

STRAIGHT FROM THE SHADOWS...

UNSTOPPABLE! UNCOMPROMISING!



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2026 TAX EFFICIENT WEALTH PLANNING ESSENTIALS

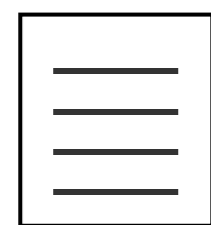
TONY WICKENDEN, FOUNDER, TECHNICAL CONNECTION

Learning Objectives

To be able to

1

Understand the **main tax changes** that influence tax efficient multi-asset intergenerational planning are



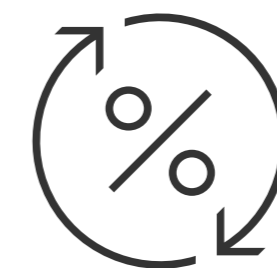
2

Understand how the **changes affect choices** in the Accumulation, Decumulation and Transfer phases of wealth planning w. so as to take cation to achieve successful intergenerational financial planning outcomes



3

Understand and explain the main **intergenerational planning solutions** that can be implemented with a range of assets typically advised on by financial planners



4

Have the **understanding and confidence** to proactively create and implement effective and truly intergenerational financial plans that meet the expressed aspirations of clients and their families



The importance of advice in times of increasing complexity

To **Understand** Choices

To **Make** Choices

To **Deliver** Optimum Outcomes

Especially following fundamental, personal, economic, market and taxation change

When advice is
delivered well you
get

Advice Alpha



The net, non-market
dependent, improvement
in financial well-being
delivered as a result of
adviser know-how,
experience and expertise.

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TAX EFFICIENT 2026 WEALTH PLANNING ESSENTIALS

THE AGENDA

1. **Shifting ground:** How the changing taxation and pensions context is re-drawing the lines for intergenerational financial planning
- 2 **Tax efficient Accumulation**
- 3 **Tax efficient Decumulation**
- 4 **The “All-Asset” lens:** Best practice intergenerational estate planning strategies for the new world
- 5 **Business valuation realities:** Intergen success and its impact on adviser business valuation
- 6 **Calls to Action:** Six ways to make a difference

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1. SHIFTING GROUND

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The Taxation Story

An overview of the key taxation changes directly or indirectly affecting tax and financial planning strategy :

- Personal Tax + NI Thresholds Frozen until 06.04.31
- +2% added to dividend tax for BRT (10.75%) and HRT (35.75%) - 06.04.26
- +2% added to all rates of tax on savings income – 06.04.27
- New separate property tax @ 22%, 42%, 47% - 06.04.27
- Cash ISA restricted to £12,000 PA for under 65s – 06.04.27
- VCT income tax relief reduced to 20% - 06.04.26
- VCT / EIS company annual investment / gross assets test increased- 06.04.26
- Call for evidence : Tax Support for Entrepreneurs (closed 28.02.26)
- New 40% FYA for P and M : available to unincorporated businesses



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The Taxation Story (continued)

- Relief for qualifying disposals to EOT down to 50% (so 50% of gain taxable on disposer /50% held-over to the EOT Trustees-26.11.25
- NIC on pension contributions from salary sacrifice - £2,000 from 06.04.29
- IHT NRB / RNRB Thresholds and £2m RNRB taper threshold frozen – 06.04.31
- Unused 100% BPR / APR on death transferable to surviving spouse / civil partner -06.04.26
- High value Council Tax Surcharge on Property over £2m – 2028



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And Let's Not Forget the October 2024 Budget ...

Employer NIC increases

CGT rate increases (10% to 18% and 20% to 24%)

BPR / APR limitations – 06.04.26 (but now £2.5m!)

Unused pensions on death as part of deceased's estate 06.04.27

Domicile replaced by Long Term Residency

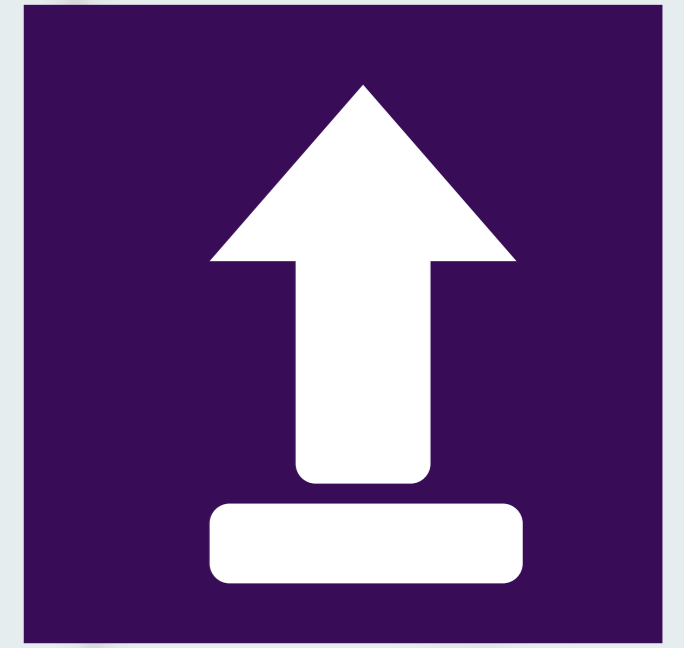
BADR rate increased to 18% : from 6.4.26

