January 2026

DARWIN WEALTH MANAGEMENT



5 tips to help you **manage your wealth** in 2026

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The start of a new year can be the perfect time to check in on your finances, set goals for the year ahead, and create a plan for how you'll achieve them.

In fact, the Investment Association (6 January 2025) found that 43% of UK adults planned to set financial goals at the start of 2025.

This year, with the tax burden rising, new legislation being introduced, and inflation remaining high, getting a handle on your personal finances could be top of your agenda.

Indeed, the uncertainty of both the UK and the global economy could be a key driver for building financial resilience. In 2025, figures reported by IFA Magazine (13 February 2025) showed that confidence in the UK economy had plummeted among high net worth individuals, falling to 48% from 84% since August 2024.

Whether you want to boost your retirement savings or pass your wealth on to the next generation, in this guide you can discover five valuable tips to help you manage your finances, build resilience, and grow your wealth in 2026.



Please note: A pension is a long-term investment not normally accessible until 55 (57 from April 2028). The fund value may fluctuate and can go down, which would have an impact on the level of pension benefits available. Past performance is not a reliable indicator of future performance.

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1. Create a realistic budget and adapt to the rising cost of living

Heading into 2026, you might be considering ways to reduce your spending.

On 28 November 2025, Which? reported that 83% of people were worried about the price of food, while the same proportion were concerned about energy prices. Meanwhile, 76% said they were worried about housing costs.

And it's not hard to see why.

In the 12 months to October 2025, the Office for National Statistics (ONS) (19 November 2025) reported that the Consumer Prices Index (CPI) – which measures how the cost of goods and services rises over time – increased by 3.6%.

Meanwhile, in the 2025 Autumn Budget, the government extended the freeze on Income Tax thresholds to April 2031. As a result, a larger portion of your income may be subject to tax as your earnings rise.

So, no matter what tax band you're in, you may well be feeling the squeeze as rising prices and the growing tax burden reduce the value of your take-home pay.

MANAGING LIFESTYLE CREEP

As your income rises, you may find yourself gradually making more expensive choices. You might choose to upgrade your usual summer holiday, treat yourself to luxury clothing, or shop at a more premium supermarket.

When these choices become a habit over a prolonged period, it is known as "lifestyle creep". By sticking to a budget, you can enjoy luxury while setting wealth aside for savings, investments, and retirement.

Enjoying more of your wealth is great, as long as it's in line with your wider budget.

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3 steps to creating an effective budget

Creating a realistic budget – and sticking to it – can be an effective way to combat rising living costs. By following these three steps, you may be able to continue setting money aside without making substantial lifestyle sacrifices.

1. Conduct an annual spending audit

Reviewing your expenses annually can help you identify opportunities to cut back on spending. In particular, you might look out for:

> Subscriptions and memberships you're no longer using
>
> Bills that may be reduced by shopping around, such as insurance and broadband
>
> Duplicated costs, such as streaming services
>
> Luxuries you can do without or cut back on.

By regularly assessing your outgoings, you can help ensure you're spending your money intentionally, rather than by default.

