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Your **Money** Summer Q3 2025

Get Budget-ready this summer

Summer should bring a welcome shift in pace: longer days, warmer evenings, time off and the chance for some well-earned rest and recuperation. Whether you're planning a trip abroad or staying closer to home, it's a good time to take stock of life, this extends to your finances too.

Take this year's Autumn Budget, where there's a good chance the Chancellor will announce new changes to tax rules and allowances. So now might be the right time to prepare for what's likely further down the line and maximise current opportunities.

Long-term thinking

It's been a challenging year for investors, with uncertainty weighing on markets, but short-term fluctuations don't change the case for long-term investing. And besides, opportunities often present when markets are under pressure.

Revisiting your investment goals

Reviewing your portfolio to check it still reflects your risk tolerance and financial goals is always a wise move. Whether your circumstances have changed, or your priorities have shifted, we can help assess your options and make sensible adjustments, if necessary.

Using your allowances

Now's a good time to check in on your ISA and pension contributions. Using your annual ISA allowance can help shield your savings and investments from Income Tax and Capital Gains Tax (CGT). Pension contributions also offer valuable tax relief and reviewing them before any potential policy changes may make sense.

If you're considering selling assets, such as shares or property you don't live in, make use of your CGT exemption, which was halved last year. With further changes to Inheritance Tax (IHT) ahead, reviewing any current estate planning strategies – including making use of annual gifting allowances – could help reduce future liabilities on your estate.

Stay one step ahead this summer

While we don't have a crystal ball about potential changes, we can make sure your financial strategies are working hard for you. We're always keeping a close eye on developments which may impact your finances and can help you adapt your plans accordingly. By proactively addressing these areas together, you can position yourself to better withstand fiscal changes and optimise your financial wellbeing in the process.

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 (FCA) does not regulate Will writing, tax and trust advice and certain forms of estate planning.

Engaging with your pension – knowledge gaps revealed

New research[1] has shone a light on the extent of pension knowledge gaps among UK adults. While 53% of people believe they are knowledgeable about pensions, only 35% can correctly identify a defined benefit scheme and 34% understand what a defined contribution scheme is. Additionally, 20% are unaware of their own pension type and 57% do not realise that the government contributes to pensions through tax relief.

While over half (55%) are unaware how their pension is invested, 81% of respondents haven't altered their investment strategy, with a quarter citing it's because they don't know enough, or didn't realise they could.

Almost 70% of people in the UK have between one and five pension pots, while 20% are unaware how many they actually have. Nearly a third (35%) of those who know where their pensions are, don't know how to access them. While only 15% have consolidated their pensions, 46% are interested in doing so but are unsure what steps to take to achieve it.

And the State Pension?

Half of UK adults don't know how much they'll receive from their State Pension and 32% are unaware of the age they'll qualify[2].Over half (51%) don't know how much the full new State Pension is – it's currently £11,973 a year – while 52% don't know how to find out their entitlement and 34% are unaware that National Insurance contributions determine the amount they'll receive.

With your pension such a major part of your retirement strategy, you really can't afford not to be on the ball. Knowledge is crucial. We can support you to make well-informed decisions – your future-self will thank you.

[1]Aviva, 2025, [2]Standard Life, 2025

Inside this issue

'Squeezed middle' falling into *'protection gap'*

People in their 30s and 40s are falling into the *'protection gap,'* new research[3] suggests, but getting the right cover for your needs is achievable.

Squeezed middle

Only 30% of those aged 30 to 34 and 34% of those aged 35 to 39 have enough life cover to protect their family, the figures show. People in these age ranges are often referred to as the *'squeezed middle,'* due to the combination of paying for a mortgage, children and other dependants.

Protecting dependants

Although the fact they face many other pressures can help explain why people in the *'squeezed middle'* may be neglecting protection, these same factors also make the need for robust safety nets especially important. Alarmingly, the survey found that just 26% of couples with children have adequate cover.

