7tn will change hands by 2050.

Strong investment growth in recent years has increased the value of assets held by many families, meaning the scale of this transfer could be even larger than expected. As wealth moves from Baby Boomers to Generation X, Millennials and Generation Z, many families will need to consider how best to pass on assets while protecting their long-term legacy.

Why planning matters

Passing on wealth is not straightforward. The study suggests that around 70% of family wealth is lost by the next generation and up to 90% by the third. Without careful planning, wealth can quickly erode through poor decision-making, tax inefficiency and lack of financial education.

A well-structured strategy can help ensure your wealth supports your family in the way you intend, both now and in the future.

More than just passing on money

Successful wealth transfer involves more than leaving a financial inheritance. It often means taking a broader view of your family's future and preparing the next generation to manage wealth responsibly.

Open conversations can play an important role. Discussing your intentions, values and long-term goals with family members can help avoid misunderstandings and conflict later on, ensuring everyone understands the bigger picture.

Break it down

Breaking the process into manageable steps helps. We can support you at each stage:

- Identify your beneficiaries and clarify who you want to benefit
- Select the most appropriate wealth transfer structures, such as lifetime gifting and trusts
- Develop a tax-efficient strategy to minimise Inheritance Tax (IHT) and other liabilities
- Facilitate family discussions to ensure everyone understands the plan
- Help educate future beneficiaries so they are prepared to manage their inheritance
- Review and update your plan regularly to reflect changing circumstances.

Reviewing your options

Proposed changes to the IHT treatment of pensions from April 2027 may accelerate the pace of wealth transfer. As a result, now could be a good time to revisit existing arrangements.

[1]Capgemini 2025

A timely opportunity

With thoughtful planning and the right advice, the great wealth transfer can be an opportunity to support future generations while preserving the legacy you've worked hard to build.

Inheritance Tax reminder: the basics of passing on your wealth

Inheritance Tax (IHT) is a tax charged on the value of a person's estate when they die. An estate typically includes property, savings, investments, personal possessions and other assets held in the individual's name.

Under current rules, there is usually no IHT to pay when assets pass to a surviving spouse or civil partner. However, when wealth passes to other beneficiaries, the value of the estate may be assessed for tax.

Allowances and tax rates

Each individual currently has an IHT allowance of £325,000, known as the nil-rate band. Estates valued above this threshold may be subject to tax on the excess.

The standard IHT rate is 40%, although this may reduce to 36% if at least 10% of the estate is left to charity.

In some cases, families may also benefit from the residence nil-rate band, which can provide an additional allowance of up to £175,000 when a main home is passed to direct descendants such as children, stepchildren or grandchildren.

Planning ahead

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.

Reviewing Inheritance Tax planning ahead of 2027

Proposed changes to the IHT treatment of pensions from April 2027 mean it could be a good time to review how pensions fit within your wider estate planning strategy. Under the new rules, unused pension funds may form part of your estate for IHT purposes, which could affect individuals with larger pension pots, particularly those who have traditionally treated their pension as the final asset to draw upon in retirement. This approach – the 'pension as the last pot' strategy – may not always be the most efficient option once the changes take effect.

Some people may therefore wish to consider alternative approaches, such as gradually drawing on pension funds during retirement, making use of lifetime gifting allowances, or reviewing how assets are structured and who they will pass to. Couples may also benefit from coordinating their planning to make the most of available allowances. While pensions will remain outside the IHT net until April 2027, reviewing your arrangements now could help ensure your retirement and legacy plans remain aligned with your long-term goals.

Dividend outlook: modest growth expected in 2026

UK dividend payouts are expected to continue growing in 2026, although the pace of growth is likely to remain modest. According to a recent dividend monitor, total UK dividends reached £87.5bn in 2025, following growth of 1.3% in the fourth quarter[2]. This year, payouts are forecast to rise to £88.8bn, representing a 1.5% headline increase.

