



# THORNTONS WEALTH

## SMART GIFTING

Tax-free ways to support your children and grandchildren



### LIVING WITH UNCERTAINTY

*How to navigate financial unpredictability*

### KEY STEPS TO TAKE BEFORE THE TAX YEAR ENDS

*Why you should act now: Have you used your allowances before 6 April 2026?*

### SECURING YOUR FAMILY'S FINANCIAL FUTURE

*Start the conversation: Why financial planning with older relatives matters*

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Thorntons Wealth is a trading name of Drumnor Investments Limited (SC438886) and Thorntons Wealth Management Ltd (SC241755). Both companies are registered in Scotland and the registered address is Whitehall House, 35 Yeaman Shore, Dundee DD1 4BU. The companies are authorised and regulated by the Financial Conduct Authority.



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# WELCOME TO THE LATEST ISSUE OF THORNTONS WEALTH MAGAZINE.

**W**elcome to the March 2026 issue of Thorntons Wealth's monthly e-zine newsletter.

In this issue, we explore tax-efficient ways to support your children and grandchildren while reducing Inheritance Tax (IHT). From annual exemptions and regular gifting to wedding presents and the seven-year rule, this article discusses strategies to pass on wealth without unnecessary tax charges. With careful planning and proper documentation, you can enhance your family's financial benefits and secure peace of mind for the future.

Financial unpredictability is transforming the way people handle their finances. This article emphasises the effect of rising costs, tax modifications, and interest rates, while providing practical steps to regain control. From balancing savings and investments to seeking expert advice, discover how to build resilience and confidence in your financial future during uncertain times.

Don't let the 6 April 2026 tax deadline catch you unaware. We highlight key actions to optimise your allowances, including ISAs, pensions, and gifting. Planning early helps you avoid last-minute stress, save on taxes, and build a strong financial foundation.

Beginning financial discussions with older relatives is vital for long-term security. This article highlights the importance of talking about daily expenses, inheritance planning, and care costs. By addressing these topics early, families can reduce stress, make informed choices, and protect their financial wellbeing for future generations.

Trusts are essential tools for safeguarding wealth and handling asset transfers. We examine how they can protect an inheritance and lower your tax liabilities. Additionally, we emphasise the duties of trustees and the significance of regular reviews to keep trusts effective and compliant with evolving circumstances.

We hope you find this issue insightful. If you know someone who would enjoy it, please feel free to share it with them.

Best wishes,

**Thorntons Wealth**

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# SMART GIFTING

Tax-free ways to support your children and grandchildren

**PASSING WEALTH TO THE NEXT GENERATION** is a primary concern for many families, yet the complexities of Inheritance Tax (IHT) often cause unnecessary anxiety. With the headline IHT rate set at 40%, careful planning is essential to ensure your children benefit as much as possible from your estate. Fortunately, there are several tax-efficient strategies available that, when used properly, can help you make significant lifetime gifts completely free of tax.

Using allowances and exemptions wisely is one of the easiest ways to give to children or grandchildren. The annual exemption lets you gift up to £3,000 each tax year without incurring IHT. If you haven't used the previous year's allowance, you can carry it forward, potentially doubling the amount to £6,000, or even £12,000 for couples. These sums can add up to a substantial nest egg for children over the years.

## **MAKE THE MOST OF REGULAR GIFTING**

Another valuable, though often overlooked, option is to make regular gifts from surplus income. This route is ideal for people who have a consistent annual surplus after covering normal living expenses. There is no upper limit to this exemption, provided you can show that the gifts come from income, not capital,

and that your standard of living isn't affected. Clear documentation is key to satisfying HMRC's requirements if HMRC queries it in the future.

Additionally, you can give small gifts of up to £250 per person per tax year, provided the recipient has not already benefited from your main £3,000 allowance. These small amounts are perfect for birthday or Christmas presents and help use up your gifting allowances without incurring any additional tax.

## **WEDDING GIFTS AND THE SEVEN-YEAR RULE**

Special occasions offer more opportunities for tax-free gifting. For weddings, you can gift your child up to £5,000 tax-free, or £2,500 if you are a grandparent. The exemption applies per parent, so a couple could give their child £10,000 towards their big day without incurring IHT.