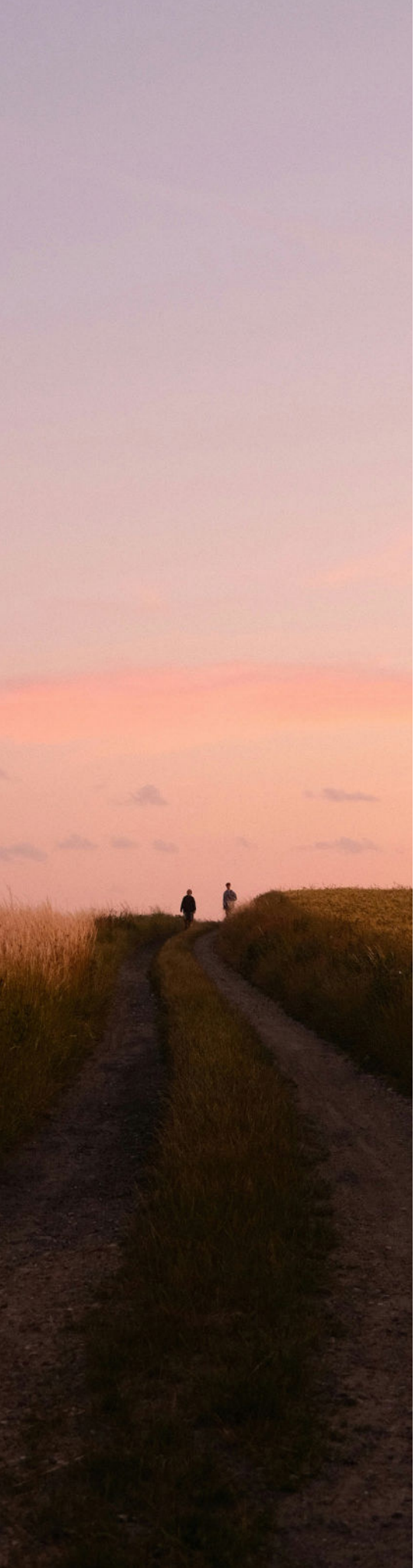
2. Set SMART goals to reduce spending

Using the SMART framework can help you set realistic goals and stick to them throughout the year. Each goal should be:

> **Specific:** Define how much you want to cut back by, either as a percentage of expenditure or a monetary value.
>
> **Measurable:** Track your progress against your goals, so you can identify where you need to take further action.
>
> **Achievable:** Ensure your goal is realistic but challenging. Achieving your goal should require effort, but it should not be impossible.
>
> **Relevant:** Align your budgeting goals with your wider financial and lifestyle goals, such as saving for retirement or the holiday of a lifetime.
>
> **Time-bound:** Give yourself a deadline to achieve your goal. This can help you stay on track and motivate you to achieve your goal.

For example, a SMART goal might look like this:

"Reduce entertainment spending by 20% by the end of the year, so I can save more into my pension."



3. Monitor your progress with a budget tracker

When reviewing your monthly spending, it can be easy to get lost in bank statements as you try to determine your progress against your goals.

Using a budget tracking app or spreadsheet can make it easier to spot where you're successfully cutting back, and where you might need to turn your focus. You could even record your income and expenses, with spending divided into categories to help track your habits.

DEFINE AND TEST YOUR BUDGET WITH CASHFLOW MODELLING



Through cashflow modelling, a financial planner could help you create a comprehensive budget. Building a detailed picture of your finances, we can assess how your money is earned, spent, saved, and invested over time.

Creating a visual, year-by-year forecast of your finances, our financial planners can help you define a sustainable spending level and test out different budgeting decisions to see how they would impact your future.

While adjusting for inflation, we could help you plan for irregular or large expenses. So, you can get peace of mind that you're not overspending to the detriment of your future.

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2. Organise your savings to maximise interest and minimise tax

Once you've created a comprehensive budget, you may want to turn your attention to managing your savings.

In fact, of those who set financial goals for 2025, the Investment Association found that the most common goal was saving, with 53% aiming to increase their savings.

In addition to setting more aside through budgeting, you can also boost your savings by taking advantage of higher interest rates and mitigating the tax bill on your savings.

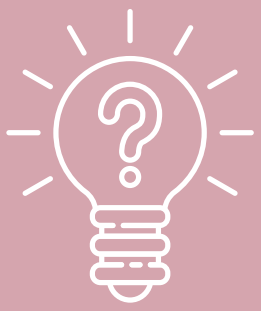
Between January and December 2025, the Bank of England (BoE) bank rate – which determines interest rates across financial products and services – steadily declined from 4.75% to 3.75%. Consequently, many savings rates are likely to follow suit.

With interest rates falling, you could receive lower earnings on your savings.

Fortunately, by being strategic with your savings, you could help mitigate the impact of declining rates, ensuring your cash is accruing interest at the highest rate available for your needs. It's often worth shopping around for the best rates annually, or whenever you reach the end of a fixed-term rate.

When comparing rates, it's important to keep the terms in mind to ensure a new account would suit your needs. Some accounts could restrict access to funds for up to five years, while others may be subject to variable interest rates.

KEEP EMERGENCY FUNDS ON HAND



As you create a plan to maximise your interest earnings, it's often worth setting some funds aside to be easily accessed in an emergency.

A good rule of thumb is to have three to six months' expenses in an easy access account.

By keeping a portion of your savings within reach, you can help ensure you won't be caught short if you face a significant, unexpected expense.

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Your interest earnings may be taxed

The rate at which interest earnings are taxed, as well as your tax-free Personal Savings Allowance (PSA), typically depends on your Income Tax bracket.

However, as of April 2027, savings will be taxed at two percentage points above the marginal rates.

The table below shows the current rates for each tax bracket, the new rates from April 2027, and the applicable tax-free allowance.

