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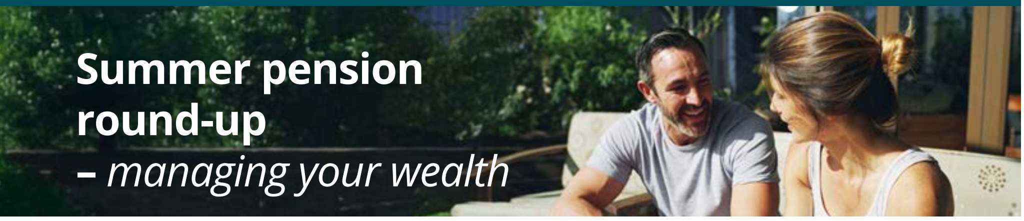
Your **Wealth** Summer Q3 2025



Summer pension round-up – *managing your wealth*

With life moving fast, demands on our time and finances never-ending, it's easy to push pensions down the priority list. Then there's the 'noise' created by global geopolitics, economic challenges and their impact on markets and in turn your finances. Sometimes burying your head in the sand (preferably on a summer holiday) may seem like the most favourable option!

When it comes to your finances, neither inertia nor acting in haste is recommended. In fact, making informed, strategic, confident decisions about your wealth has arguably never been more important.

A decade on from pension freedoms: are savers making informed choices?

Since pension freedoms were introduced in 2015, many over-55s have been accessing their pensions without understanding the tax implications or seeking advice. Research[1] among over-50s has found that only four in ten had considered the tax implications of withdrawing taxable lump sums, and just 39% had taken financial advice. Also, while over half took the full 25% tax-free lump sum, many paid off debts or made the peculiar decision to move it into savings. Nearly one in five didn't seek any guidance at all. With life expectancy on the rise, almost half of over-50s are worried about running out of money in retirement.

'Lottery effect' puts pension pots at risk

Many retirees risk running out of pension savings by their late 70s as a result of the so-called 'lottery effect' (where access to large sums prompts impulsive spending) likely to blame, according to a new study[2]. One in seven see their pension lump sum as a bonus and nearly half access it simply because they can. With the average life expectancy of a current 60-year-old in the UK sitting at 86, some retirees could be left with a shortfall between their retirement funds running out and the end of their life.

With new rules likely to be introduced from 2027 regarding unused pensions becoming subject to Inheritance Tax (IHT), careful planning remains key to long-term retirement security.

How career paths define your pension pot

Research[3] shows career progression significantly affects pension outcomes. Someone earning £25,000 at 22, with steady 3.5% annual pay rises, could retire at 68 with a £210,000 pension pot, while salary growth of 5% could boost this to £290,000. However, retiring as early as 58, for example, could reduce that pot to £176,000. While rapid career growth helps, burnout or early retirement can limit gains. Therefore, balancing ambitious career choices with wellbeing is critical.

Time to focus on your pension?

Whatever life stage you're at, we're here to help you make confident, informed decisions. Your pension deserves some airtime.

[1]Royal London, 2025, [2]L&G, 2025, [3]Standard Life, 2025

Healthy uptick in investing confidence

UK investors are showing renewed confidence, with last year marking a notable shift in sentiment – particularly among younger wealth-builders. According to research[4], investment confidence among UK adults has surged 25% year-on-year, with 65% of respondents expressing optimism about investing.

This trend is especially pronounced among the next generation of high-net-worth individuals. An impressive 87% of those aged 25 to 34 and 75% of 18 to 24 year-olds reported investment confidence – annual uplifts of 15% and 10% respectively.

More broadly, active participation is also on the rise. Nearly one-third of UK adults (31%) are investing – up 5% from last year. Among 25 to 34-year-olds, that figure jumps to 54%, reflecting a 13% increase. Importantly, appetite is still growing – 26% of this age group intend to begin investing in 2025, while 38% aim to increase their contributions.

These shifts highlight a generational pivot toward long-term wealth creation – an encouraging sign. With investor confidence on the rise, now's the time to put idle wealth to work. Holding cash may feel safe, but it risks erosion and missed opportunity. A clear, long-term investment strategy, guided by advice, can turn confidence into action and help ensure your money supports your goals for the future.

