



Established 2004

SUMMER 2026 NEWSLETTER





## Welcome



As we approach the halfway point of 2026, the cost of living has come into sharp focus for many as prices of most goods and services have risen over the first six months of the year.

With the conflicts over the Strait of Hormuz and in the wider Middle East area lasting longer than originally anticipated, the cost of oil and of global production has risen sharply. It may be many months before we see any easing of this position. In line with this, inflation has risen and we may see rises going forward in the Bank of England's base rate, which is the fiscal tool of choice to control inflation. Those with variable deposit type savings are likely to see interest rates being elevated and correspondingly borrowing rates also remaining higher. The real return on savings rates, taking into account inflation, is usually low.

As you might be aware, we have seen volatility (and a fair amount of it) in investment markets, particularly equity-focused funds. However, so far (and in no way a guarantee of future performance), many markets have held up against the backdrop of the continued conflicts. Later this year (November) we have the US mid-term elections, and this may see changes in the power base of America.

Investment fund providers continue to streamline and simplify their fund ranges, and we continue to see many changes in fund names and investment objectives.

It is clear that planning for your finances for the balance of the year ahead is important,

particularly if we anticipate inflation remaining high. I am sure most of us have found the fill-up at the petrol pump or the supermarket checkout being surprisingly high of late. The next energy price cap increase has also been announced. We have moved into the new tax year, 2026/2027, with many annual allowances restored, and if you would like to look at your options, then please let us know.

The significant headlines from Westminster from the early part of May evolved quickly as our PM looked steadily weaker. The clear moves by others to secure the end of his tenure continue, and it looks like a summer of political discontent for the UK until the end of the summer recess and the start of party conference season. This malaise and uncertainty was reflected in the gilt markets, and borrowing costs have risen still further. Correspondingly, some annuity rates have tracked higher.

With summer now on the horizon, and perhaps the call of the great outdoors beckoning, we look forward to helping you with your investment, pension and financial planning over the balance of 2026. Both the team and I send our thanks to those who have referred contacts to us over the last period, which are gratefully received.

And finally: don't forget to vote for the animals you'd like to see on the next series of banknotes – visit the Bank of England's website by 03 July to have your say.

Speak to you soon.

Keith Churchouse



## Mind the gap: Generation X and pension savings



As you would expect, the team at Chapters Financial interacts with a wide range of age groups through our financial planning work. It's always fascinating, indeed a privilege, to engage with new people and to learn about their personal journey and circumstances in the process of helping them to plan their financial future.

Each individual is exactly that – an individual – with their own unique personal and financial circumstances. However, there are broad trends, issues and contexts (positive and negative) that apply to each generation, and this applies to pension savings as well as to many other situations.

A good example of this in the UK is the pension savings (or not) of Generation X, who are those born between 1965 and 1980. New research by the Social Market Foundation, sponsored by the Standard Life Centre for the Future of Retirement, indicates that many Generation X individuals are in danger of retiring with too little pension income. Many in this generation have fallen into the gap between two pension systems, having been born too late to benefit from widespread final salary pension schemes of the past, and only being automatically enrolled into workplace pension plans later in their working lives. Stakeholder style pensions were introduced in 2001, but had no compulsory contribution mandate, and therefore, although a good low-cost pension solution, were often overlooked.

There is also the State Pension which should help in an individual's overall pension provision, and it is

worth checking this to ensure that the maximum benefit will be achieved and when it will be available.

The research summary makes interesting reading and some of the key points raised are as follows:

- Generation X will be the first generation in the UK who are mainly reliant on money purchase / defined contribution pensions for their retirement income
- Over half (54%) of Generation X individuals may be at risk of inadequate retirement income – as the research notes, this is a group of around seven million people who may experience 'pension shock'
- 15% of Generation X have low pension savings and no other assets such as property or investments / cash savings to rely on, meaning that those in this group may experience severe financial difficulties in retirement
- 57% of this generation have not considered the cost of retirement and may well have an unpleasant surprise when they start planning for their retirement, or they first draw benefits
- Half of those affected feel that they are responsible for the amount they've saved into pensions; however, those experiencing 'pension shock' also often blame government, employers and the economy for their difficult financial situation

The issue of inadequate pension savings is of course not confined to one generation. However, with Generation X falling firmly in the gap between the end of final salary pensions and the beginning of auto-enrolment, and with this generation fast approaching retirement, there is a pressing need for action. Some people feel that they have 'ticked the box' of pension funding by being a member of an employer's auto-enrolment scheme. It is good that both they and their employer are contributing to a pension; however, the contribution levels are usually fairly low, so the outcome might be disappointing.