The lie of the land

Which means that there are, and will be

Plenty of opportunities for Tax Efficient Planning

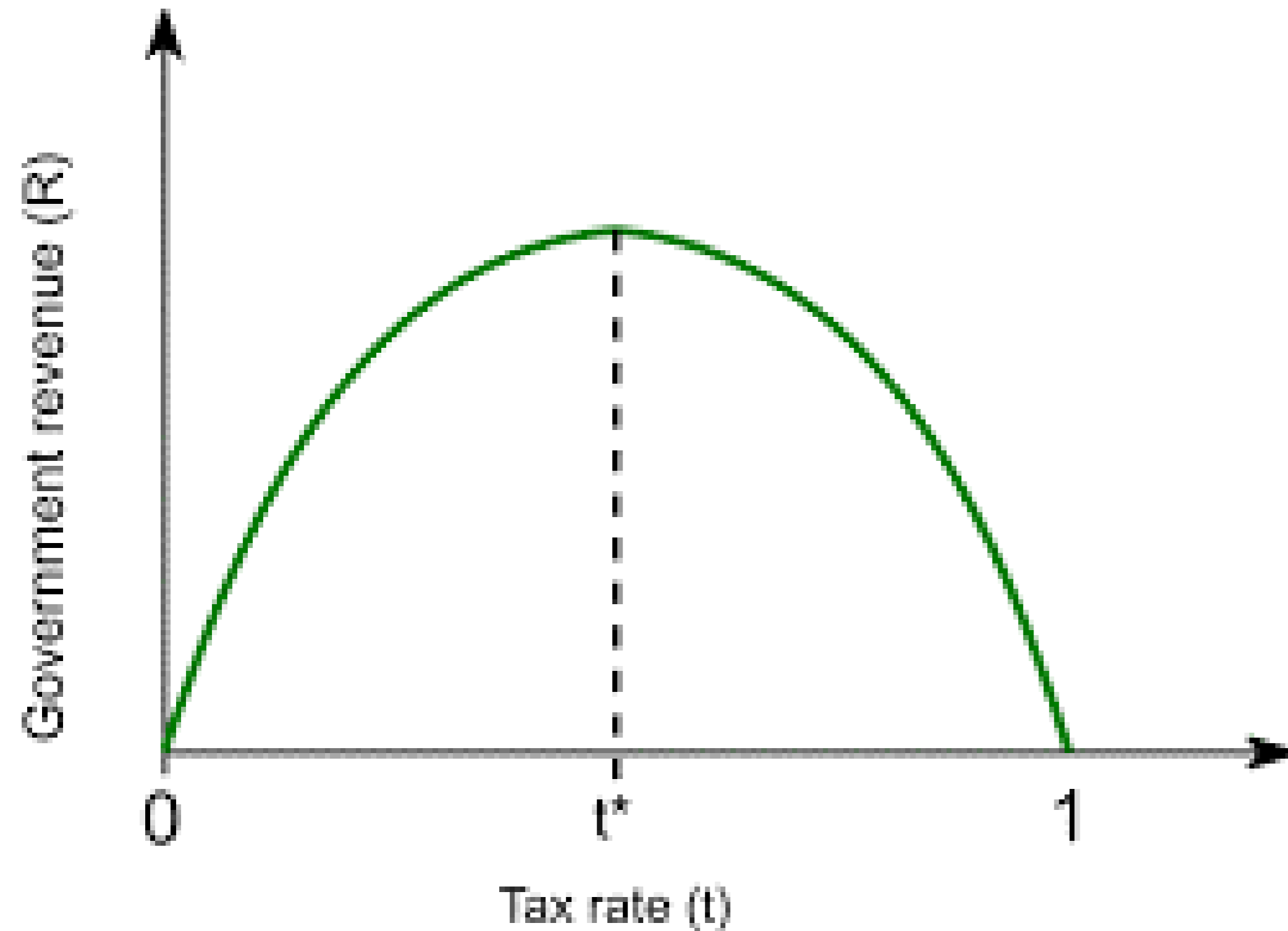
- More taxpayers
- More higher rate taxpayers
- More additional rate taxpayers
- More CGT payers
- More people leaving the UK but there will be some ex-non doms who will stay and become subject to IHT on worldwide assets
- More investors in BPR solutions with higher IHT bills
- More SME owners and farmers' families with IHT driven liquidity issues
- More reasons to question " my business is my pension"
- More pension scheme members with more IHT to consider
- More people subject to IHT due to "fiscal drag" and pensions and BPR/APR limitations



More people
needing
appropriate tax
efficient solutions.