The stronger finish to 2025 was supported by higher-than-expected dividends from sectors including property, energy and consumer staples. A moderation in exchange-rate impacts, alongside a late surge in special dividends and additional contributions from companies moving up from AIM, also helped support payouts.

Mark Cleland, CEO of Issuer Services (UCIA) at Computershare, noted that *"dividend payouts have still not regained pre-pandemic highs,"* although he highlighted that rates improved throughout last year. Looking ahead, he added that while there are *"no clear indications dividends will grow much faster in 2026,"* a median growth rate of 3.7% suggests a healthier underlying trend.

> *Dividend payouts have still not regained pre-pandemic highs*

A mixed global picture

Globally, dividend growth is also expected to continue, albeit at a more moderate pace. Aggregate payouts are projected to rise by 2.9% to $2.47tn[3] in 2026. While this represents a slowdown from 4.7% growth in 2025, it reflects a return to more normalised levels following the post-pandemic rebound.

Regional expectations vary, with stronger growth forecast in India and the US, a subdued outlook in parts of Asia and mixed prospects across Europe.

[2]Computershare 2026, [3]S&P Global Market Intelligence Dividend Forecasting 2026

Spring into action: why the start of the tax year is the best time to plan

The start of a new tax year offers the perfect opportunity to refresh your financial plans. Much like a spring clean, it's a chance to review your goals, make use of new allowances and put good habits in place early.

Taking action now, rather than leaving things until the end of the tax year, can make a real difference. Planning early gives your investments more time to grow and allows you to make thoughtful decisions about how best to use the tax reliefs available to you.

Key allowances to consider this spring

Your ISA allowance – you can invest up to £20,000 in Individual Savings Accounts (ISAs) this tax year. ISAs remain one of the most tax-efficient ways to save and invest. Any growth within an ISA is free from Capital Gains Tax, Dividend Tax and Income Tax, and you won't pay tax when you withdraw the money either. Stocks and Shares ISAs and Cash ISAs are available, with the former offering more longer-term growth potential. You can also invest up to £9,000 in a Junior ISA (JISA) for a child or grandchild. These allowances are valuable, but they don't roll over. If you don't use them during the tax year, they're lost. Starting early makes it easier to take advantage of them without needing a large lump sum later on.

Strengthen your pension savings – the start of the tax year is also a good time to review your pension contributions. Pensions benefit from tax relief, meaning a £100 contribution typically costs a basic-rate taxpayer £80. Higher-rate and additional-rate taxpayers may be able to claim further relief through self-assessment. For most people, the Annual Allowance is £60,000 or 100% of earnings, whichever is lower. Making full use of this allowance where appropriate can help boost retirement savings in a tax-efficient way. Starting early can make it easier to spread contributions across the year.

Small contributions add up

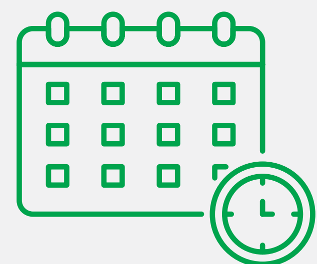
You don't need £20,000 ready to invest on day one into your ISA or thousands to pay into your pension. Many people choose to contribute gradually throughout the year. Setting up a regular monthly investment can help build momentum and turn saving into a habit. It can also remove some of the pressure of trying to decide when the 'right time' to invest might be. Regular investing also means you'll be buying investments at different prices over time. When markets fall you may buy more units; when prices rise you may buy fewer. This approach, known as pound-cost averaging, can help smooth the effects of market movements and reduce the risk of investing a large amount at an unfavourable moment.

Time can make a difference

One of the biggest advantages of starting early is simply time in the market. The longer your money remains invested, the more opportunity it has to grow. This is largely due to compounding, where investment performance builds on what has already been achieved. Over long periods, this effect can significantly boost growth.

