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Essentially Wealth

Q2 2025

New (tax) year... new you?

Which 'megatrends' will dominate in 2025 – and beyond?

'Finfluencers' too trusted by the under-30s

UK growth outlook dominates Spring Statement


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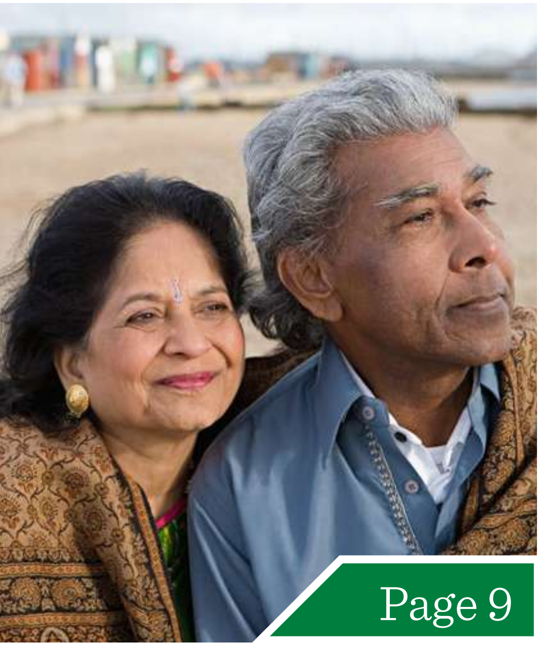
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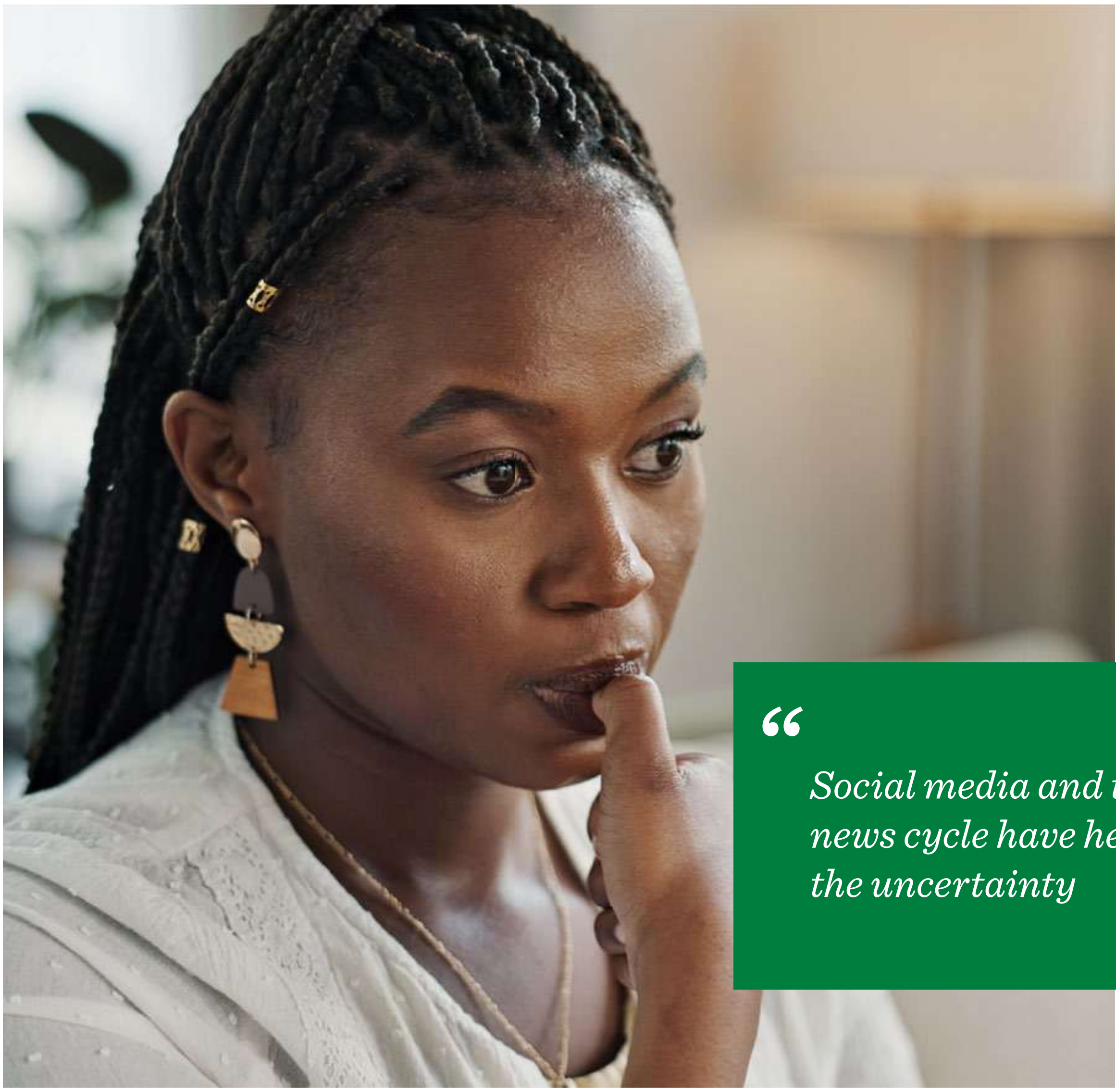


