CHAPTERS FINANCIAL®

NEWSLETTER

Spring 2026

Welcome

The weekend that heralded the start of March 2026 was headlined by the bombing of Iran and their retaliation and at the time of writing this newsletter, the ramifications are ongoing and time will tell what will happen in the next few days and weeks.

Understandably, oil prices rose promptly (again at the time of writing) and some equity markets opened marginally lower. Gold prices were slightly lower by the end of the day, although these market movements are of course not a guarantee of future performance.

The end of the calendar year 2025 seems only a short time ago, but we are now heading quickly towards the end of the financial year on 05 April 2026. There is much to consider.

The malaise that is surrounding UK politics continues (see the recent by-election results as an example) and many hope that some calm will settle on Westminster for the future, although this looks unlikely. The Spring Forecast (or Statement) was given in the House of Commons on 03 March by the Chancellor, Rachel Reeves MP, and we have featured the detail of the Forecast on page 5 of this newsletter. If you would like to discuss any aspect of these announcements, then please let me know. Both inflation and bank base rates remain elevated and with rate decisions ahead for the Bank of England, it will be interesting to see what moves they make, particularly against the recent increases in oil prices.

With the long Easter weekend spanning the end of the tax year and the beginning of the new, the number of days left to use up any annual tax allowances that are prudent and affordable is diminishing quickly. It should be noted that there no longer seems to be a time of the year within the financial advice arena that is not busy, with many spreading their attention to their personal finances over the year, rather than waiting for a deadline to appear on the horizon. However you plan to spend the forthcoming Easter break, we hope you enjoy the period. You may like to take time to review your financial planning and attitude to risk as it is always worth ensuring that it still reflects your current circumstances.

Summer 2026 will see the football World Cup in the US, Mexico and Canada unfold over the months of June and July and for some, this might be a distraction (and for others of limited interest, although I am sure that there will be other events that might suit).

The team at Chapters Financial looks forward to helping you with your financial planning as we reach the end of the tax year, and as we move into the new tax year 2026/2027. The number of referrals that we are receiving seems to have increased in the last period and we send our thanks for the introductions we receive.

Speak to you soon.

Keith Churchouse

How is your cash protected and what are the new limits?

Keeping an eye on your money is important. You will appreciate that we are advocates of this, along with keeping your money safe if a financial institution has a problem. But how is your money protected if it is held in an authorised bank or building society?

The deposit protection scheme is part of the Financial Services Compensation Scheme (FSCS) and further details can be found at www.fscs.org.uk.

It was good to hear at the end of last year, that the deposit protection limit – the amount of money that is protected if a bank or building society fails – was increasing significantly. From 01 December 2025, the deposit protection limit rose from £85,000 to £120,000 per person, per UK authorised deposit taker. This is the biggest increase since 2017, and is higher than the proposed £110,000, reflecting both the inflation environment and feedback from detailed consultations.

The increase is certainly good news for consumers. However, there are some important points to bear in mind, and we have touched on a few below, which we hope will be helpful.

How does the protection apply?

It's important to remember that the protection applies per individual, per authorised firm/deposit taker. Some banking groups operate a range of brand names under one licence. In this case, the deposit protection limit would cover the total amount of cash held across those brands. As an example, HSBC and first direct share a banking licence.

What about joint accounts?

For an account in joint names, the same limit applies per individual, and therefore a joint account balance could be protected up to £240,000 under the new limit.

Did protection for temporary high balances increase too?

Yes it did, from 01 December 2025, in line with the change to the deposit protection limit. Protection for temporary high balances (to cover significant life events such as selling your main home or receiving an inheritance) rose from £1M to £1.4M.

The protection lasts for six months if certain requirements are met (see fscs.org.uk for more details).

How do I check if my money is protected?

The FSCS provides a helpful protection checker, which displays all firms linked to the same Firm Reference Number, including trading names and subsidiaries.