Other allowances to consider

- **Review your Capital Gains Tax position** – making use of your annual exemption where appropriate can help reduce the tax you pay on investment gains
- **Think about Inheritance Tax planning** – using annual gifting allowances can gradually reduce the value of your estate while helping to support family members during your lifetime.



Build momentum for the year ahead

The start of the tax year is an ideal moment to step back and review your wider financial plan. Taking small, proactive steps now could help create greater financial flexibility and confidence in the future.

Changes ahead for salary sacrifice

During the Budget last November, Rachel Reeves confirmed that from 6 April 2029, the National Insurance (NI) advantages of salary sacrifice will be restricted. Salary sacrifice is an effective pension planning tool, particularly for higher earners, where employers pay part of a salary directly into an employee's pension, meaning Income Tax or employee NI is not payable on that amount.

The employer also saves on NI – a saving often shared through additional pension contributions. It can also reduce individuals' taxable income for thresholds including the higher-rate tax band, the High Income Child Benefit Charge and the tapering of the personal allowance above £100,000.

So, what's changing?

- Only the first £2,000 per year of pension contributions made via salary sacrifice will be exempt from NI from April 2029
- Any amount above this will still receive Income Tax relief, but NI will be payable
- Contributions made between now and 2029 continue to benefit from full NI efficiency, making this a valuable window of opportunity.

> *"Salary sacrifice is an effective pension planning tool, particularly for higher earners"*

Action required?

Although the change is a few years away, it does create a planning opportunity. Depending on affordability, you may choose to increase the amount of your salary to sacrifice, use bonus sacrifice, or bring forward planned contributions.

There's no need to make hasty decisions, but it's important to be aware that the rules are set to become less generous. Salary sacrifice is just one element of a wider, long-term strategy. Reviewing your overall position now can help ensure your pension contributions are as tax efficient as possible, affordable and aligned with your broader retirement goals.

Finding sustainable opportunities in a volatile world

The world around us is changing quickly, and this naturally shapes the way we think about investing. Periods of geopolitical tension often make us hesitant. Buying equities at the onset of a conflict, such as the recent war in the Middle East, can be a difficult decision to make. For long-term investors, especially those with an interest in sustainability, there are plenty of reasons to feel optimistic.

Fund Manager for the Quilter Cheviot Sustainability Opportunities Funds, Claudia Quiroz, shares examples of companies at the forefront of sustainable investing,

> *"We look for companies making real progress by assessing their environmental footprint, decarbonising strategies and use of renewable energy. For example, **EDPR** is expanding wind capacity across Europe and North America, whilst **Emerson Electric** provides intelligent energy management systems that help other businesses run their operations more efficiently. **Nvidia** designs chips that reduce energy demand in data centres, whilst **Schneider Electric** supports data centres worldwide with advance power and cooling solutions."*

Energy transition

One of the most encouraging trends in sustainable investing is the continued global shift towards cleaner energy. Countries want to reduce their reliance on fossil fuels and strengthen their own energy security, driving record investment into wind, solar and energy efficient technologies.

The recent war in the Middle East has served as a reminder for this transition: a record 400 million barrels of strategic oil reserves were released in March in an effort to stabilise energy markets. These developments have pushed energy security to the forefront, highlighting the vulnerability of the fossil fuel supply chains and the urgency of transitioning to renewable local sources.

Artificial Intelligence (AI)

Technology is also playing a central role in shaping a more sustainable future. AI, for example, is enabling energy optimisation and emissions reduction across many sectors of the economy. We are seeing strong demand for AI from smarter grids and emissions tracking to climate resilient infrastructure. Yet AI also increases demand for energy-hungry data centres, so it is important to understand the entire value chain.

Social and financial inclusion

Beyond technology and energy, demographic changes are creating new long-term opportunities. Populations are ageing, particularly in developed markets, which supports demand for healthcare innovation. At the same time, around 1.3 billion adults worldwide still lack access to basic financial services, disproportionately affecting women and low-income households. Companies working to improve financial inclusion are helping people build health and financial resilience while tapping into fast growing markets.