> Social media and the 24-7 news cycle have helped fuel the uncertainty

Navigating uncertain times

The 2020s have been quite a challenge so far. Along with the pandemic – geopolitical conflicts and economic uncertainty have created a volatile environment – making investing more unpredictable than ever. Social media and the 24-7 news cycle have helped fuel the uncertainty. Whether you're worried about high inflation, higher taxes or lower economic growth, if you're looking for bad news, you'll find it soon enough.

While it's easy to get caught up – and discouraged by – short-term noise, the reality is that successful investing requires patience and a long-term outlook. The secret to growing your wealth comes from staying disciplined and avoiding emotional decisions that can inadvertently push you off course.

How should you respond to challenging times?

Selling at the wrong time can be one of the biggest mistakes an investor makes, because markets tend to recover over time. Those who sell in a panic often miss out on the rebound, locking-in losses rather than giving their investments the chance to recover.

Your financial plan should be based on your long-term goals, and flexible enough to withstand market ups and downs. So, before making any changes, it's worth pausing to assess your situation and staying focused on your long-term plans.

And remember, you don't have to make decisions on your own. We can help you make informed choices without being swayed by troubling headlines. In a world of upheaval and change, a steady, well-thought-out investment approach could well be your greatest asset.

Please note past performance may not be repeated in future. Future returns cannot be guaranteed.

New (tax) year... new you?

If your financial plans haven't been going exactly as you wanted so far in 2025, a new tax year is the ideal moment to get back on track. By considering your financial plan for the year ahead, you can enter the new tax year with confidence, make the most of your money and ensure financial peace of mind.

Max out your tax savings

When the new tax year started on 6 April 2025, savers were able to access fresh allowances and reliefs. Follow these three simple steps to minimise your tax liabilities:

1. **Use your ISA allowance**
   Saving or investing up to £20,000 in an Individual Savings Account (ISA) allows you to grow your funds in a tax efficient manner

2. **Maximise pension contributions**
   Doing so allows you to benefit from tax relief as well as potentially lowering your taxable income

3. **Think about Capital Gains Tax**
   Making use of your annual exemption helps you avoid unnecessary tax liabilities.

Your financial future starts now

As one tax year ends and another begins, taking the time to refocus on your financial goals can bring immense benefits. By setting clear objectives, looking to maximise smart tax planning and sticking to disciplined financial habits, you can lay the building blocks for long-term financial success.

Financial peace of mind comes from knowing that you have taken the steps you can to improve your position. Start your new tax year planning today!

Tax treatment varies according to individual circumstances and is subject to change.

Stocks and Shares ISAs invest in Corporate bonds; stocks and shares and other assets that fluctuate in value.