You're 'avin a LAFFER

- ◆ Influencing Government taxation policy
- ◆ Changing investor/taxpayer behaviour

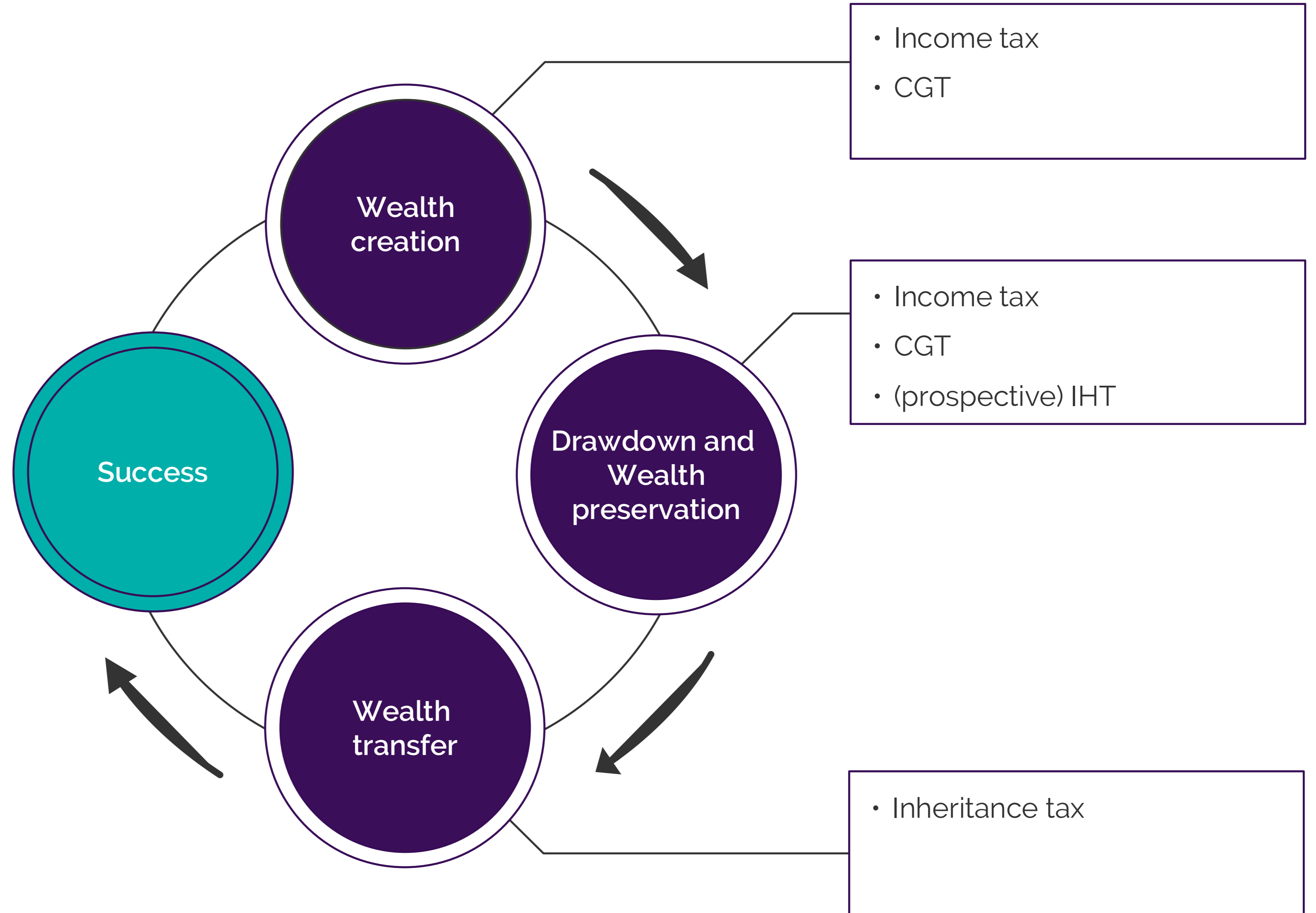


What's the optimal tax rate (t^*) to maximise revenue



Intergenerational financial success

Intergenerational success results from embedding tax efficiency into each of these stages of the wealth planning process