Tax band	2025/26 rate	Rate from April 2027	Personal Savings Allowance
Basic rate	20%	22%	£1,000
Higher rate	40%	42%	£500
Additional rate	45%	47%	£0

You may be able to earn more interest tax-free if you haven't used up your £12,570 Personal Allowance through other income, or if you earn less than £17,570 a year.

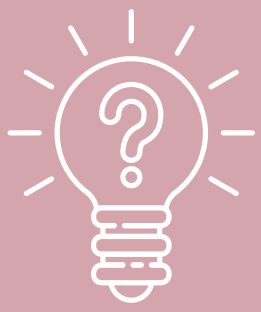
MITIGATE YOUR TAX BILL BY USING YOUR CASH ISA ALLOWANCE

As of 2025/26, you can save up to £20,000 a year into a Cash ISA – a form of tax-efficient savings account – without being charged Income Tax on interest. This can be an effective way to mitigate your tax bill.

From April 2027, the Cash ISA allowance is effectively being reduced to £12,000 a year for under-65s.

You can still use your full £20,000 allowance on other ISA products.

The allowance will not change for over-65s.



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3. Be proactive about your retirement savings

As you set money aside, you might be considering how you can use the funds to prepare for a comfortable retirement.

It's all too easy to bury your head in the sand and assume your automatic pension contributions will be sufficient to support you through retirement.

Yet analysis by the Department for Work and Pensions (21 July 2025) suggests that 43% of working-age people in the UK are underprepared for retirement. Moreover, higher earners are even less likely to have enough saved, with 48% of people earning over £67,000 a year undersaving.

By proactively managing your pension pots and setting extra funds aside for retirement, you can help ensure you have enough to enjoy the retirement lifestyle you're hoping for.

3 steps to getting your retirement savings on track

1. Define your ideal retirement

To calculate how much you need to save, you first need to know what you're saving for. Start by deciding what you'd like your retirement to look like.

Pensions UK's (2 June 2025) Retirement Living Standards may offer a helpful starting point when figuring out what lifestyle you're aiming towards:

Lifestyle	Cost
Minimum	£13,400 for one person, £21,600 for two people
Moderate	£31,700 for one person, £43,900 for two people
Comfortable	£43,900 for one person, £60,600 for two people

It's often worth defining goals that are specific to you, as well as achievable based on your current financial circumstances. So, whether you're dreaming of a quiet but comfortable retirement or of seeing the world, you can calculate how much you might need to save.

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2. Create a plan to achieve your goals

Once you know your goals, you can create a plan to achieve them.

The first step may be to find out how much you currently have saved. If you have accrued multiple pensions over the years, this may involve pulling together various pension statements.

You can then calculate how much more you need to save between now and your ideal retirement age. A financial planner can help you work out how much to set aside – accounting for inflation, projected growth for your current savings, and taxes as you draw down your pension. They can also help you create a plan to meet your savings goal based on your current financial circumstances.

3. Maximise employer contributions and tax relief to boost your pot

In addition to increasing your own pension contributions, you may be able to further grow your retirement savings by securing additional funds from your employer or the government.

Some employers will match contributions up to a certain percentage. It could be worth checking how much your employer is willing to match and ensuring you're taking full advantage of their offer.

Moreover, you may be able to claim tax relief at your marginal rate on contributions up to your Annual Allowance. In 2025/26, this is typically £60,000 or 100% of your earnings, whichever is lower. However, it could be as low as £10,000 if you have already flexibly accessed your pension or are a higher earner.

While 20% relief is usually applied automatically, higher- and additional-rate taxpayers generally have to claim the extra tax relief (an additional 20% or 25%, respectively) through a self-assessment tax return. Ensuring you claim your full entitlement could provide a significant boost to your pension pot.

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Workplace pensions are regulated by The Pensions Regulator.

Most unused money purchase pensions are set to be included within the scope of Inheritance Tax (IHT) from April 2027. As a result, there may be a tax charge for your beneficiaries to pay if they inherit your pension savings on your death.

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4. Take advantage of tax-efficient gifting

If you're looking to pass your wealth on to the next generation, gifting early could help ensure they receive as much as possible, with less going to HMRC.

What's more, sharing your wealth sooner rather than later may help your loved ones to get ahead in life earlier.

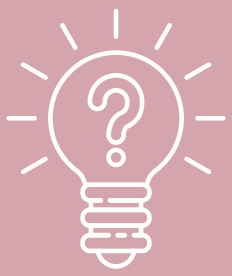
When you pass away, Inheritance Tax (IHT) is typically charged at 40% on assets exceeding the nil-rate bands, which are:

> **Nil-rate band:** £325,000
>
> **Residence nil-rate band:** £175,000, if you leave a primary residence to a direct descendant. This is typically tapered by £1 for every £2 your estate exceeds £2 million in value, and is usually lost entirely from a value of £2.35 million or above.