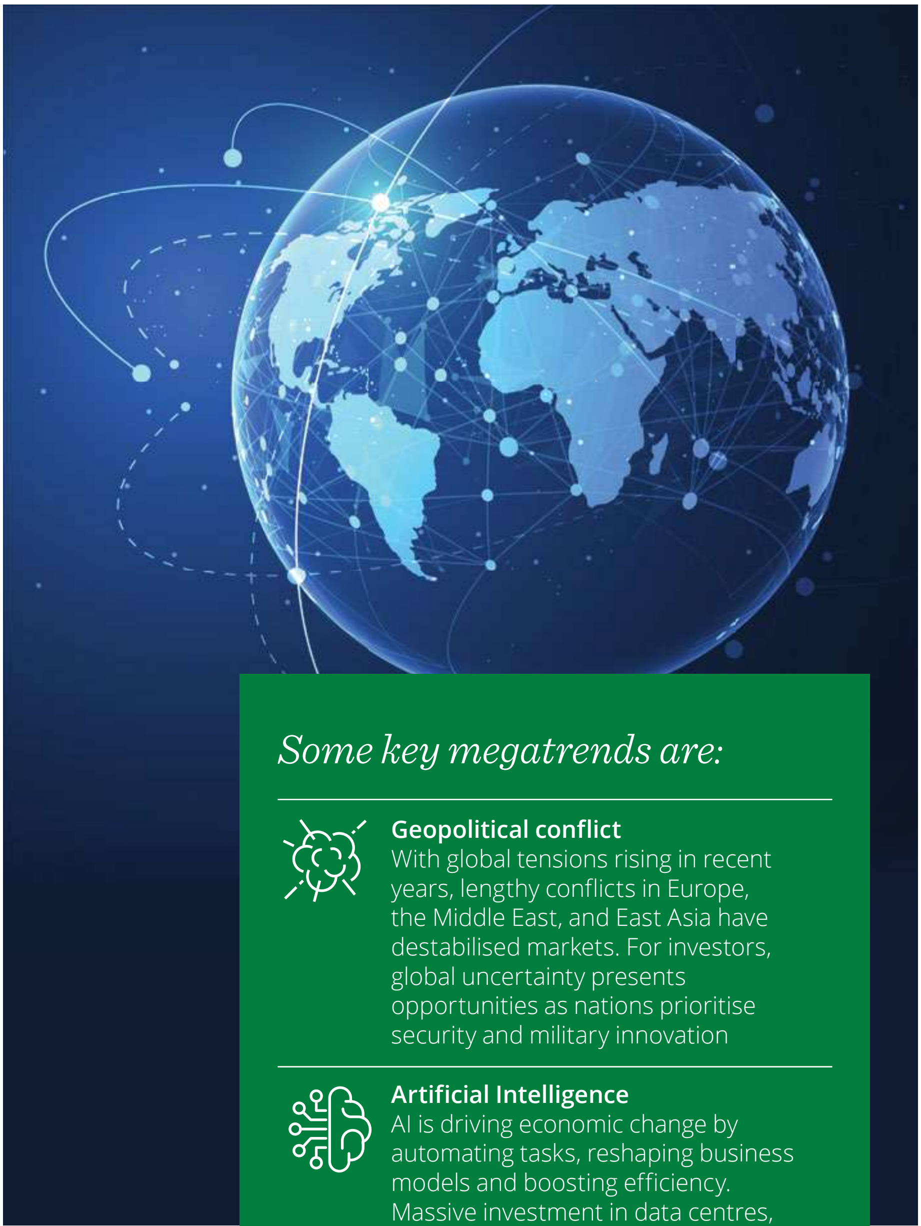
Which ‘megatrends’ will dominate in 2025 – and beyond?

Geopolitical conflict, Artificial Intelligence (AI), energy demand and shifting demographics... these are some of the investing megatrends that are expected to change the way we live and work in 2025 and beyond. Which one will have the biggest impact?

Global shifts

Investing megatrends are powerful, long-term shifts expected to reshape industries, economies and investment markets on a global scale. These aren’t just passing trends; they’re already influencing how we live and work, how businesses operate and where investors put their money.