Likewise, only 36% of households with a mortgage have enough cover. The research also noted that, in many cases, it is not the mortgage itself that is not adequately insured; instead, many households seem to pay for life insurance to cover mortgage costs but then stop short of considering support for their children.

Don't risk a shortfall

When it comes to protection, it's certainly true that it's better to be safe than sorry. The *'squeezed middle'* face many pressures and often end up making sacrifices, but having the peace of mind and financial security that protection offers should not be one of them. We can source suitable cover for your circumstances.

[3]HL, 2025

Dividends set to bounce back

Dividends paid out by UK companies fell by 4.6% in the first three months of 2025, new figures[4] reveal, but payouts still managed to beat expectations. The headline total paid out to shareholders in the first quarter was £14bn, down from £14.7bn a year earlier. Lower one-off special dividends were the main reason for the fall.

One major outlier to the decline was pharmaceutical companies, which showed the fastest dividend growth in a decade during the quarter. In Q1 2025; they paid out £3.2bn, up £228m from 2024. For the fourth consecutive year, pharma giant AstraZeneca was the largest dividend payer in Q1.

The report suggests Q2 will be positive. Mark Cleland, CEO of Governance Services and CEO of Issuer Services UCIA, commented, *"As US trade policy convulses capital markets, investors are absorbing the likely impact on corporate profits. Despite this, Q1 was a little better than we expected, and Q2 is shaping up well too, with the fastest growth coming from banks."*

For the whole of the year, Computershare upgraded its expectation for underlying growth to 1.8% on a constant currency basis, suggesting a total of £85.6bn in regular dividends for 2025. Let's see what Q3 and Q4 hold in store.

Holiday spending soars

Planning to jet away on a summer holiday? If so, you're in good company - 83% of UK adults[5] are planning holidays this year.

Interestingly, 41% of people are intending to spend more than they did last year – boosting budgets by nearly £3,000 per trip, with 14% of those expecting to pay more, setting aside over £5,000 per trip and 2% over £20,000. People are obviously keen to spend their hard-earned money on travelling, with data showing holiday spending has soared 520% since the pandemic[6], as priorities shift. If you're off on your travels this summer – bon voyage!

[4]Computershare, 2025, [5]Aviva, 2025, [6]Nationwide, 2025

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. 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. As a mortgage is secured against your home or property, it could be repossessed if you do not keep up mortgage repayments.

Financial empowerment for retirement control

Building financial empowerment is all about the confidence that comes from knowing you are in control of your finances. As more savers risk falling behind on their retirement goals, proactive pension saving is in the spotlight.

Retirement plans

With cost-of-living pressures weighing on many households, building a retirement fund has understandably taken a back seat for many savers. As a result, according to a new survey[7], 39% of Brits are not on track for a *'minimum retirement lifestyle,'* up from 35% in 2023.

Feel empowered

The first step to taking control of your pension goals is to understand how much you will need in your retirement. As a general guide, the Pension and Lifetime Savings Association (PLSA) estimates that a single person would need £13,400 a year for a minimum lifestyle standard in retirement (£21,600 for a couple). Note that this is for people living outside London and excludes housing costs. For a moderate lifestyle, these figures increase to £31,700 (single person) and £43,900 per annum (couple).

Know your options

Effective planning, starting early and contributing regularly allows your pension pot to build over time. For employees, saving into a defined contribution pension can help your pension pot build up, as your employer also makes contributions. It's worth checking if you could pay more than the minimum amount. Self-employed workers have fewer options, which is why two in five say they aren't saving enough for retirement, and 23% are not saving anything at all. Personal pensions are an option for everyone, and like all pensions, offer tax relief, long-term savings growth potential, financial security in retirement and control over investment choices.

Take the first step

Feeling empowered to make informed decisions leads to proactive steps towards a financially resilient future. While challenges remain, your retirement is too important to neglect – it's time to take control and feel empowered! You can't afford not to.

[7]Scottish Widows, 2025

How the *'great wealth transfer'* impacts you

The UK's *'great wealth transfer'* will see an estimated £5.5trn to £7trn passed down the generations in the next 30 years. As money, property and assets are passed on through inheritance, gifts and estate transfers, it is important to understand what this will mean for you.