As noted above, some banks / building societies share a banking licence over a number of brands, and this could affect how much of your money is covered. You can check whether this applies to your savings by adding all your accounts to the FSCS checker.

Remember, if an offered return looks too good to be true, this is usually the case, so be careful when selecting where you hold your funds and do your checks first.

What if my cash holdings are higher than the deposit protection limit?

Another option for cash holdings is National Savings & Investments (NS&I), the UK government savings bank. NS&I is backed by HM Treasury, and the deposit protection limit doesn't apply – savings are protected up to the maximum allowed investment into NS&I products (as examples, £2M into the Direct Saver account, £1M each into a range of fixed-rate and easy access bonds). Further details may be found at www.nsandi.com.

Summary

Do keep your cash holdings under review, both to ensure that you are receiving a reasonable return on your savings and to identify any accounts which might be over the new deposit protection limit or not protected at all.

If you are thinking of switching funds between accounts, be careful to check first that no penalty applies (for example, for moving funds before the end of a fixed term).

Spring Forecast 2026

The Chancellor of the Exchequer, Rachel Reeves MP, delivered her Spring Forecast at lunchtime on 03 March 2026. As was widely expected, she used her speech to try to emphasise stability and strength in UK public finances as a buffer against increasingly uncertain geopolitical situations.

The messaging from the government in the run-up to today's announcements was firmly that this would be a 'non-event', with no major policy announcements. Even the change of wording from 'statement' to 'forecast' seemed to be focused on playing it down, and at one point, it was even suggested that a junior minister might deliver the Forecast, rather than the Chancellor herself. It was clear that the intention was to avoid the widespread and damaging speculation that occurred in the run-up to the historically late Budget in November 2025.

The Office for Budget Responsibility (OBR) must produce two economic forecasts each financial year. The first was for the Budget in November 2025, and the second was for the Spring Forecast 2026.

Until recently, at the same time as its economic forecasts, the OBR also included a formal assessment of the government's fiscal rules (i.e., whether the Chancellor is on course to meet their targets for the public finances). Following changes announced at the last Budget, the OBR will now only formally assess these rules once a year, at the Budget, and therefore the 2026 Spring Forecast was the first not to include a formal assessment of the fiscal rules.

The change was introduced to reinforce the Chancellor's intention that the yearly Budget is the only event at which the government makes major tax and spending policy announcements, in order to try to provide greater certainty and stability for businesses and households.

So what came out of the Spring Forecast? The latest estimates for growth, inflation, government spending, tax income and unemployment were released by the OBR, although it is important to remember that these do not take into account any impact of the rise in oil and gas prices from the bombing of Iran by the US on the weekend prior to the forecast.

The updated growth forecasts from the OBR were largely unchanged from the April 2025 forecasts, although growth in 2026 was downgraded slightly. However, gross domestic product (GDP) per person is now set to grow more than was expected in the autumn, by 5.6% over the course of this parliament. Unemployment is set to peak later in 2026, with falls then forecast each year of the forecast period. Public sector net borrowing is expected to continue to fall, as is inflation.

Only time will tell whether these forecasts are realistic, given the uncertainty and instability the world continues to face. It is no coincidence that one of the first points the Chancellor made was on increased defence spending.

Don't spend it all at once! Financial planning for other generations

You might remember telling your child not to spend it all at once when handing over their pocket money on the agreed day (usually Friday or Saturday) as they eagerly looked to the High Street to see what they could buy this week.

The importance of putting part of the money aside as savings for a later date, or for a larger purchase, might have been advised as part of the education process of understanding how money and money planning works. And this process and education never really ends.

Perhaps with other generations, such as grandchildren and extended families, now within the fold, passing on thoughts of financial planning, and admittedly usually funds, has never been so important in looking after their futures. The bank of Mum and Dad has often extended out to the grandparents.

The standard gifting rules for inheritance tax purposes remain largely unchanged and these provide the opportunity to pass funds on to younger generations (see table below). However, the question posed by this article is what they do with the funds when received? This is where financial planning can really add value.