> *“We’re keeping an eye on the megatrends. While markets fluctuate daily, megatrends are shaping the future”*



Some key megatrends are:

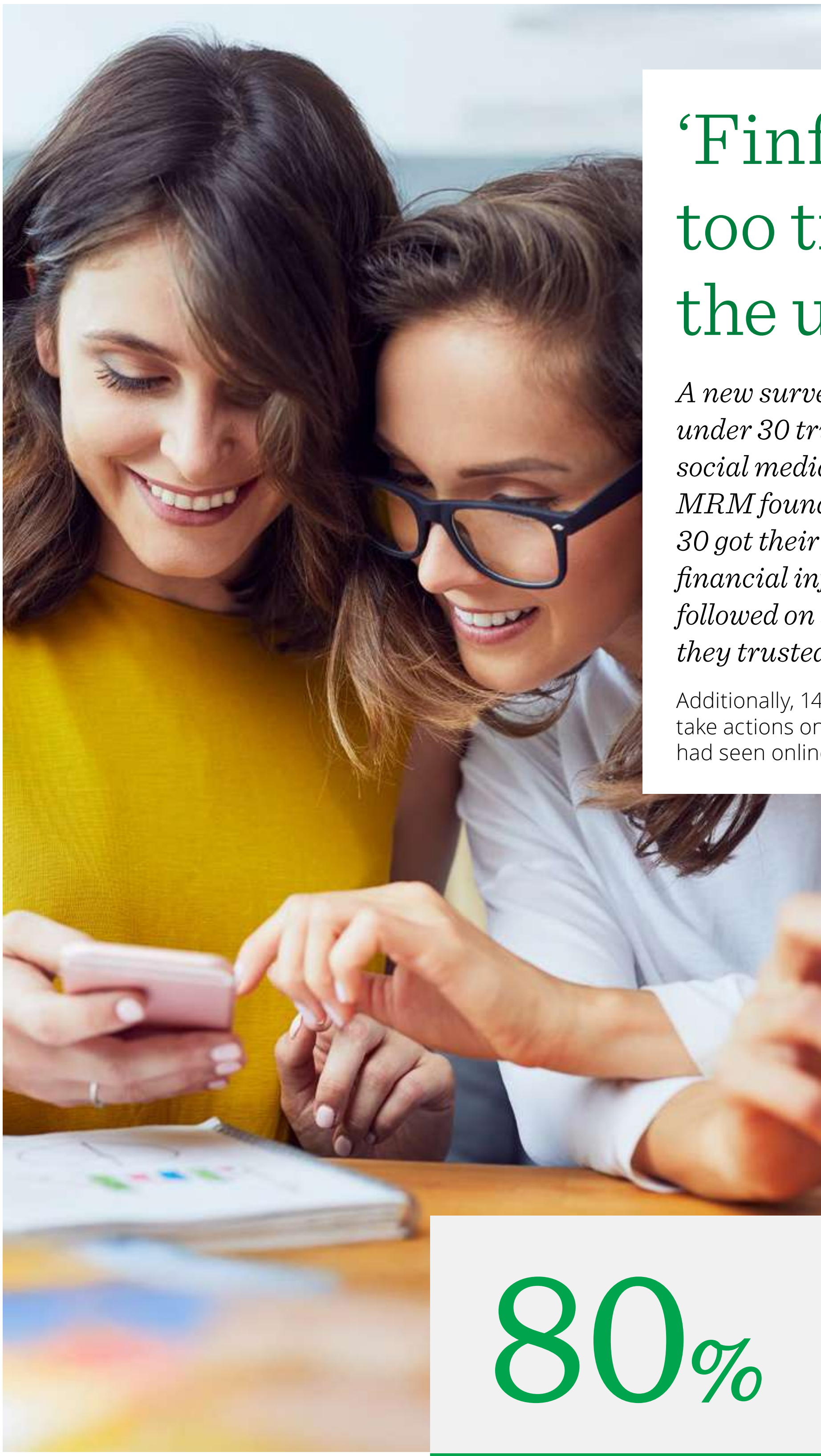
Geopolitical conflict
With global tensions rising in recent years, lengthy conflicts in Europe, the Middle East, and East Asia have destabilised markets. For investors, global uncertainty presents opportunities as nations prioritise security and military innovation

Artificial Intelligence
AI is driving economic change by automating tasks, reshaping business models and boosting efficiency. Massive investment in data centres, cloud computing and hardware is fuelling its expansion, while concerns over an ‘AI bubble’ have surfaced

Demand for energy
Global energy consumption is surging, driven by economic growth, transport electrification and AI demand. This rising demand is reshaping the energy sector, creating both challenges and investment opportunities. Nuclear energy is making a comeback, and offshore oil and gas exploration is reviving, all while renewable energy is thriving

Shifting demographics
People are living longer, which could allow investors to benefit by focusing on sectors set for rising demand in medical services, treatments and elderly care. The shift could also pose risks to national economies.