These thresholds are frozen until April 2031.

By gifting early, you may be able to reduce the size of your estate, exposing less of your wealth to IHT.

The IHT rate applied to your estate can be reduced from 40% to 36% if you leave at least 10% of your net estate to a charitable cause in your will.





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GIFTING WITHOUT INHERITANCE TAX



As of 2025/26, and set to remain in the following tax year, you can use the following exemptions to make gifts that are immediately exempt from IHT:

Annual exemption: £3,000 a year.

Wedding gift allowance: £5,000 to your child; £2,500 to your grandchild or great-grandchild; £1,000 to anyone else.

Small gifts allowance: £250 per person to an unlimited number of people.

Regular gifts out of income: An unlimited value, provided you can afford the payments out of your regular income after meeting your usual living costs.

While the small gifts allowance cannot be used for the same person as any other exemption, you can combine any of the other allowances to gift to one person in the same tax year.

You can carry any unused annual exemption forward by one year, provided you have used the current year's allowance in full.

Beyond the gifting exemptions and allowances, you can generally gift an unlimited amount tax-free – provided you don't pass away within seven years.

Should you pass away within seven years, gifts exceeding the nil-rate band may be taxed at a tapered rate, while smaller gifts are generally taxed at 40%.

The earlier you gift, the more likely you may be to survive the seven-year period and avoid an IHT bill on your gift.

A financial planner can help you calculate how much you can afford to gift and how to make use of your various exemptions and allowances.

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5. Prepare for the unexpected and protect your loved ones

None of us knows what the future might hold. If you were to unexpectedly become ill, get injured, or pass away, you want to be sure your loved ones will be taken care of financially.

With suitable plans and cover in place, you could help minimise the impact of unexpected events on your finances and loved ones, while achieving the peace of mind that they'll be stable and secure if this does happen.

3 ways to help protect your loved ones financially

1. Make a will

According to the Money & Pensions Service (27 January 2025), 56% of UK adults do not have a will.

Without a valid will in place, you run the risk of dying intestate. This means your estate will be distributed according to the rules of intestacy, and you get no input on who receives your assets.

Additionally, dying intestate could result in a longer, more complicated probate process for your loved ones. Not only could this create a significant administrative burden after you pass away, but it could also place your family in financial limbo as they wait for the funds to be released.

By working with a solicitor and a financial planner, you can help make a will that aligns with your wishes, mitigates a potential IHT bill, and provides clear, detailed instructions for distributing your wealth.