[4]Moneybox, 2025

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Inside this issue

In the news // Balancing family needs and your own financial freedom // A closer look at the 'nearshoring' trend // Who will inherit your pension? // Is 'financial independence' a better option than retirement? // Investors warned as cloning scams surge

IN THE
News

IHT receipts continue to rise

HMRC figures[5] show the 2024/25 tax year saw a record £8.2bn raised in IHT. The new tax year started in the same vein with the Treasury collecting £780m in IHT in April 2025, up £97m from April 2024, making it the second-highest monthly IHT total on record. According to the OBR's Spring Statement forecast, IHT revenues are expected to hit £9.1bn in 2025/26, rising to over £14bn by 2030.

Don't miss out on tax relief

Higher-rate taxpayers could miss out on up to £97,000 in extra pension wealth by not claiming full tax relief through self-assessment[6]. While 20% relief is automatic, higher-rate taxpayers can claim an extra 20% and additional-rate taxpayers up to 25%. Understandably, many people don't realise there are extra steps required to claim full tax relief, but even if you don't complete a tax return, HMRC can be contacted to claim the additional relief.

The cost of non-domicile tax reform

A report from the Centre for Economics and Business Research (Cebr)[7] has warned that Chancellor Rachel Reeves' plan to scrap tax exemptions for resident non-domiciled individuals could reduce public revenues by up to £12.2bn by July 2029. Cebr estimated that if a quarter of non-domiciled remittance basis taxpayers leave the UK due to the reforms, the net gain to the Treasury would be zero.

[5]HMRC, 2025, [6]Interactive Investor, 2025, [7]Cebr, 2025

Balancing family needs and your own financial freedom

The 'Bank of Mum and Dad' (BoMaD) is well known to many aspiring or recent house buyers – but have you heard of BoSaD?

New research[8] has found that, as well as supporting their own children, one in eight high earners are also taking on the role of 'Bank of Son and Daughter' to support their parents through rising costs and financial pressures.

Both BoMaD and BoSaD

The research reveals the interesting evolution of wealth through some families. As well as 73% of high-net-worth individuals (HNWIs) who financially support adult children, some 68% have helped their ageing parents or grandparents. Sandwiched in the middle, 12% of HNWIs are financially supporting both generations at the same time.

Prioritising number one?

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However, this generosity can come at the expense of their own financial goals. More than one in seven HNWIs have had to restructure their finances in order to finance their gifting, while one in eight have even dipped into their own pension savings. Meanwhile, three in 10 have had to sell or use investments and 18% say they have cut back on lifestyle spending to support others.

Getting the balance right

Helping family members meet their financial challenges without compromising your own financial future is a tricky tightrope to walk. To maximise your support for loves ones, while ensuring your own financial security, get in touch; we can talk through the various scenarios.

[8]Saltus Wealth Index, 2025

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A closer look at the 'nearshoring' trend

The pandemic, raised geopolitical tensions and supply chain shocks have all forced companies to rethink how they operate. Many, although not all, are moving away from globalisation strategies and focusing on greater resilience instead, with 'nearshoring' – bringing supply chains closer to home – becoming the priority.

A transition from 'just-in-time' to 'just-in-case' logistics

Nearshoring reflects a move away from 'just-in-time' efficiency towards 'just-in-case' preparedness. The need for supply chain stability and faster turnaround times is encouraging businesses to bring their operations closer to the markets they serve. 'Trump Tariffs' have only underlined the need for companies to explore their options. This is opening up new opportunities in both developed and emerging markets.

For example, countries like Mexico, Poland and Vietnam are positioning themselves as regional production hubs. Demand is also increasing across sectors such as automation, logistics, real estate, infrastructure and advanced manufacturing, as companies modernise supply chains closer to home.

A temporary trend or lasting change?

While some view nearshoring as a short-term response to recent disruptions, others see globalisation weakening. Perhaps, but labour costs in nearshoring destinations are often higher than in traditional offshore markets, while infrastructure and policy support can vary widely. Also, restructuring supply chains is complex, expensive and time-consuming. Political risk and protectionist policies all add to the challenges.