For those wishing to make larger lump-sum gifts, understanding the ‘seven-year rule’ is essential. Any sum given outright will fall outside your estate for IHT purposes after seven years. If you pass away within this period, a sliding scale of ‘taper relief’ may reduce the tax due on gifts over £325,000.

#### **PLANNING AHEAD FOR PEACE OF MIND**

Sound estate planning often involves a combination of these exemptions and careful record-keeping. The right mix depends on your individual financial situation and your goals for your children’s future. Seeking advice early can make a

significant difference to the amount your loved ones will ultimately receive ■

#### **LOOKING FOR A TAX-EFFICIENT STRATEGY FOR PASSING ON YOUR WEALTH?**

Don’t let Inheritance Tax complexities overshadow your legacy. With careful planning and the right strategies, you can maximise the benefits for your loved ones while minimising tax liabilities. Contact us today to discuss your estate planning needs and ensure your family’s financial future is protected.

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# LIVING WITH UNCERTAINTY

How to navigate financial unpredictability

**THE WORLD FEELS MORE UNCERTAIN THAN EVER**, with 83% of UK adults agreeing that life has become less predictable, according to research<sup>[1]</sup>. This growing unease is reshaping how people view their finances, with six in ten (59%) feeling less confident about their financial future because of recent changes in the UK.

**F**rom inflation to energy costs, financial pressures are mounting. Nearly all UK adults (94%) are concerned about rising prices, while 91% worry about energy bills. Tax increases and interest rate hikes are also weighing heavily on people's minds.

## FINANCIAL DECISIONS IN UNCERTAIN TIMES

This uncertainty is prompting many to rethink their financial strategies. Almost a quarter (23%) are opting for cash savings rather than investments, while one in five (19%) are considering delaying retirement. Among those aged 55 to 65, 11% are even withdrawing money from their pensions earlier than planned.

However, it's not all doom and gloom. Encouragingly, 48% of people are building

up additional savings, and 18% are seeking financial advice to navigate these turbulent times. These proactive steps can help individuals regain control of their financial future.

## BALANCING SHORT-TERM NEEDS WITH LONG-TERM GOALS

While saving more is a positive trend, holding too much in cash can erode its value over time due to inflation. A balanced approach, combining cash savings for short-term needs with investments for long-term growth, can provide both security and the potential for financial wellbeing.

Periods of uncertainty underscore the importance of understanding your options. Small actions, such as reviewing your pension or seeking professional financial

advice, can make a meaningful difference over the long term.

## PRACTICAL STEPS TO BUILD CONFIDENCE

**Review your pension:** Check your savings, update your retirement age and ensure your details are up to date.

**Think long-term:** Avoid making hasty decisions; gradual adjustments often yield better results.

**Understand your options:** Explore different ways to draw income from your pension.

**Balance savings and investments:** Diversify to meet short-term and long-term needs.

**Seek advice:** Professional guidance can help you make informed decisions tailored to your circumstances.

Taking proactive steps now can not only help you weather the current uncertainty but also lay a strong foundation for the future. By staying informed, reassessing your financial goals and seeking advice, you can build resilience and confidence in your financial journey. Remember, even small, consistent



actions today can yield significant benefits over time, ensuring you're better prepared for whatever lies ahead. ■

### NEED MORE GUIDANCE?

Feeling uncertain about your financial future? Take the first step today, contact us. We're here to listen, address your concerns and guide you through your options with professional advice tailored to your needs.

#### Source data:

*[1] Research conducted by Ipsos on behalf of Standard Life in June 2025. In total, 6,000 participants took part in the online survey. Participants were aged 18-80 and included working, unemployed and retired people. Quotas and weights were used to ensure respondents were representative of the UK general population by age, gender and region.*

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# KEY STEPS TO TAKE BEFORE THE TAX YEAR ENDS

Why you should act now: Have you used your allowances before 6 April 2026?

## WITH THE 2025/26 TAX YEAR-END FAST APPROACHING,

now is the time to act. Waiting until the last minute could mean missing out on valuable allowances that can boost your finances and save you money.

**W**e've all been there, scrambling to meet a deadline, whether it's for work, a holiday booking or filing paperwork. But when it comes to your finances, that last-minute rush can be costly. By planning, you'll not only avoid unnecessary stress but also set yourself up for a stronger financial future.