"How can I secure my legacy?"

Baby boomers (born 1946–1964) control more than half[8] of the UK's wealth. Mostly, they are financially comfortable, though may be worried about their children or grandchildren. The key is to start the conversation with family members early. This means taking a proactive approach to financial planning – securing your legacy will bring peace of mind.

"How can I save time?"

The first beneficiaries of the great wealth transfer are likely to be Generation X (born 1965–1980). Typically, this group is time poor, with a mortgage and multiple dependants to look after. For Gen X, thinking about the great wealth transfer might not be a priority, but seeking advice now with retirement, general financial planning and starting conversations with your parents, can save you a lot of time and stress later. Advice to simplify your decisions, reduce debt, invest wisely, understand taxes, tune into estate planning and prioritise long-term goals to manage inherited wealth responsibly, and with confidence, will prove advantageous.

"How can I achieve my financial goals?"

Millennials (1981–1996) typically have lower wealth levels than older generations but are highly motivated to improve their financial future. To build confidence and prepare a solid financial plan for the next 30 years (and beyond), it is a good idea to start working with us early, so you're well-equipped to deal with what's coming your way.

Talk it through

Whatever life stage you're at, planning early and seeking advice will help you embrace the future with confidence. We can help you navigate the great wealth transfer.

[8]Vanguard

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Gen X stash the cash

Nearly two in three Brits born between 1965 and 1980 hold *'significant'* savings in cash, new research[9] shows, while their attitudes to investing remain more cautious. Despite the greater returns available with stocks and shares, almost half of Generation X view investing as *'too risky.'*

Cash to the left of me...

Gen X are saving hard, the figures reveal, with an average of £34,114 stashed away in cash savings accounts. Having accumulated savings throughout their career, many of those in their late 40s and 50s are building solid foundations for their retirement.

However, only holding savings in cash means missing out on the potential upsides of investing. Fewer than one in three Gen X cash savers also invest in stocks, shares or mutual funds, which means their hard-earned cash continues to fall ever further behind the pace of inflation.

Longer-term plan

Having a cash buffer for emergencies is very sensible; however, an over-reliance on cash leads to the value of your wealth being eroded. Longer-term returns have historically been more advantageous for investors (though future returns are not guaranteed), so keeping all your money in cash means foregoing these potential rewards.

On the other hand, achieving a better balance of cash and stocks can maximise your returns without taking undue risk. We can help you find the right mix of cash savings and investments, at a risk exposure that feels right for you.

[9]Just Group, 2025

Why 'keep calm and carry on' pays off for investors

April's surprise tariffs announced by Donald Trump on 'Liberation Day' unsettled global markets and caused a sharp sell off from panicked investors. Trump announced a 90-day pause of the reciprocal tariffs on 9 April and markets picked-up. The recovery then continued in the weeks following but uncertainty continues, leaving many investors asking – "when is the right time to invest?"

Is there ever a perfect moment?

It's natural to feel more cautious during periods of uncertainty, but waiting for the 'right' time can often mean missing out completely. Markets tend to recover, and investors who resist the urge to sell, often find that patience is rewarded. In fact, history shows some of the best investment days followed the worst days, although trying to predict when is notoriously difficult.

Managing emotions and expectations

Negative headlines can encourage investors to switch or sell their investments, but emotional investment decisions rarely lead to better outcomes. A diversified, well-built portfolio should be able to manage short-term volatility while you stay focused on your long-term goals. Instead of trying to time the market, consider your long-term plans. The sooner you start, the more time your investments have to grow.

Time in the market, not timing the market

And the longer you're invested, the more likely you are to benefit from long-term growth. Research shows that staying invested through the ups and downs beats jumping in and out of the market based on short-term events. In other words, it's time in the market that matters most.

Confidence and clarity

We can help make a plan that suits your goals, time horizon and risk appetite, giving you the confidence to invest calmly, whatever the market is doing.

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