2. Register a Lasting Power of Attorney

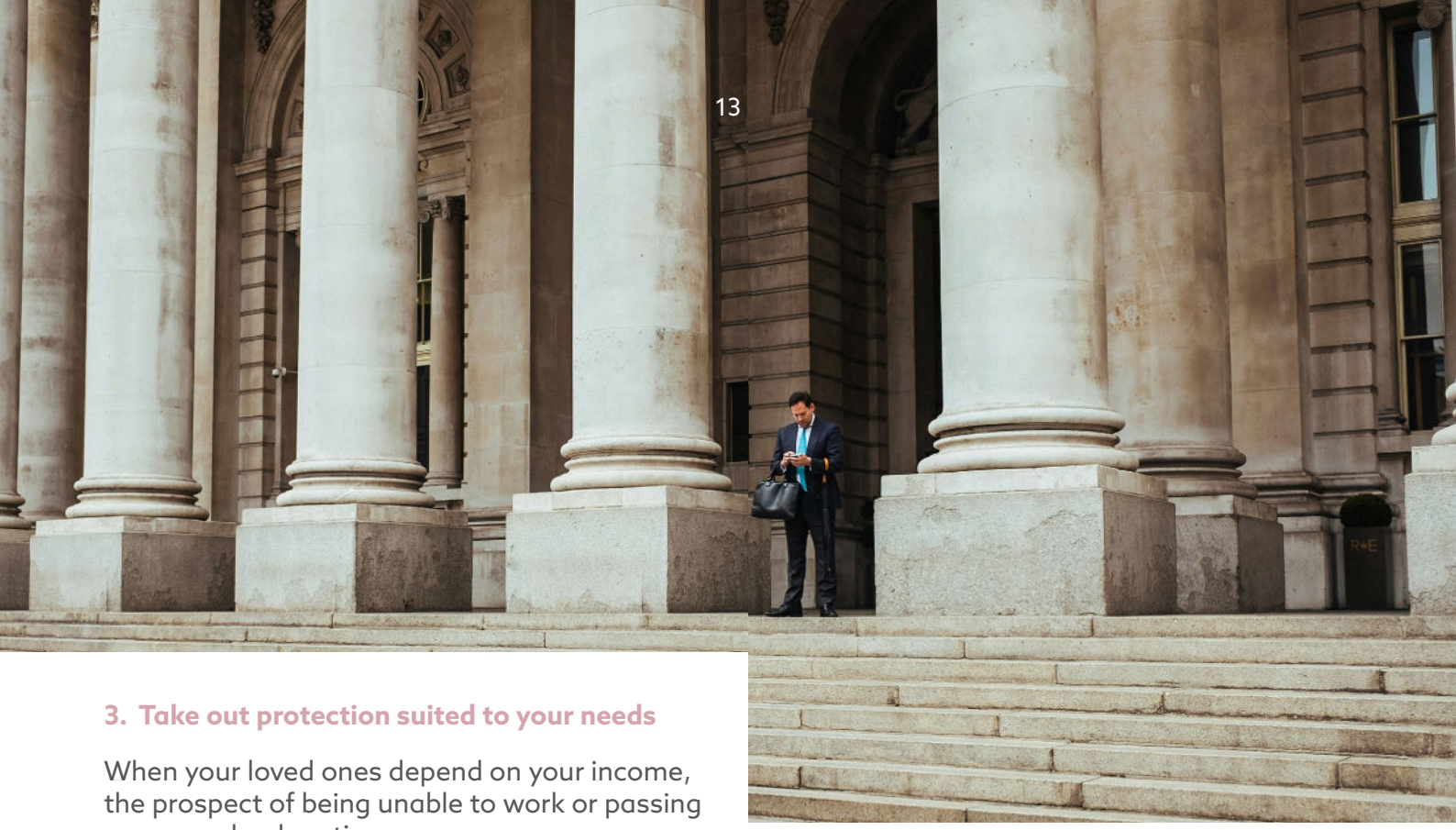
If you were to become seriously unwell without a Lasting Power of Attorney (LPA), your loved ones could be unable to access vital financial assets or have a say in your healthcare.

Yet, according to research cited by IFA Magazine (5 August 2025), just 1 in 6 UK adults aged 40 or over have appointed a Power of Attorney of any kind.

By registering an LPA, you can help ensure your loved ones will be able to access your finances and make decisions about your care, should you lack mental capacity due to illness or injury.

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3. Take out protection suited to your needs

When your loved ones depend on your income, the prospect of being unable to work or passing away can be daunting.

In some cases, it might be worth taking out income protection, critical illness cover, or life assurance.

Income protection usually provides a regular income to replace lost earnings if you're unable to work due to illness, injury, or disability. Most policies will cover 50% to 70% of your earnings tax-free, with payments made until you recover, return to work, retire, or reach the end of the policy term.

Critical illness cover typically pays out one tax-free lump sum should you be diagnosed with a specified illness listed on the policy. The amount you receive and the conditions covered will depend on the provider.

Life assurance generally pays out a lump sum to your chosen beneficiaries when you pass away. You can choose for the payout to either remain fixed at a certain rate, depreciate over time (such as to align with outstanding mortgage payments), or increase with inflation. You could also take out a life assurance policy in trust, which will fall outside your estate on your death, to offer a lump sum your beneficiaries can use to settle an IHT bill.

With these provisions in place, you could rest assured that your finances and loved ones will be taken care of, should you become ill or pass away. A financial planner can help you identify the appropriate type and level of cover for your circumstances.

Please note: Life insurance and financial protection plans typically have no cash in value at any time and cover will cease at the end of the term. If premiums stop, then cover will lapse.

Cover is subject to terms and conditions and may have exclusions. Definitions of illnesses vary from product provider and will be explained within the policy documentation.

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Find out how we could help you get a handle on your finances in 2026

Managing your wealth to ensure you have everything you need for today, as well as tomorrow, can be complex. When you consider how unpredictable life can be, you might find it difficult to know what to prioritise.

From cashflow modelling to retirement planning, we can help give you a clear view of your financial situation, both now and in the future. Working closely with you to understand your goals, concerns, and priorities, we can help you create a plan to manage and grow your wealth in 2026 and beyond.

Get in touch to find out how we can support you.



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All information is correct at the time of writing (December 2025) and is subject to change in the future.

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