Hampshire Hill
Independent Financial Advisers

18 - 20 Low Street, Sutton in Ashfield, Nottinghamshire, NG17 1DG
T. 01623750000 | E. info@hampshirehill.co.uk
www.hampshirehill.co.uk

BS 8577 CERTIFIED
BS 8577 certified financial planning firm

Planning with purpose in 2026

As we welcome 2026, it's the perfect time for a financial reset. A new year brings renewed focus and the chance to take stock – where are you on your financial journey, and how confident do you feel about the year ahead? A clear plan can help you face the months to come with purpose and peace of mind.

What really drives financial decisions
A recent study[1] has revealed that personal values are the strongest motivators for UK adults when it comes to financial planning. The top three drivers are providing for family (44%), financial independence (43%) and security (31%).

Among 25 to 34-year-olds, these motivators are even more pronounced, with 58% citing family security and 53% financial independence, making them one of the most financially goal-oriented generations.

Understanding what truly motivates you can bring clarity to your decisions, ensuring your finances align with what matters most in your life.

Finding your financial *Ikigai*
The Japanese concept of *Ikigai* – meaning purpose or 'reason for being' – can also apply to money. Finding your financial *Ikigai* means identifying the balance between what you value, what you need and what gives you a sense of purpose. When your financial goals reflect your deeper motivations, planning feels less like a task and more like a path toward fulfilment and wellbeing.

Hello 2026: A fresh financial start
Mental wellbeing plays a vital role in financial confidence. Research[1] shows many people are feeling the pressure, particularly 18 to 24-year-olds and 45 to 54-year-olds, who report the lowest levels of mental wellbeing. A clear, values-based financial plan can help reduce uncertainty and build reassurance.

Whatever your goals – protecting your family, building independence, or securing your future – 2026 offers a chance to focus, plan and move forward with confidence. We're here to help you define your financial purpose and make your goals a reality in 2026 and beyond.

[1] Aviva, 2025

Looking ahead: A new year, a clear plan

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

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.

INSIDE THIS ISSUE:
In the news // Future ready: Tune into Budget changes now // Make life insurance a New Year priority // Breaking the retirement mould – flexi is the future // Kick off 2026 on top of your tax numbers // Small pension boost can make a big difference

IN THE NEWS

Would your family be financially resilient without you?

Only one in five people in the UK feel very confident their family would be financially secure if the unexpected were to occur, according to new research[2] that warns of a lack of financial resilience. Some 35% believe their family could *'manage for a while,'* the research revealed, but almost a quarter weren't confident at all that their loved ones would cope. Women (49%) were less certain their family would be secure than men (67%), while employees at large companies were more confident than their peers at small businesses. The least confident age cohort were those between 45 and 54, of whom one in three said their family would not manage financially.

Older workers 'not prepared' for retirement

What steps do you need to take before starting your retirement? Does it still feel like an uphill battle to get everything ready? If so, you're not alone: only four in 10 working people aged 60-69 feel ready for retirement, a new survey[3] has found. Of the more than three million workers in that age bracket, more than a third say they do not feel prepared. Currently, one in three people aged 65 to 69 are yet to retire, of whom 31% still feel unprepared, the survey found. Preparing for life after work brings many challenges and can feel like a series of difficult decisions. Choosing when to retire and managing the transition to your new lifestyle are both significant choices.

[2]The Exeter, 2025, [3]Just Group, 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.

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.

Make life insurance a New Year priority

As 2026 kicks into full swing, sorting out your life insurance policy may be less glamorous than other New Year's resolutions you've made, but getting the right cover for your needs can bring peace of mind to you and your loved ones – and might help reduce your Inheritance Tax (IHT) liabilities too.

Inheritance questions
With the IHT threshold frozen in place for more than a decade, some families seeking to reduce the size of their taxable estates have been turning to life insurance, research[4] suggests.

After the government made more assets subject to IHT, including business property and agricultural property, both assets traditionally passed on as inheritance, the appeal of life insurance has come into sharper relief for many. Faced with a growing list of taxable assets, people are thinking harder about how to minimise their tax bill.

Protection and a lower tax bill
Life insurance provides support for your loved ones when you are no longer around, ensuring they have full financial resilience. Moreover, life insurance is tax efficient, as payouts are free from Income Tax and Capital Gains Tax, and when held within specific types of trusts, they can also be exempt from IHT. Time for a life insurance review?

[4]TWM Solicitors, 2025

Getting the right cover for your needs can bring peace of mind to you and your loved ones

Breaking the retirement mould – flexi is the future

More than four in 10 Brits expect to pursue multiple careers if life expectancies continue to rise, research[5] shows. As the traditional work trajectory dies out, what will the financial impacts be and how should you prepare?

Multiple careers
Amid longer lives and more opportunities to retrain, workers are abandoning the idea of spending a whole career with one company – or even within one industry. A quarter of respondents expect to switch industries, according to the research, while a fifth plan to try a new profession. More than one in 10 will return to education to support a career shift, the survey revealed. Remarkably, young employees aged 18 to 25 have already worked for an average of six employers, the research found, the same number as those aged 65 to 74.

Reinforcing the takeover of flexibility, some 26% of respondents have taken some form of extended leave, while 65% think we must dispense with the idea that learning, working and retiring is a linear path.

Sound financial guidance throughout the journey
As working lives become more fluid and career paths less predictable, seeking financial advice throughout your journey can make all the difference. We can help you adapt your financial strategy to each new phase – whether you're retraining, taking time out or pursuing a passion project – ensuring you stay on track to meet your goals. By planning proactively and making informed decisions about savings, pensions and investments, you can build the freedom to live well at every stage, whatever direction your working life takes. Flexibility may define the future of work, but sound financial guidance remains the key to making it sustainable.

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

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?

Small pension boost can make a big difference

Everyone knows that a healthy pension pot is crucial for a comfortable retirement. For some workers, however, saving for retirement can seem like a low priority compared to making mortgage payments, saving for a house deposit or keeping up with monthly bills.

Small gains
New research[6] shows how even a small uptick in pension contributions can go a long way to improving your quality of life in retirement. Modest increases in pension savings, combined with the power of compound investment growth, can soon add up.

For example, the research highlights – if a 22-year-old with a salary of £25,000 were to pay the minimum auto-enrolment contributions (5% employee, 3% employer) throughout their career, they could build an inflation-adjusted pension pot of around £210,000 by the time they turn 68. In this scenario, if monthly contributions were increased from 5% to 7%, come retirement age, they would have a pot of £262,000, a boost of over £50,000.

A gift to your future self
More than three in 10 UK adults are already increasing their workplace pension contributions beyond the minimum level. Meanwhile, one in ten have made a one-off lump sum payment. Whether monthly or ad hoc, boosting your pension savings is worthwhile – your future self will thank you.

[6]Standard Life, 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.

IF YOU WOULD LIKE ADVICE OR INFORMATION ON ANY OF THE AREAS HIGHLIGHTED IN THIS NEWSLETTER, PLEASE GET IN TOUCH