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



'Finfluencers' too trusted by the under-30s

A new survey suggests[1] almost 80% of people under 30 trust financial information from social media. The 'Young Money' report from MRM found 59% of respondents aged 18 to 30 got their information about money from financial influencers ('finfluencers') they followed on social media, with 77% saying they trusted information from finfluencers.

Additionally, 14% of survey participants said they would take actions on their finances based solely on what they had seen online from an influencer.

80%

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59% of respondents aged 18 to 30 got their information about money from financial influencers ('finfluencers')

Are finfluencers scamming their audiences?

The Financial Conduct Authority (FCA) has expressed concerns over what it sees as more young people falling victim to scams, with finfluencers playing a prominent role. It has already started clamping down on *'unauthorised persons who promote financial products or services,'* and last October it announced 20 finfluencers had been interviewed under caution while issuing alerts to a further 38 it believed were touting financial products illegally.

Steve Smart, Joint Executive Director of Enforcement and Market Oversight at the FCA, said, *"Finfluencers are trusted by the people who follow them; often young and potentially vulnerable people attracted to the lifestyle they flaunt. Finfluencers need to check the products they promote to ensure they are not breaking the law and putting their followers' livelihoods and life savings at risk."*

The survey findings underline the importance of encouraging young people to be sceptical about who they follow on social media, and to always seek financial advice from a qualified professional who can make recommendations based on their personal needs and objectives.

[1]MRM, 2025

The value of advice in building financial confidence

> “This survey emphasises the difference that advisers make for their clients”

Financial advisers do not only help their clients improve their financial situation but also make it more likely that they will be optimistic about their financial future, according to a recent Investor Confidence Barometer[2].

Having the support and guidance of a specialist adviser boosts investors’ confidence and optimism, the figures suggest. Some 89% of advisers expect markets to rise over the course of five years. The corresponding figures for advised investors (63%) and those without advice (57%) show that this optimism rubs off through financial advice. Over a ten-year time frame, moreover, 91% of advisers are predicting market growth, versus 68% of advised and 57% of non-advised investors.

Some 89% of advisers expect markets to rise over the course of five years

Greater optimism among advised investors suggests financial advice and long-term planning builds confidence in their future wealth prospects. In particular, investors said they feel more confident knowing their financial adviser is available in difficult times, with 96% of advised clients valuing accessibility as much as portfolio performance.

In total, four in five respondents said they get *‘value for money’* from their adviser, a 10% increase on 2023’s survey. Ross Easton, Head of Platform Proposition at Scottish Widows, said, *“This survey emphasises the difference that advisers make for their clients, especially when it comes to guiding them through times of market volatility.”*

[2]Scottish Widows, 2025

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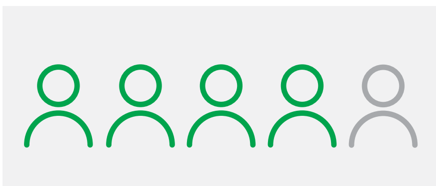


Four in five respondents said they get ‘value for money’ from their adviser

Women put children first in succession planning

Succession planning determines how your wealth is passed on after your death. New research[3] suggests women prioritise their children for inheriting wealth, with 45% placing them first, compared to 33% of men. In contrast, 37% of men choose to prioritise their spouse. The research also found just 17% of high-net-worth (HNW) women planned to pass on their wealth to their spouse upon their death.

Additional research[4] finds women more proactively involved in financial planning, with mothers 79% more likely than fathers to open a Junior Individual Savings Account (JISA) for their children. Despite this practical approach, half of the mothers surveyed felt stressed over getting investment decisions right compared to 38% of fathers.