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2. TAX EFFICIENT ACCUMULATION

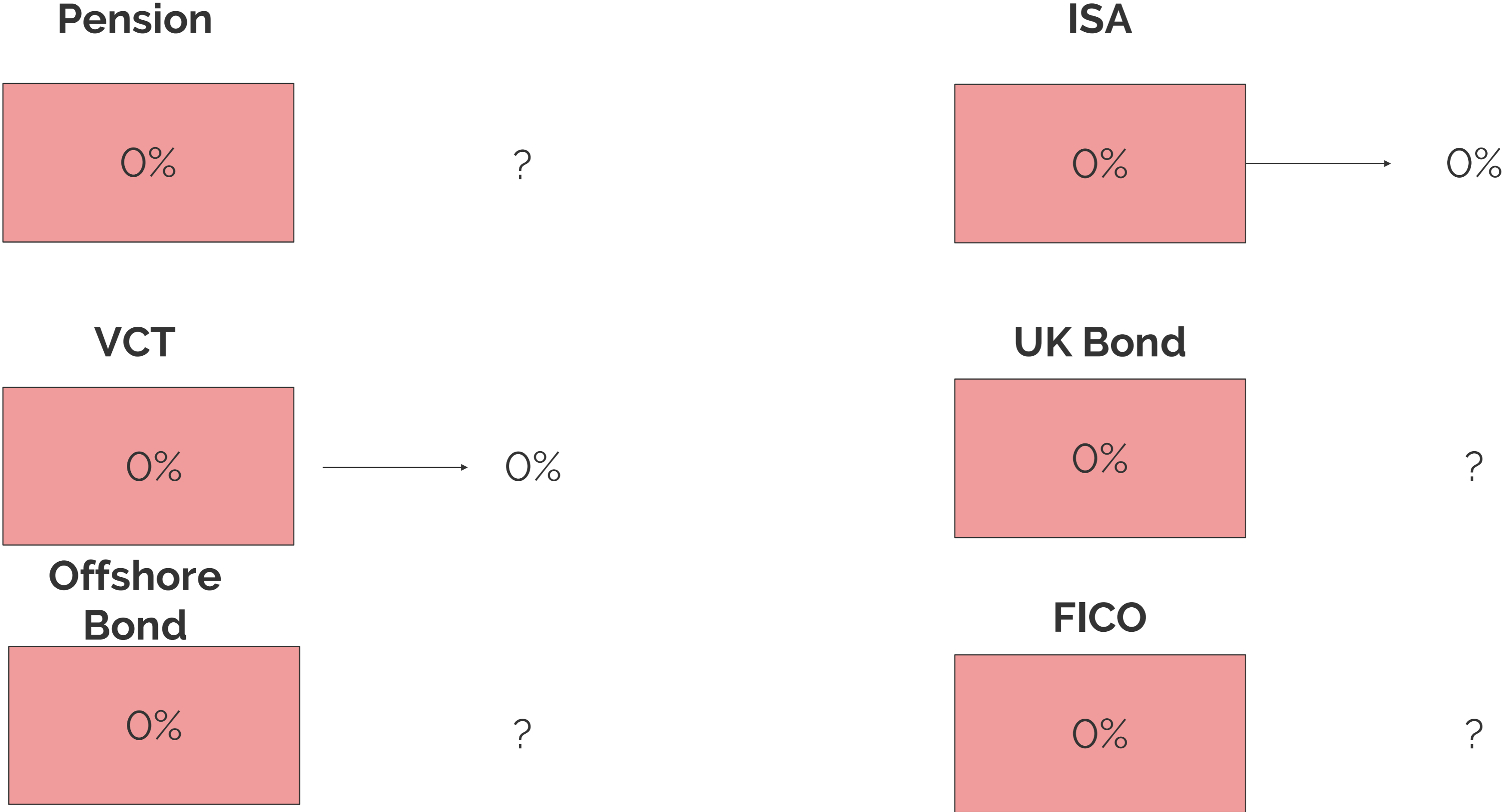
How do frozen / reduced thresholds reduced exemptions the increase in the CGT rates and the increases to taxation of Dividends and Savings Income affect investment wrapper decision making in the **Accumulation** phase ?