If you would like to review your pension planning to check whether you're on track for the retirement you would like, please do contact the team at Chapters Financial.

## 'Surcharge'...now that's a word from the early 1970s economy!



There is much to consider economically at the moment following the continuing turmoil in the Middle East. This applies to UK households and businesses alike.

Many elements of our day-to-day lives will be affected by increasing costs over the balance of 2026 and possibly beyond. The International Monetary Fund (IMF) confirmed in mid-April 2026 that whilst there are some 'green shoots' of recovery in the future, the UK is likely to see growth fall in the short term, with the effects of the Iran war hitting the UK's economy the hardest of the world's advanced economies.

I have made a few observations below, and as one small example, I received the night before writing this article a text from a home services supplier detailing the 'surcharge' they are now applying to their services until the economy settles down, and I am sure we will see more of these over the coming weeks and months. 'Surcharge'...now that's a word from the early 1970s economy!

The oil price is key for all. Prices at the pumps, food retailers, manufacturing, home energy and the like are likely to rise firmly over the coming months,

and the overall cost of living will therefore rise. Being ready and prepared financially is likely to be important over the next period, perhaps to the end of 2026.

The current Bank of England base rate, the Bank's favoured tool to control inflation, currently at 3.75%, is likely to rise. Predictions range from two to four times this year to keep a lid on inflation. Good news for savings rates perhaps, although not such good news for borrowing costs, nor perhaps for the residential property market. We have seen deposit savings rates staying firm at the time of writing.

As noted above, we have seen volatility (and a fair amount of it) in investment markets, particularly equity-focused funds. However, so far (and in no way a guarantee of future performance), many markets have held up against the backdrop of the continued conflicts.

The table below illustrates this further:

Index	01 June 2025	01 June 2026	% change
FTSE 100 (UK)	8774	10409	18.63%
FTSE All Share (UK)	4760	5604	17.73%
Dow Jones (US)	42305	51032	20.63%
CAC 40 (France)	7737	8171	5.61%
Dax 30 (Germany)	23,930	25083	4.82%

*Past performance is not a guarantee of future performance and fund values can fall as well as rise and are not guaranteed.*

Other markets / indexes have also seen growth, and pension annuity rates have largely increased over the recent period.

This is only a snapshot of our view of the current economic position. These notes and observations are not guaranteed.

It's going to be an 'interesting' few months ahead and as noted, budgeting ahead and checking your current position, making some financial preparations for higher costs and being ready should be well worthwhile.



## Financial resilience – how prepared are you?



Financial resilience within a household can already be squeezed, without any additional issues arising. If illness were to occur, then the financial situation can deteriorate quickly. This article is not designed to potentially scare a reader into taking out some sort of protection, but to consider what the reality might be, where you are in relation to this, and if you are comfortable with the situation as it is.

With inflation and prices rising, especially recently, the cost of living is not getting any easier to cope with. Sensibly, you may well have some accessible savings as an emergency fund if (as examples) the car breaks down, the roof leaks, or you just want to go on holiday. However, if you were unable to work, due to ill health, how long could you keep afloat financially? Days, weeks, months, or more?

Importantly, if you are employed, how long will your employer pay you if you are unable to work, either at a full rate or at a reduced rate? You might want to have a look at your staff handbook to see where you are, and importantly if their cover is enough for your circumstances.

We are all individual, as are our finances, and the usual bills that we pay are unlikely to go away if we become ill. There are various insurance options that can be taken out (subject to application terms), such as income protection (sometimes known as permanent health insurance (PHI)) to replace in part income after a deferred period or critical illness cover to pay out a lump sum on diagnosis of a serious illness.

Both benefits can be used to help meet the cost of a situation changed due to ill health.

For those who are self-employed, both types of cover noted might be options to provide protection as there is no employer to rely on. There are many options available under both types of plan that can offer bespoke cover to meet any budget costs that you might have in putting up an umbrella of cover to help see you through any unforeseen circumstances. Costs are normally based on age, sex, health, and lifestyle, along with the term that you want to cover for. This might be a notional future retirement age, such as 60 or 65, or to the end of any mortgage term or school fees funding costs, as examples.

However you look at your financial resilience, make sure you know where you are. How long could you stay afloat and are you comfortable with this position? If not, it might motivate you to save more as a cash buffer. Alternatively, speaking to a financial adviser about your financial protection needs is usually worthwhile, or it might be a combination of the two options. If you already have protection in place, then check and review that it still meets your needs regularly.

Please do check your position now, and check this with your partner/spouse as well so that they know the situation and you can both be ready.

## 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](mailto: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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