> *"New research suggests women prioritise their children for inheriting wealth"*

Whatever financial support you have in mind for your loved ones, a clear strategy is essential. Getting professional succession planning advice will give you peace of mind while also protecting your legacy.

[3]Charles Stanley, 2025, [4]Columbia Threadneedle, 2025

Estate planning is not regulated by the Financial Conduct Authority.

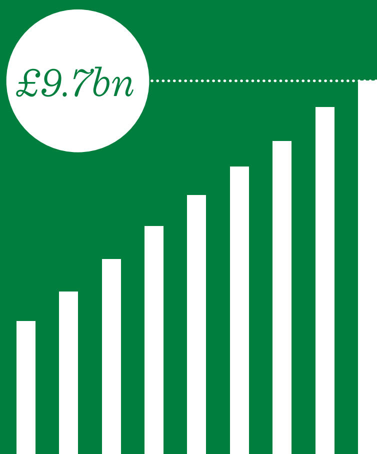
Inheritance Tax (IHT) receipts keep climbing

HM Revenue and Customs (HMRC)[5] data reveals that IHT receipts reached £7.6bn in the eleven months to February 2025, surpassing the annual record of £7.5bn reached in the full 2023/24 financial year!

The Office for Budget Responsibility (OBR)[6] projects that IHT receipts will keep rising, estimating they will reach £9.7bn annually by 2028/29.

HMRC attributes the rise in IHT receipts to several factors, including frozen IHT tax thresholds, growing asset values and increased wealth transfers from IHT-liable estates, and frozen tax thresholds.

[5]HMRC, 2025, [6]OBR, 2025



Your pension and Inheritance Tax (IHT)

Building a pension has long been seen as a tax-efficient way to pass on wealth. So, it came as a surprise to many when, during last year's Autumn Budget, plans were announced to include unused pension funds and death benefits within the value of estates for IHT purposes. What does the change mean for pension savers? And what should you do now?

40%

The family of someone with a £500,000 pension and other assets already pushing them over the £325,000 IHT threshold could face a 40% tax bill on the pension as well as any Income Tax that may also be due on payments to a beneficiary

There has been a general perception in government that pensions have been used widely to enable intergenerational wealth transfer rather than for their intended purpose to provide an income in retirement. Consequently, the government have announced that unused pension funds will fall into an individual's estate for IHT purposes on their death. Under the proposals, pension administrators will be required to calculate, report and pay IHT directly to HMRC. This means that unused pension funds will no longer be protected from IHT. To give an example, the family of someone with a £500,000 pension and other assets already pushing them over the £325,000 IHT threshold could face a 40% tax bill on the pension as well as any Income Tax that may be due on payments to a beneficiary.

Don't panic

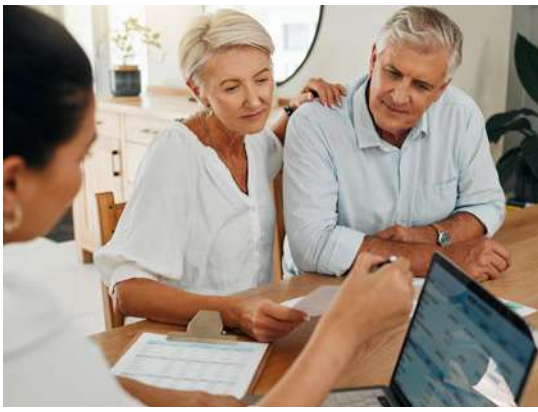
Much uncertainty remains about the details of the plans. The government is expected to deliver specific implementation guidance later this year, once it has conducted a technical consultation and a review of the feedback. Until then, it is hard to say exactly how the changes might affect the tax situation of individual pension holders, except that it is clear certain death benefits from remaining pension funds will be taxed at a higher rate than is currently the case. Moreover, any changes will not take effect until 6 April 2027, providing time to review and adapt plans accordingly.

Established estate plans

While the implementation of any changes remains a couple of years away, it is wise to consider potential implications. This is especially the case for holders of established estate plans: once details are confirmed, there may be alternative options that ensure your estate remains as tax efficient as possible.

For now, though, it is best to start by discussing with your financial adviser what the implications could be for you and potential actions that could be taken whilst awaiting the final guidance before overhauling plans. Come what may, we'll always be here to help you secure your family's future with confidence.