- ◆ Further increase the attraction of ISAs and pensions
- ◆ Result in more direct , DFM / MPS, GIA and Collective investors with increased tax liabilities
- ◆ Increase Tax Administration (the need to submit returns) for many
- ◆ Materially lower the investment threshold above which investment bonds are worth considering for tax deferral and tax management



The Dividend 2% Bug

“The Antidotes”



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Wrapper choice reconsideration



- Let's assume you have a higher rate taxpayer who is looking to invest **£250,000** for long term tax deferred growth.
- They already have some other income ,savings and investments and capital gains which are using all of their allowances and exemptions.
- They have maxed pensions and ISAs.
- Lets assume a “balanced fund” that returns of **6% PA net of charges** made up of an equal amount of dividends, savings income and capital gains ie £5,000 x3 of value increase per annum

Wrapper choice reconsideration: Onshore Bonds

Delivering tax deferral and planning control

Comparison of *pre-encashment* tax treatment between UK Bond (internal tax) and Unwrapped investments across tax years 2025/26 to 2027/28.

Tax Type		UK Bond 2025/26	UK Bond 2026/27	UK Bond 2027/28	Unwrapped 2025/26	Unwrapped 2026/27	Unwrapped 2027/28
Dividends	£5,000	£0	£0	£0	£1,687.50	£1,787.50	£1,787.50
Non-Div Income	£5,000	£1,000	£1,000	£1,100	£2,350	£2,430**	£2,430**
Capital Gains	£5,000	£1,000	£1,000	£1,100	£0	£0	£0
Total Tax		£2,000	£2,000	£2,200	£4,037.50	£4,217.50	£4,217.50
Effective Tax Rate		13.33%*	13.33%*	14.67%*	26.92%**	28.12%**	28.12%**

* UK Life Bond gains have a “latent” potential income tax charge when chargeable event arises but with a 20% tax credit for 2025/6 and 2026/7 and a 22% tax credit from 2027/8.

** interest flowing into a mixed “equity fund” bears tax at 20% at fund level. The net interest is then added to dividend income and the investor receives a single payment as a dividend with no credit for the tax suffered at fund level.

*** Collective investments have a latent potential CGT charge on encashment on gains above the available annual exemption at 18%/24%

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Wrapper choice reconsideration : Offshore Bonds



- 0% tax at Life fund level
- Ability to use (if available) PA, Starting Rate , PSA ...but
- No tax credit on encashment
- Encashment rates to raise to 22%, 42% and 47% from 6.4.2027

Wrapper choice decision making :

Underlying fund “make-up”?

Investor tax :current/future

Each case depends on its own facts

“Wrapper allocation ”?

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Different Facts Different outcomes?

Influencing Facts:

- Dividend income
- Non-Dividend income
- Capital Gains
- Availability of allowances and exemptions
- Investor tax rates in accumulation and withdrawal

☐ The *greater* the variables , the *greater* the uncertainty , the *larger* the investment... consider “**Wrapper Allocation**”

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Business Owners



Extraction strategies



Salary sacrifice



EOT: Business 'as pension'