In today's volatile world, a sustainable investment approach can help investors focus on businesses that are adapting to complex supply chains and contributing positively to society. These businesses tend to be better managed, more forward-looking and aligned with long-term trends.

By staying diversified, patient and purposeful, investors can target attractive long-term returns while supporting the transition to a more sustainable global economy.

What we learnt in the Spring Forecast

Set amid the backdrop of the emerging Middle East conflict, the Spring Statement on 3 March, provided an opportunity for the Chancellor to unveil updated economic forecasts from the Office for Budget Responsibility (OBR). In reality, these forecasts, which were developed before the onset of the war, did not take into account the widening conflict and increasing disruption to the global economy, not least the impact on inflation caused by the oil disruption.

As such, Lindsay James, Investement Strategist at Quilter, made this observation after the event,

"The Spring Statement should have been a non-event, used primarily as a source of political capital by Rachel Reeves. She did indeed share OBR forecasts that predicted improving headroom against fiscal rules, marginally lower inflation in coming years, lower gilt yields and lower interest rates. However, given events unfolding in the Middle East, today's statement already looks a little out of date.

Bond yields have risen sharply, expectations for rate cuts have been tapered from two this year to just closer to one, while gas prices have spiked significantly in the last 24 hours, providing fresh fears a looming burst of inflation is coming should the Middle East conflict become protracted. Fiscal headroom, as a result, may need recalculating in weeks to come. Rachel Reeves has historically spoken about shielding the UK economy from future shocks, so this will be a real test of that mantra.

Looking at the specific forecasts, while the OBR has downgraded growth for this year, it has subsequently upgraded it for the next two years – although the net outcome remains the same. Rachel Reeves likes to say this Labour government is stimulating the economy, but the reality is the forecast and the actual results remain underwhelming at best. Reeves said she wouldn't be satisfied with these forecasts being reality, and neither she should be, but whether she can in fact beat them is subject to events outside of her control.

The problem she has is the OBR admits the fiscal outlook remains challenging, before even getting into any geopolitical shocks. The tax burden remains high, demographic pressures are intensifying and debt to GDP ratio could soar without a significant turnaround in fortunes. Global shocks to the economic system have had outsized influence on the economy in the past – with another looming, it is unclear where the growth will come from to help counteract those impacts.

As a result markets are likely to give little heed to today's announcements, focusing instead on the new reality we find ourselves in."

Addressing the conflict and reiterating her commitment to defence spending, Rachel Reeves said the government will plot a course through the current uncertainty and *"secure the economy through shocks."*

Reiterating the government's intention to hold one key fiscal event each year – the Budget in the Autumn – Reeves said, *"Stability is the single most important precondition for economic growth... limiting major policy changes to the Budget and giving businesses and households the certainty they need."*

Small steps, big impact: building your financial future

Saving for retirement can feel overwhelming. Headlines about how much you'll need often make the goal seem out of reach, especially when day-to-day life, family and finances come first. It's easy to switch off.

Why it matters more than ever

Priorities have shifted in recent years. Many of us now place greater value on experiences, time and family. While that's important, it can sometimes come at the expense of long-term planning. Relying on an inheritance may feel reassuring, but with evolving tax rules and longer life expectancies, it's far from guaranteed and may arrive later than expected, if at all.

At the same time, the pensions landscape is changing. Government changes to salary sacrifice, rising life expectancy, the likelihood of working for longer and an increasing State Pension age, continue to reshape retirement planning. The reality? Doing nothing is the biggest risk of all.

The reality check

A comfortable retirement currently requires around £60,600 a year for couples and £43,900 for individuals[4]. Yet the average UK pension pot sits at just £32,700, and millions are under-saving, 14.6 million Brits to be exact[5]. The gap may feel daunting, but it's not unfixable.

Keep it simple

The key is to break it down. Start by understanding what you already have – gathering your pension information – current workplace schemes, old employer pensions and any personal plans. We can assess whether you're contributing enough, review underlying investments and think about what you want your retirement to look like.