Inheritance tax planning and Estate planning are not regulated by the Financial Conduct Authority.



Protection insurance demand will soar in 2025

Demand for crucial protection insurance is predicted to rise significantly in 2025, according to a recent survey[7] that brought together insights from 250 financial advisers.

Income protection, life insurance and private health insurance are all expected to see soaring demand, the survey revealed, as awareness continues to grow among clients of the need for comprehensive protection cover.

Income protection leads the way

The most substantial growth is expected to come from income protection, for which 51% of advisers foresee increased demand in 2025, compared to 31% who expect it to remain steady and 18% who predict a decline.

It's a similar picture for life insurance (44% forecasting growth; 37% expecting no change and 19% predicting a fall) and private health insurance (40% anticipating an increase, 32% expecting no change and 28% forecasting a decline).

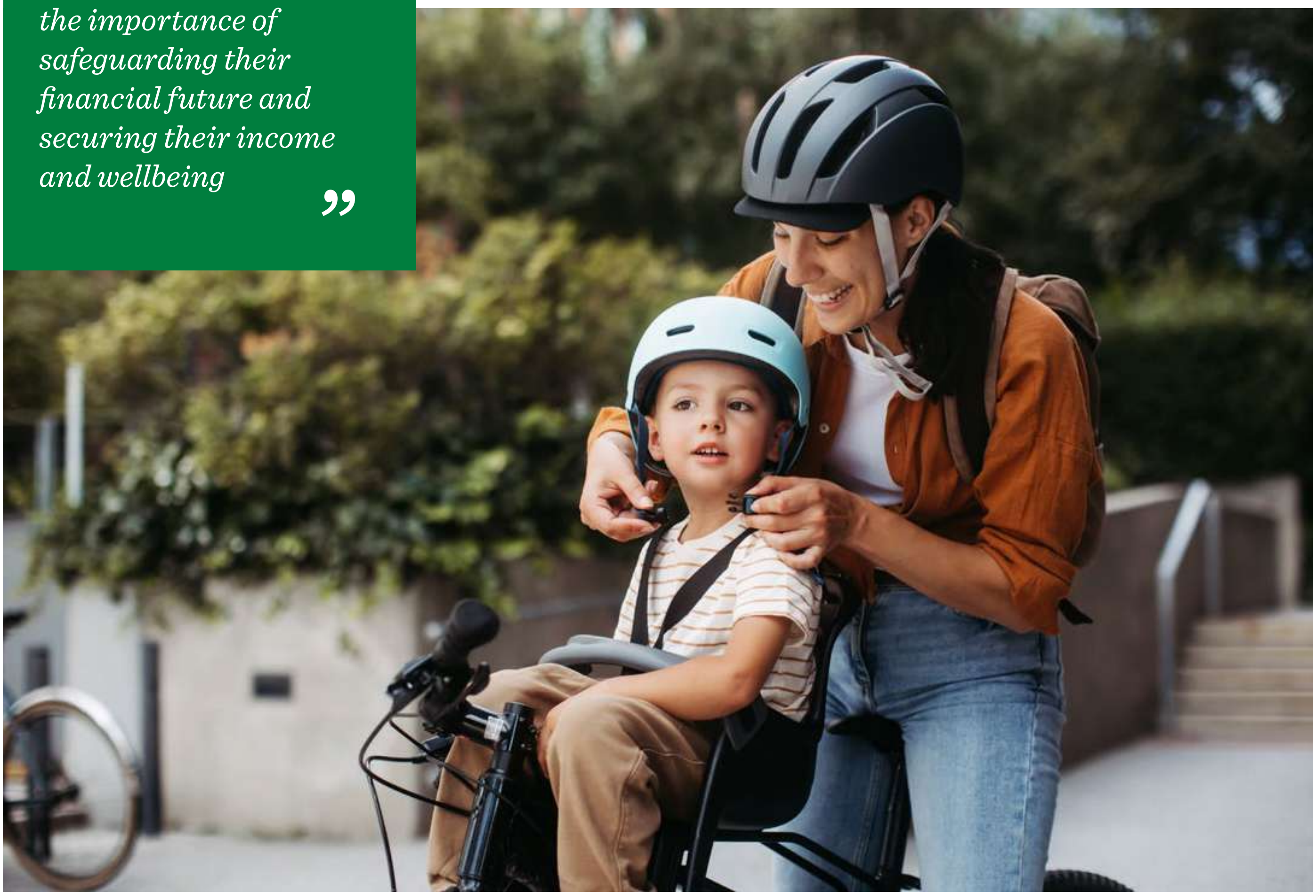
Time to get covered

The findings of this survey, added to our own experience of clients' demands, anticipate a busy period for protection insurance. As economic uncertainties continue to put pressure on individuals and families, more people are recognising the importance of safeguarding their financial future and securing their income and wellbeing.

If you're considering protection insurance or want to review your existing cover to make sure it meets your current needs, now is the time to explore your options. Whatever your circumstances, we're here to help with your protection needs – get in touch today to find the right cover for you and your family.

[7]The Exeter, 2025

> *"As economic uncertainties continue to put pressure on individuals and families, more people are recognising the importance of safeguarding their financial future and securing their income and wellbeing"*



Bridging the wealth divide for future generations

We provide and receive support across generations throughout our lives, whether within our families or society as a whole. This intergenerational contract ensures mutual support based on varying needs and resources. However, evolving economic conditions and demographic shifts are putting increasing pressure on this delicate balance.

Furthermore, the UK's population is ageing at a fast pace. By 2040, almost a quarter of the population will be 65 or older, up from just under one in five today[8].

> *"The gap in wealth accumulation between generations is stark"*

Growing divide