Corporate investment



BPR / APR limitations



IHT in interest free instalments

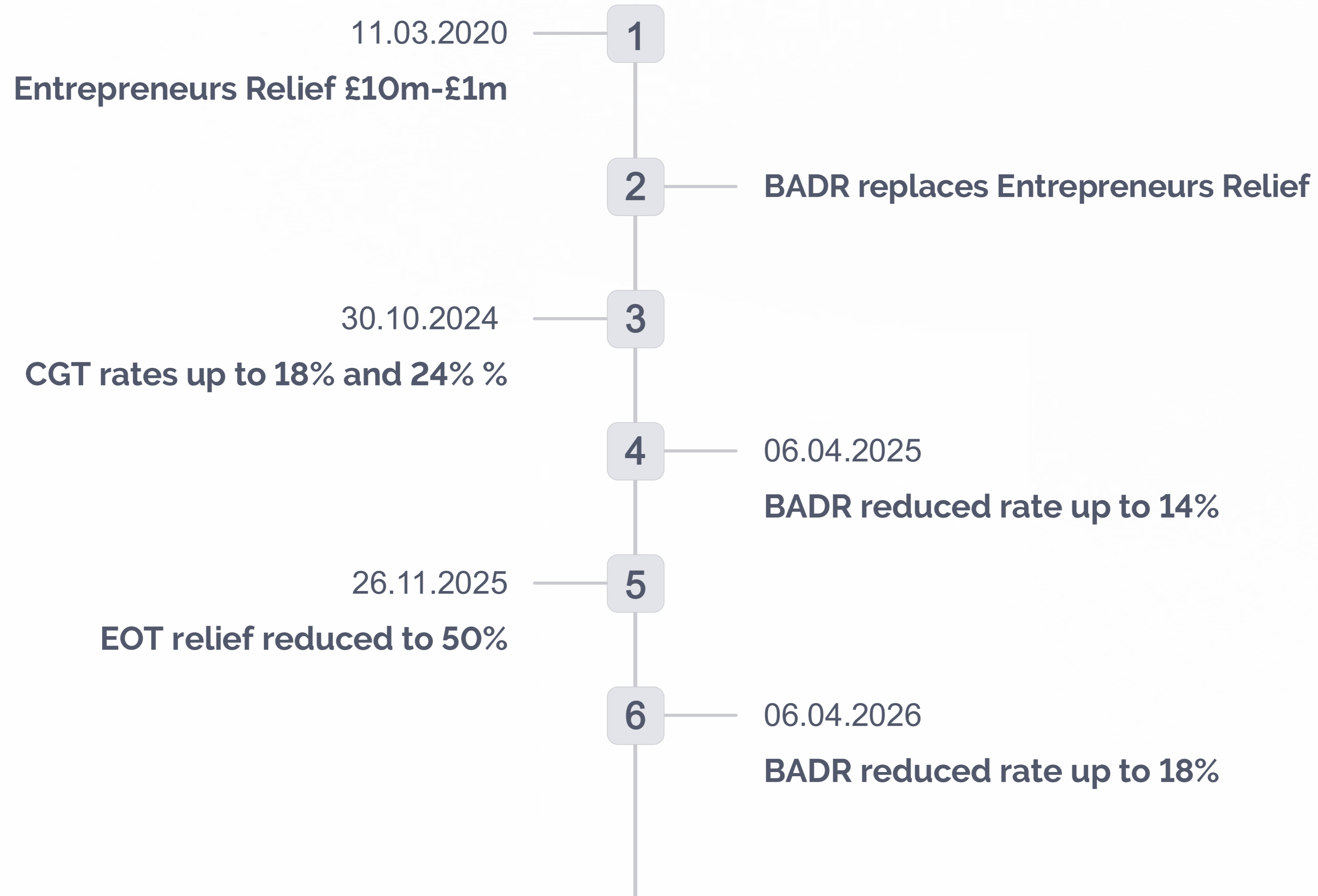


Role of protection

My Business is my Pension – They're coming for you

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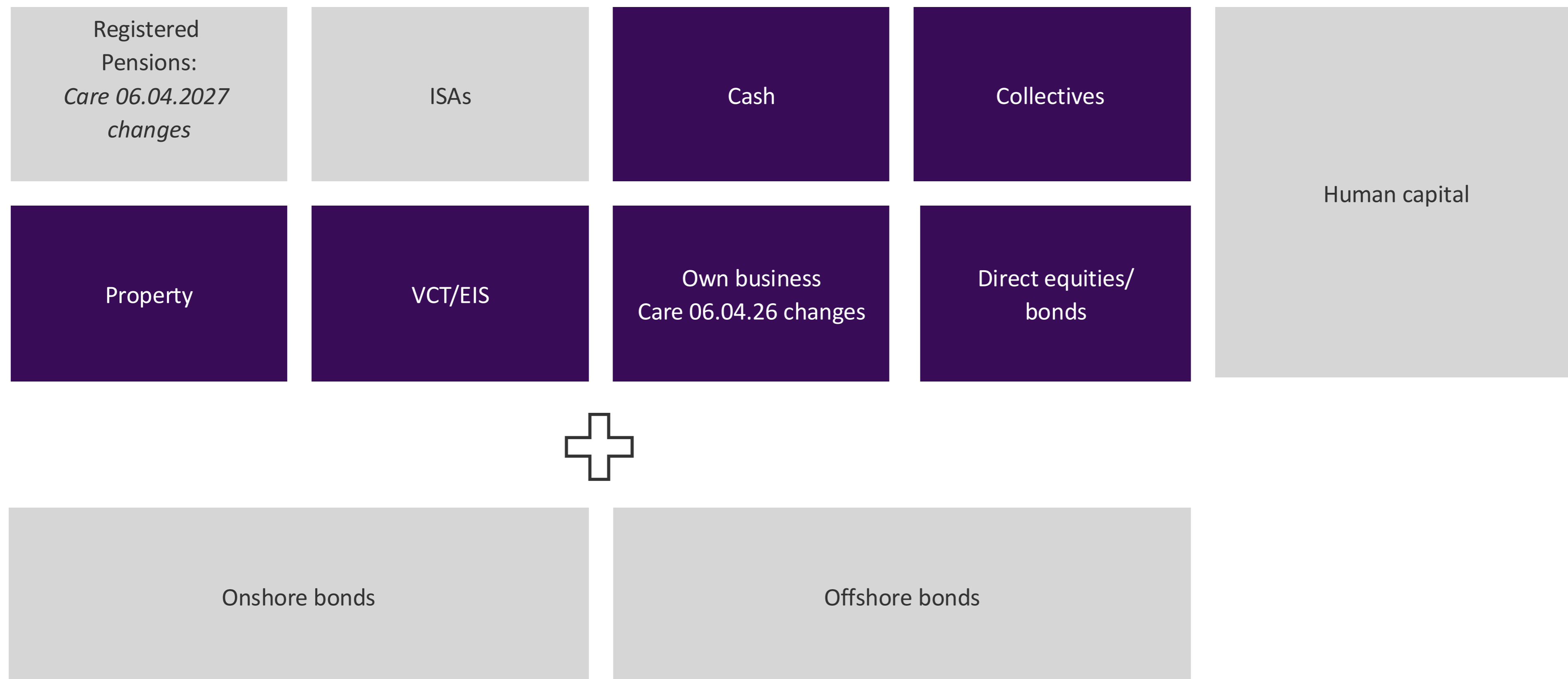
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3. TAX EFFICIENT ALL ASSET DECUMULATION

