



VIEWPOINT

ST BARTS FINANCE

We hope you enjoy reading our latest financial newsletter. If you would like to discuss any of the themes raised in more detail, please get in touch.



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Protect what matters most: planning for your family's financial future

Financial planning today can bring peace of mind tomorrow. Discover how early advice, smart gifting and legacy strategies can help you care for the people you love most.

When it comes to looking after the people you love, few things are more important than ensuring their financial wellbeing now and in the future. Whether you're thinking about retirement, passing on wealth, or leaving a lasting legacy, thoughtful planning can make all the difference.

Here are some key areas to consider as you take steps to protect and provide for your family's future.

Start early, stay confident

If retirement is on the horizon - or already here - you might be wondering how best to shape your financial legacy. From making your will as tax efficient as possible to reducing your inheritance tax (IHT) liability, expert advice can help you make confident, informed decisions.

Map out your future

Before you can plan for others, it's important to understand what you'll need for yourself. Retirement looks different for everyone, and knowing your future financial requirements is a crucial first step. Once you have a clearer picture, you'll be in a much stronger position to plan for your family's future too.

Giving while living

Passing on wealth during your lifetime can be incredibly rewarding and there are smart ways to do it. There are many options to explore - from annual gift allowances to larger, potentially exempt transfers (PETs) - but tax rules can be tricky. That's where we come in; we'll help you navigate the details, so your generosity goes further.

Trusts: control with confidence

Trusts can be a powerful tool for managing your assets, offering both control and flexibility while helping to reduce tax liabilities. They can be complex but, with the right advice, they can be a valuable part of your financial toolkit. We can help you find the right trust structure for your goals.

Leave a legacy that gives back

If charitable giving is close to your heart, it can also be a smart part of your estate planning. Gifts to registered charities and certain organisations are tax-free and can reduce your IHT bill, allowing you to support causes you care about while preserving more for your family.

Your family's future deserves certainty

Estate planning doesn't have to be overwhelming. With the right support, you can make decisions that bring peace of mind and create lasting impacts. If you're ready to take the next step, or just want to explore your options, we're here to help you start the conversation.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

Estate Planning, Trusts and Wills are not regulated by the Financial Conduct Authority. Will writing is a referral service.



The silent tax

The spending power of your money is under threat

Our wealth is under attack. So-called stealth taxes have contributed to the UK tax burden hitting its highest level since the Second World War. Frozen tax thresholds and reduced allowances are pulling more of us into paying more tax, with working people and pensioners all feeling the pain.

But there's another threat to your wealth that can creep up without you noticing. Often called the silent tax, inflation can quietly erode the spending power of your money, even when your savings and investments appear to be growing. Instead of an unwelcome tax bill, inflation steadily reduces the real value of your money, meaning that every pound buys less over time.

It is one of the most persistent and underestimated threats to long-term financial security.

Rule of 72

How can we measure the impact of inflation over the longer term? If you divide your forecast inflation rate into 72, that will give you an idea of how long it would take to halve the spending power of your money.

Although it peaked at over 11% in 2022 – a 41-year high – annual inflation has averaged 2.8% for the last 15 years¹. At that rate, the real value of your money would halve in 25 years.

It sounds a long time, but it's more of a problem than you might think. With retirement often lasting 25-30 years nowadays, retirees who don't take steps to protect the spending power of their savings could struggle to maintain their living standards in later life.



Wealth protection

So, what practical steps can you take to protect your wealth from inflation?



• Hold cash, but not too much

Maintaining a disciplined approach to cash is essential. It's easy to fall into the trap of holding too much of your wealth in cash, because it feels safe and it's easily accessible. Cash is the right home for your short-term or emergency money needs. But keeping too much in low-paying savings accounts exposes more of your wealth to the risk of real-term losses.



• Investing makes sense

To protect wealth from inflation you need to invest in assets that can outpace rising prices. Equities, property, bonds, infrastructure and commodities are some of the investment options that historically keep pace with or exceed inflation. Combining these investments with tax-efficient wrappers such as ISAs and pensions can also help your money to grow faster in real terms.



• Spread your money

Investing comes with risk, which is why diversification is so important. Having a portfolio that is well spread across different assets helps protect and grow your wealth. In effect, you're investing in the problem because their value is tied to the cost of underlying goods and services. They have the pricing power or contractual ability to raise prices, rents or revenues in line with rising costs to keep your money working hard.

With the right plans in place, you can fight off the inflation threat and ensure your long-term financial security.

An ISA is a medium to long term investment, which aims to increase the value of the money you invest for growth or income or both. The value of your investments and any income from them can fall as well as rise. You may not get back the amount you invested.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

¹ Bank of England Inflation Calculator