Everything you do now could secure tax savings before it's too late. Leaving action down to the wire often leads to missed opportunities for your money to grow tax-free and prompts rushed, potentially poor decisions. By making the most of every available allowance now, you lock in more financial value for the year ahead.

### MAXIMISE YOUR ISA ALLOWANCE BEFORE IT EXPIRES

A key priority this year is making the most of your Individual Savings Account (ISA) allowance. For the 2025/26 tax

year, you can put up to £20,000 into ISAs across Cash, Stocks and Shares, Innovative Finance and LISAs.

The real power of an ISA lies in its tax efficiency. All gains, interest and dividends within your ISA are tax-efficient. However, this benefit isn't retroactive; it applies only if you act before the 6 April 2026 deadline.

### WHY EARLY ACTION MATTERS

The sooner you invest in your ISA, the longer you benefit from tax-efficient compounding.

What is tax-efficient compounding? Simply put, it means your investments grow faster because you aren't paying tax on the gains, and those gains then generate their own earnings.

If you don't use your allowance before the deadline, it's lost for good. You cannot carry it over to the next year, so don't miss out on this valuable opportunity.

## BOOST YOUR PENSION POT

The annual pension allowance for this tax year remains at £60,000 or 100% of your earnings, whichever is lower. Tax relief is applied based on your relevant earnings; if you have no or low earnings, you can still contribute up to £3,600 gross. Maximising your contributions before the tax year ends gives your retirement pot another full year to grow and benefit from generous tax relief.

### This is especially crucial if you are:

- Nearing retirement and want to maximise your final pot size.
- Planning a substantial pension top-up.
- Looking to reduce your taxable income for the current year.

Leaving it too late could mean missing this year's allowance entirely and falling behind on your long-term retirement goals.

### USE OTHER ALLOWANCES OR RISK LOSING THEM

ISAs and pensions aren't the only tools you should consider. There are several 'use it or lose it' allowances that reset on 6 April. If



you haven't utilised them by the deadline, they vanish.

**Key allowances to review include:**

**Capital Gains Tax (CGT) Allowance:** This has been reduced to £3,000 for individuals (£1,500 for most trusts). If you are sitting on investment profits outside of an ISA or pension, utilising this allowance can save you a significant tax bill.

**Dividend Allowance:** This has been cut to just £500. Ensure your investments are structured to mitigate the impact of this lower threshold.

**Junior ISAs:** Don't forget the younger members of the family. Funding Junior ISAs is a great way to pass on wealth tax-efficiently.

**Giftng:** Making gifts now can help reduce the value of your estate for Inheritance Tax purposes.

**Spousal Transfers:** If appropriate, splitting allowances with a spouse or registered civil partner can double your household's tax efficiency.

Every action you take contributes to your family's overall financial wellbeing.

**GET PROFESSIONAL SUPPORT TO MEET THE 6 APRIL DEADLINE**

Tax rules are constantly changing, and navigating the right steps to take on your own can be daunting. Seeking professional advice now ensures you make the most of what's on offer and have a clear plan in place well ahead of the deadline.

Adapt your financial strategy sooner, rather than later. You'll make informed decisions, avoid the 11th-hour panic and feel confident that you've used every allowance to its full potential. ■

**ARE YOU READY TO USE YOUR TAX ALLOWANCES?**

If you want to secure your finances and make the most of this tax year's opportunities before 6 April 2026, contact us today. We are ready to help you navigate your options, act ensure your financial plans stay on track.

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# SECURING YOUR FAMILY'S FINANCIAL FUTURE

Start the conversation: Why financial planning with older relatives matters

## **DISCUSSING FINANCES WITH OLDER RELATIVES CAN FEEL**

**DAUNTING**, yet it's a vital conversation for everyone involved. Many families avoid these talks out of discomfort, yet addressing financial matters early can prevent misunderstandings and reduce future stress. Understanding their financial situation and identifying potential gaps build a foundation of transparency and trust.

**F**rom managing daily expenses to planning for long-term care, open conversations are essential. They offer an opportunity to address concerns, explore options such as income protection and make informed decisions together. Tackling these topics proactively helps families prepare for the future, safeguard their financial wellbeing and build intergenerational security.