Decumulation best practice

– Taking an all-asset approach is essential for most clients



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4. THE ALL-ASSET LENS TO TAX EFFICIENT ESTATE PLANNING

Estate Planning fundamentals

Your checklist

1. Make use of deeds of variation where possible
2. Review Wills to ensure they are up-to-date and tax-efficient
3. Maximise use of exemptions
4. Make larger transfers out of capital to reduce estate – outright or to trust
5. Review the status of the pension as a part of estate planning strategy
6. Use appropriate trust-based IHT solutions where cash/investments are available and access to income or capital is required
7. Consider investing in relievable assets
8. Fund for any residual liability using life insurance in trust

And all of the above could be relevant to LTRs (ex Non-Doms) who remain



Unused pensions and IHT

Avoid jumping out of the frying pan and into the fire

Case study

Jane: Widow needing advice to navigate a materially changing IHT context



Impact of BPR (2026) & Pension (2027) Changes

	£	£	£
	To 05.04.26	06.04.26-05.04.27	06.04.27
Main residence	800,000	800,000	800,000
Personal effects	250,000	250,000	250,000
Cash & Investments	500,000	500,000	500,000
AIM Shares	200,000	200,000	200,000
Pension	1,000,000	1,000,000	1,000,000
Total Estate Value	2,750,000	2,750,000	2,750,000
Less	£	£	£
AIM	200,000	100,000	100,000
Pension	1,000,000	1,000,000	-
Subject to IHT	1,550,000	1,650,000	2,650,000
Less	£	£	£
NRB x 2	650,000	650,000	650,000
RNRB x 2	350,000	350,000	-
Taxable	550,000	650,000	2,000,000
IHT @40%	220,000	260,000	800,000
Net Estate	2,530,000	2,490,000	1,950,000
Reduction in inheritance due to increased IHT		-40,000	-580,000

And where beneficiaries subject to IHT and IT liability

So... assuming 45% tax rate on post-IHT pension fund...consider the potential* “combined effective rate” ...especially in relation to PCLS!

Estate (£2m +£500k pension)		£2,500,000
IHT (Only a single NRB no RNRB)		£870,000
Pension subject to IHT(20% NRB available)	£500,000	
Pension fund IHT	£174,000	
Net subject to I.T	£326,000	
I.T @ 45%		£146,700
Net estate		£1,483,300

Increase in net estate (£1,400,000**) from £500,000 pension



£83,300

Effective tax rate on pension fund of £500,000



83%



• **Dependant on income tax rate suffered on the pension drawdown post 75**

****£2m-£500k (NRB+RNRB) x40%=£600k so net estate =£1,400,000**

*RNRB excluded by the addition of the uniused pension

Barriers to unconditional giving

Especially given economic uncertainty and longevity – more optimistic for wealthier clients

- Access ✓
- Control ✓

And the GWR provisions



But there are solutions.



Your starting point for flexible Lifetime IHT planning

Take an asset class-based approach to Estate Planning with larger values

Main Residence:

GWR/POAT Challenges
LTM: Debt and Gift of cash possibly worth considering when interest rates are favourable or possibly when need for immediate Cash is strong ...and numbers understood



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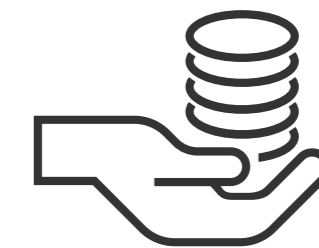
Investment/Holiday Property:

Planning possible to overcome GWR/POAT



Investments:

Care CGT on gift/realisation
CGT revaluation on death



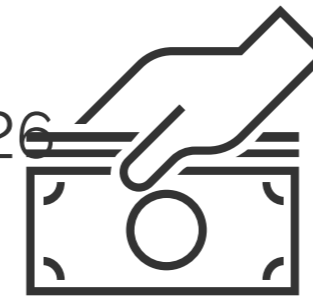
Your pension:

Post 6.04.2027 most unused pension funds on death will be treated as part of the member's estate for IHT



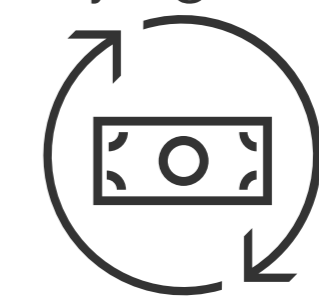
Your Business/Farm:

and BPR/APR relievable investments:
NB Business and Agricultural Property Relief (increased) limitations (£2.5m) post 6.4.26



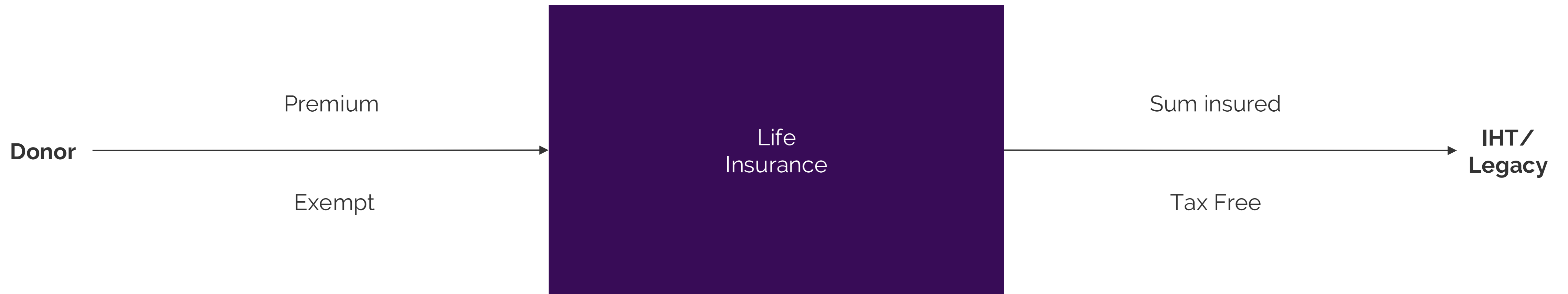
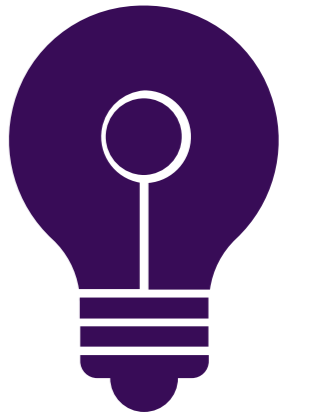
Cash:

Flexible /accessible planning possible using trust /bond combinations ..and BPR Quaifying investments



Protection in Trust to meet the liability

It's simple and extremely tax efficient



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5. BUSINESS VALUATION REALITIES

The Intergenerational impact on Financial Adviser valuations

- Valuation is materially contributed to by client base and its longevity
- Minimise clients with the two 'D's' – A typical approach is to ascribe a lower value to older clients based on Death/Decumulation
- Evidencing a relationship with next generation(s) is vital – and particularly where their parents are wealthier clients who won't use up the inheritance on living expenses or care homes
- Some of the highest valuations (higher multiples) have gone to firms focused on younger clients, particularly professionals/business owners in their 40s with potentially a further 20+ years of accumulation



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6. CALLS TO
ACTION

Ensuring best outcomes



Review best practice

Accumulation, Decumulation and Transfer strategy - taking special account of the recent and upcoming tax changes...and the Tax Year End



Client identification

Identify the clients for whom some or all of the tax changes are likely to be relevant



Proactivity counts

Engage proactively with all clients to “stress test” their IHT/Estate Planning for current tax efficiency.



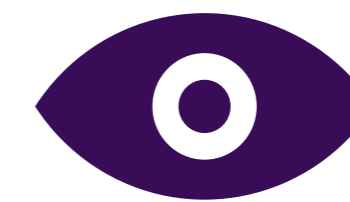
Stay compliant

Record all meetings and agreed outcomes



Professional connections

Use Tax Changes (and any future tax changes) and what they mean for financial planning strategy as an opportunity to communicate with Professional Connections



An all-family approach

Embed in your business the infrastructure to ensure all family members (spouses / partners / parents / dependents) are fully engaged and aligned to the plan.

Your PPE

Pro-active

Positive

Engagement

Important reminder

This presentation (the slides and the narrative used in their presentation) is given on the strict understanding that it is for general consideration only.

No action must be taken or refrained from based on it alone. Each case depends on its own facts and advice is essential.

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