The gap in wealth accumulation between generations is stark. Over the past two decades, UK household wealth has doubled relative to incomes, yet older generations have reaped the greatest benefits. Between 2010-11 and 2019-20, median total wealth for those aged 65 to 69 surged by 46% (£112,597), while those in their late 30s saw only a modest 9% increase (£6,751). Today, younger generations hold just 4% of total UK wealth, a decline from 7.5% in 2010. Despite this imbalance, seven in ten adults receive no financial support from their families.

Growing concerns about financial security

A recent survey[9] reveals increasing anxiety about financial stability, with nearly half (47%) of UK adults worried they won't have enough saved for retirement – a concern that rises to 60% among those aged 25 to 49. Additionally, almost a third (29%) fear they won't have family members to rely on for support, highlighting the importance of planning how wealth is shared across generations.

Protecting your family's financial future

If you're thinking about how to pass on wealth and support your loved ones, we're here to help. By planning ahead and exploring effective wealth transfer strategies, you can ensure financial security for future generations. Making informed decisions today can create lasting stability for the years to come.

[8&9] *ILC 2025*

of UK adults are worried they won't have enough saved for retirement

UK growth outlook dominates Spring Statement

Chancellor Rachel Reeves' Spring Statement on 26 March was overshadowed by a disappointing growth forecast from the Office of Budget Responsibility (OBR), and concerns over ongoing pressures on the UK economy.

The Spring Statement is not a 'Budget,' but is an opportunity for the OBR, a public body funded by the Treasury, to deliver its independent forecasts for UK economic growth. Back in October 2024, the OBR had expected UK gross domestic product (GDP) to grow by 2% in 2025. However, Rachel Reeves announced in her Statement that the OBR's forecast had been halved to 1%. While noting she was *"not satisfied"* with the numbers, Rachel Reeves confirmed the downgrade was due to *"increased global uncertainty."*

Meanwhile, UK inflation, which dropped to 2.8% in February, is expected to edge up to 3.2% this year, according to the OBR, before declining to 2.1% in 2026 and reaching the Bank of England's target of 2% from 2027 onwards.

The OBR estimates that recently announced policy changes, including welfare reforms and day-to-day departmental spending cuts, will save £4.8bn from the public purse, and will restore in full the government's planned headroom, with a £9.9bn surplus expected in 2029/30.

Quilter's Investment Strategist Lindsay James commented, *"Ultimately, this was a Spring Statement that could have been a lot worse for the UK economy. Labour has perhaps learned its lesson that the economy requires a more positive tone from government, and that the burden placed upon businesses at the Budget was enough for now."*