There are many opportunities for younger generations to save in a tax efficient manner, and one good example might be a Junior ISA up to £9,000. Pension contributions within limits can also add future value among various other options, such as Premium Bonds. The obvious advantages are putting some money aside for future use and using inheritance tax allowances where available, whilst also continuing to further the important financial planning education that you may have started all those years ago.

I am sure that any gifts made will not be used to rush to the High Street to buy this week's sweets and records. However, some early financial planning for future savings now might add great value in understanding what can really be achieved with money in the long term.

Please speak to the team at Chapters Financial to discuss your needs and objectives for gifting and investing for other generations.

Gift allowances 2026-27

Annual	£3,000 which can be gifted to one person or split between several people (you can go back a year if you have not used your allowance in 2025-2026)
Small gifts	£250 per person providing another allowance has not been used on the same person
Wedding gifts	£5,000 to a child, £2,500 to a grandchild or great-grandchild, £1,000 to any other person

Pension and inheritance combinations – protecting the estate into the future

Recently, it has felt as though many tax nets are tightening. Often, one change on its own can feel acceptable. However, it can be the combination of existing rules and new regulations that combine to give a different (and potentially unforeseen) calculation as to the tax burden that might apply.

As an example, we know that unused pension funds, held in plans such as personal pensions / income drawdown arrangements, and passed on as an inherited pension on death will become subject to inheritance tax from April 2027. Transfers between spouses should be exempt.

Another historic pension rule is that on death unused pension funds that remain in place post the age of 75 are chargeable to tax at the recipient's highest marginal income tax rate, which might be 20% or 40% (or higher!). Based on current legislation, it is the combination of this old rule and the new inheritance tax rule that could see an effective 'double-whammy' of tax taken from an inherited pension fund post April 2027.

As an additional note, if a client has a high value estate, close to £2M, and passes away over the age of 75 and after April 2027, their pension fund would form part of their estate and could take their overall estate value over £2M. From that point, the residence nil rate band (currently £175,000 each where allowed / applicable), begins to taper away. Perhaps a 'triple-whammy' of tax!

For some, the attraction of maintaining significant pension funds into their old age has waned and some have made changes to look at ways of rethinking their overall financial planning to potentially mitigate a future tax position. Readers of our website and blog pages will know that we are advocates of a regular review.

One potential option is to consider insuring the future inheritance tax liability and I understand that many have visited or indeed revisited this position to see if cover can be arranged in a cost-effective manner. Bespoke cover can be arranged, subject to successful underwriting / medical underwriting, for the whole of life, or for a fixed term, to effectively put up an umbrella of cover to protect the estate, perhaps whilst other changes are made. The balance between protection cost versus overall protection cover needs to be considered carefully.

We would recommend that any life cover policy is written in trust to place the proceeds outside the estate for inheritance tax purposes. Many providers can offer a trust wording, and Trustees would need to be appointed; however, some may prefer to take their own individual legal advice before proceeding.

As rules and regulations change, evolve, and as we can see above sometimes combine, reviewing your financial planning is usually worthwhile.

Vulnerability is real

With the beginning of Spring upon us, hopefully sunnier, brighter days will herald a fresh start for many. However this is not the case for everybody and for some people particular events and times of the year can create additional angst, frustration and loneliness. The causes of each situation and emotion are as individual as the person themselves. Vulnerability is real and relevant.

To reference this further, the Office for National Statistics (ONS) notes that there were 28.6 million households in the UK in 2024, 29.5% of which contained a single person. More people lived alone in 2024 (8.4 million) than in 2014 (7.6 million), and a higher proportion of them were aged 65 years or over (51.1% in 2024, 45.5% in 2014).

For more information and statistics, visit the ONS website www.ons.gov.uk.

The increase in older people living alone is partly due to the large number of children born in the 1960s reaching older ages, although may also be associated with a change in relationship patterns – more people aged 65 and over are now divorced or single than was the case 20 plus years ago.