You don't need to solve everything at once. Small, consistent actions – increasing contributions, reviewing investments, tax position, assessing goals and timescales, getting organised – can make a meaningful difference over time.

Make it personal

There's no one-size-fits-all approach. Your plan should reflect your goals, lifestyle and affordability. With the right guidance, you can connect the dots and build a strategy that works for you.

You only get one opportunity to shape your retirement. Start small – but start now.

[4]PLSA 2025, [5]DWP 2025

Time out, not checked out – the rise of sabbaticals

Taking a career break is moving up the agenda, with new research[6] showing more UK workers want a sabbatical than ever before. Gen X (those born between 1965 and 1980) are leading the shift, signalling a broader rethink of work-life balance and long-term wellbeing.

Why people want a break

For most, it's not about stepping away – it's about recharging. Over half say they would use a sabbatical to improve their health and wellbeing, reflect on priorities and return with renewed energy. It's a reset, not a retreat.

What's holding people back

Despite strong demand, barriers remain. Twice as many UK workers want to take sabbaticals than have actually taken one, underlining a clear gap between aspiration and reality. Nearly half (45%) cite affordability as the main challenge, while limited employer support (22%) also plays a role.

Four times as many Gen Xers would like to take time out through a sabbatical than have put it into practice, despite being the least likely generation to say they enjoy their job. The gap between intention and reality is clear.

[6]Aegon 2025

ISA confusion holding back investors

Research[7] shows 60% of Cash ISA holders could be persuaded to invest some of their savings in a Stocks and Shares ISA. While two thirds of UK adults have an ISA, confusion around how they work remains widespread more than 25 years after launch.

Financial constraints are the biggest barrier to investing, with 42% saying they don't have enough money – rising to 45% among women. Concerns about risk also play a key role, with 35% worried about potential losses and 12% about access to their money.

Despite this, better returns are a strong incentive, with 39% saying it would encourage them to switch, rising to 50% among younger adults.

A lack of knowledge continues to hold people back. One in four say they don't understand investing, and even among existing investors, many report only limited understanding of how their ISA works.

Need some help understanding ISAs? With a new tax year having just kicked off, no time like the present to gen up.

[7]Royal London 2025

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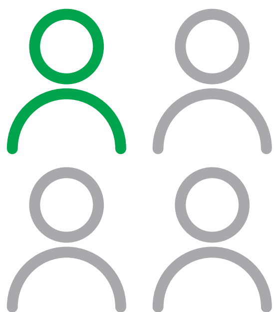

A lack of knowledge continues to hold people back, one in four say they don't understand investing

AI can't replace real retirement advice

Retirement planning is too important to rely on generic answers. While tools like ChatGPT are growing in popularity, they provide guidance – not regulated, personalised advice, tailored to your circumstances.

Recent findings[8] highlight a rising trend of people turning to AI for financial decisions, despite concerns around accuracy and suitability. When recently writing about the use of AI tools, the Financial Conduct Authority (FCA) cautioned, *'Sometimes AI provides information that's just incorrect. These are known as 'hallucinations'. It happens when AI misinterprets information or fills in the blanks with things that sound right but aren't true. The tricky part is that AI sounds confident, which makes it seem genuine. AI doesn't always give up-to-date content. A lot of what it's trained on can be outdated.'*

The FCA provide a reminder, *'We don't regulate advice provided by general-purpose AI tools, this means that you won't be eligible for protections from the FSCS or FOS.'*

AI can help explain concepts, but it doesn't understand your full financial picture, long-term goals or attitude to risk. That's where professional advice matters, giving you confidence that decisions are based on your unique circumstances.

[8]PensionBee 2026

> *"AI can help explain concepts, but it doesn't understand your full financial picture, long-term goals or attitude to risk"*

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The value of pensions and investments and the income they produce can fall as well as rise. You may get back less than you invested.

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