What do the professionals think?

According to investment manager PGIM, despite rising tariffs and shifting trade, around 75% of the world's economy remains focused on global integration rather than nearshoring. Shehriyar Antia, Head of Thematic Research at PGIM, explains, *"Even if America's 'small yard' of protected industries grows larger, companies in most industries will still seek out the benefits of free trade and competitive advantage."*

An evolving investment theme

While nearshoring will create new investment opportunities, choosing the right ones takes careful research. As the global economy evolves, those who identify and understand long-term trends are likely to be rewarded. You can rely on us to do just that.

A concerning proportion of respondents did not know who would be their beneficiary

Who will inherit your pension?

One in six people with a partner admitted in a recent study[9] that they 'do not know' who would inherit their pension savings if they were to pass away before taking them.

The majority (65%) of respondents have nominated their partner or spouse as their named beneficiary, while one in five say they have selected another family member. A small number say they are leaving their pension pot to a charity (4%) or a friend (3%).

A worrying trend

However, a concerning proportion of respondents did not know who would be their beneficiary. In particular, people living with a partner but neither married nor in a civil partnership were especially likely to be unaware – some 25% of these respondents could not name theirs.

Likewise, younger respondents were least likely to know, with one in ten aged between 16 and 24 saying they did not know. At the other end of the spectrum, those aged 79 or older were also over-represented in not knowing, at one in five (18%).

Choose carefully

Even more worrying was the finding that a further 3% of respondents believed that the person nominated as their beneficiary might still be their ex-partner. Indeed, a separate study[10] found that one in 10 divorcees have forgotten to remove their ex-partner as a life insurance beneficiary.

Don't risk your pension falling into the wrong hands – review your beneficiary regularly to ensure it reflects your current wishes and circumstances.

[9]Aviva, 2025, [10]Legal & General, 2025

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Is ‘financial independence’ a better option than retirement?

Retirement used to mean the end of working life, but that’s definitely no longer the case. People are living longer, staying healthier and keen to make the most of the time they have left. That’s where financial independence comes in.

What does financial independence mean?

Financial independence means having enough income from your assets, investments or part-time work to cover your desired lifestyle, without relying solely on a pension. It gives you the flexibility to keep working if you want to, or to pursue hobbies, travel, or even launch a second career. Essentially, it’s about choice, not just having enough to get by.

Rethinking retirement

The real goal of financial independence isn’t to stop working altogether, it’s to reach a point where working becomes optional. It’s about building a level of financial security where your investments and other income sources can comfortably support your lifestyle. Whether your income comes from rental properties, shares, or business interests, diversifying your income sources can help reduce reliance on any single pot of money, like your pension. The key is that your money is working for you, not the other way around.

Planning for freedom

Achieving financial independence takes careful planning. It means living within your means, saving and investing consistently, and having a clear idea of the life you want in later years and what that life will cost. Whether you want to slow down or simply shift direction, financial independence gives you the power to choose.

We can help build a plan around your goals, ensuring you have the income and flexibility to live life on your terms, for as long into your later years as you want.

Investors warned as cloning scams surge

Cloning scams are now the top fraud threat to people wanting to invest, a new study shows[11]. The Investment Association (IA) said there were 478 cases of firms being impersonated by fraudsters in the second half of 2024 alone.

Nearly a quarter of these scams succeeded, costing investors £2.7m. Advances in artificial intelligence are likely to make future cloning attempts even more convincing and sophisticated in nature.

These brand cloning scams involve criminals creating a nearly identical duplicate of a genuine website or email, or creating a fake WhatsApp group, using a reputable company’s logo and brand, to trick people into parting with their money, thinking they’re making a genuine investment.

Regulatory and Financial Crime Expert at the IA, Adrian Hood, commented, *“Criminals will use a variety of means to trick people into parting with their money... That’s why we’re urging consumers to stay vigilant. With cloning scams topping the list of threats, consumers should double check whether websites or emails are legitimate before transferring any money. The growth of AI is likely to see increasingly sophisticated scams, with criminals better able to mimic legitimate firms.”*

[11]The Investment Association, 2025

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