Time may not be the great healer that was once suggested, and age can also be a thief in the night in making a once able and capable individual vulnerable. We have worked with hundreds of individual clients for over two decades, and it can be challenging to spot the signs that the person you welcomed all those years ago has moved to a different point in their lives where their vulnerability is apparent.

As independent financial planners, we would as a matter of course anticipate that a client would make a Will, and over the age of 60, we would normally recommend that they establish Power of Attorney arrangements (there are two types) in good time and just in case. Going further, we would also like to know where these are held and in addition, whether a client has family/friends they trust who know where these documents are held and (with their permission), their details, which we hold on file, noting that if anything goes wrong, it is likely to be them that will make contact. We also ask the client to pass on our details to this contact for their records or leave our details with the Will and Power of Attorney documents.

These points may seem to some obvious, but as we all age, particularly noting the statistics above for those living alone, the reality and experience of having to help in the event of death or loss of capacity comes to the fore. Taking steps to ensure correct service to a client who is vulnerable is vital and we have a vulnerability process within our systems to ensure that clients are cared for correctly.

None of us knows how our health will evolve in the future. We can take steps to be fitter, healthier and take good medical advice. However, life always is in a way a lottery when it comes to health, wellbeing and capacity.

Whatever you do, make sure you are ready for your future.

And finally … From content to content

Jargon! Our profession loves financial jargon and acronyms and seems to have been unable to shift away from this as time has moved on. Indeed, in some cases, just the opposite.

Each document, piece of provider literature, or element of a letter would normally focus on a specific product, tax rule, or the like, and this is important. However, from a client perspective, long, jargon-filled documents can cause confusion, and sometimes frustration in trying to understand what they currently have and, importantly, how they might benefit into the future.

This raises the question of how we can help to move from wordy financial content to a content client. The key point of course must be good communication, in all its formats, favouring clarity over complication. A good example might be the pages of this newsletter...although we would say that!

In recent years, the Financial Conduct Authority (FCA) put in place the Consumer Duty, a new and positive set of rules which aims to improve (and has improved) consumer outcomes, including consumer understanding and support. Getting the right message to the right client in a timely fashion is important in achieving the right outcome for investment, pension and overall financial planning objectives.

Some recent feedback on Chapters Financial

Feedback, and the referrals we regularly receive, are always important in measuring and improving processes and outcomes, and we are always keen to hear how our clients feel about the support we provide. We're delighted to say that the comments we receive are invariably positive, and some recent examples are as follows:

Thank you, Keith, for your thoroughness and expert advice – I am so glad I was introduced to you!

I have to say it has been so reassuring over the years to know you have 'had our back' financially. This is certainly very much appreciated now we are retired. Your guidance and advice has made the options we have now possible. Thank you so much.

Thank you and Vicky for all your assistance over the last couple of years. My only regret is that I didn't find you earlier on my pension journey. It might have made things a lot easier!

In conclusion everything has gone precisely to plan, and we thank you and your colleagues for your expertise. This element in our financial planning has emphasised the need to seek well qualified and professional advice when dealing with pension matters. Well done (you can quote me on that).

Hopefully most are content!

Summary

Many find the world of personal finance baffling, and it certainly can be. If you are one of them, then please do not feel that you are alone. If you are finding it challenging to get through the content of financial documents, jargon, and wording in order to be content with your pension, investment and financial planning, then please get in contact with the team at Chapters Financial to see how we can help. We can also signpost to other professionals if needed.

Summary & Review

Please do pass our details on to contacts you may have that may benefit from our service. We are always pleased to receive referrals.

Please contact the team at Chapters Financial; Keith, Vicky, Esther, Catherine or Suzanne on 01483 578800 or by email at info@chaptersfinancial.com to discuss your requirements and to book a meeting or financial planning review.

If you would like to receive this information in email format, please let us know.

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