## **WHY THESE CONVERSATIONS MATTER**

Some families avoid financial discussions, often assuming there's no need.

However, avoiding these conversations can lead to confusion and missed opportunities for effective planning. Early discussions enable families to work together, ensuring that care plans, estate distribution and financial wellbeing are managed smoothly.

Discussing finances also helps identify potential challenges before they arise. Whether it's unexpected care costs, managing an inheritance or simply ensuring day-to-day expenses are covered, these conversations can provide clarity and peace of mind for everyone involved.

## **KEY QUESTIONS TO ASK**

Start by asking your relatives whether they've reviewed their living costs recently. Creating a budget that covers essentials, savings and one-off expenses can help manage day-to-day finances. Younger family members can help find online deals or ensure tax allowances, such as the Marriage Allowance, are claimed.

Another critical question is whether they've considered the impact of Inheritance Tax (IHT) on their estate. Rising house prices and frozen tax thresholds mean more families face higher IHT bills. Strategies such as gifting assets or setting up trusts can help reduce liabilities, and a financial adviser can guide you through the best options.

## **PLANNING FOR THE UNEXPECTED**

It's also worth discussing whether your relatives have an up-to-date Will and whether they've considered setting up a Lasting Power of Attorney (LPA). An



LPA allows a trusted person to make decisions on their behalf if they're unable to do so, providing peace of mind for the whole family.

Long-term care costs are another important topic. These can significantly erode wealth, but options such as immediate needs annuities can help. Keeping all important documents organised and accessible is also essential to avoid confusion during critical times.

Early financial planning benefits everyone, reducing stress and ensuring your family's future is secure. By working together, families can make informed decisions and focus on enjoying their time together. ■

### **READY TO SECURE YOUR FAMILY'S FINANCIAL FUTURE?**

Don't wait until it's too late. Start the conversation today. Whether it's planning for care costs, managing inheritance or simply organising important documents, taking action now can make all the difference.

For professional guidance tailored to your family's needs, please get in touch with us. Together, we can help you create a plan that provides peace of mind for generations.

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# ARE YOUR TRUSTS IN SAFE HANDS?

Understanding the importance of trusts in financial planning

**TRUSTS ARE A CORNERSTONE OF EFFECTIVE FINANCIAL PLANNING**, providing a secure way to protect wealth, support loved ones and manage the transfer of assets. Despite their significance, many people remain unclear about what trusts are and how they work. So, what exactly is a trust, and why should it matter to you?

A trust is a legal arrangement in which a settlor transfers assets to trustees, who manage them for the benefit of named beneficiaries. These assets can include property, investments, cash and business interests. The terms of the trust are set out in a trust deed, ensuring the settlor's wishes are followed.

## **WHY TRUSTS ARE WORTH CONSIDERING**

Trusts offer a range of benefits tailored to your financial goals and family circumstances. They can safeguard assets for future generations, determine how and when beneficiaries receive their inheritance and even protect against claims in divorce or from creditors. Additionally, trusts are a powerful tool for charitable giving, enabling efficient and impactful donations.

Incorporating a trust into your financial plan also offers control, flexibility and privacy. Unlike Wills, trusts are generally private, and certain types, such as discretionary trusts, allow trustees to adapt to beneficiaries' changing needs. Trusts can also play a vital role in business succession and tax planning, helping to reduce Inheritance Tax liabilities after seven years.

## **THE ROLE OF TRUSTEES: A SERIOUS RESPONSIBILITY**

Becoming a trustee is a significant legal commitment. Trustees must act in the best interests of beneficiaries, comply with the trust deed and adhere to the Trustee Act 2000. The lead trustee is also responsible for registering the trust with HMRC's Trust Registration Service (TRS) and keeping its details up to date.



Failing to register a trust can result in financial penalties, with more severe consequences for deliberate non-compliance. Registration requires details such as the trust's name, creation date and the identities of the settlors, trustees and beneficiaries. ■

#### **TIME TO TRUST IN YOUR FUTURE?**

Like any financial arrangement, trusts should be reviewed regularly to ensure they remain fit for purpose. Changes in family circumstances, finances or legislation may require updates to your trust. To find out more or discuss whether trusts could be an option, please contact us.

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