



Keeping in touch

It has been a little while since our last newsletter, and we've had plenty to keep us busy.

There's been no shortage of market and political noise following Trump's return to the White House. Here in the UK, we approach another Labour Budget and mood is low, with a tax raid widely expected. Markets remain volatile and the financial planning landscape is changing quickly, but our job is clear: cut through the noise, manage risk, and make confident choices for your investments and overall financial plan.

We were delighted to be recognised in the FT's Top 100 Adviser list this year, a credit to the whole team and to your continued trust. You'll also find practical guidance in this issue on some of the most important financial planning decisions often left for "later".

On investment issues, do make sure you are receiving our regular market commentary. Do let us know if not, as the news cycle is moving fast.

And on a lighter note, some team news too, including a few new arrivals!

Best wishes,

Brian Dennehy LLB FPFS
Chartered Financial Planner

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- Our Top 100 Adviser Award
- What Is The Most Important Financial Decision You Can Make?
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Budget Looming – Where Will Reeves Strike Next?

By Ruairi Dennehy, Chartered Financial Planner at Dennehy Wealth

The next Labour Budget is due to take place on November 26th. There is already plenty of speculation around what Rachel Reeves may or may not announce, so here are our thoughts (if we were to get out our crystal ball!).

Pensions Safe From More Disruption?

There have been whispers on reducing the higher and additional rate tax-relief on pension contributions, as well as capping the tax-free lump sum allowance. Although enacting **both** of these seems unlikely, we cannot write off one of these being pushed through.

Pensions being brought into the taxable estate from 2027 has caused significant upheaval for many who have been forced to change the way they plan to pass their wealth on to their family. More positively, the confusion and unfairness around this issue (effective tax could rise as high as 90%!) has prompted the House of Lords into action in recent days, and they are calling for evidence from the Government that this is workable... watch this space...

The Big Three – Will Promises Be Kept?

It was part of Reeves' manifesto that she wouldn't target income tax, personal National Insurance Contributions or VAT, so it would be foolish to make a U-turn on these now... in theory! On the other hand, better to look foolish now with three years until the next election, so there may be a surprise or two, for example on VAT. Income tax thresholds are currently frozen until 2028, and if this is extended until 2030 this could generate an estimated £7bn. Nonetheless this won't generate tax revenue right away, so something else will have to budge.

Homes Under The Hammer?

Proposals for a new property tax have frozen the property market. Will stamp duty be replaced with a tax paid by the seller rather than the buyer? Will an element of this be a tax on the gain? Will there be a new annual tax, particularly on larger properties, say in excess of a £2m value?

With such a confusion of ideas, a more sensible route might be for Reeves to instigate a consultation, and push this into the long grass for now.

Action To Take Now?

Probably nothing. Some with large pension pots have been taking their tax-free cash. This can make sense if you have something useful to do with it (bank of mum and dad?), but

it is more questionable if you are just moving it into your taxable estate.

The last Budget was inclined to introduce reforms coming into effect months or years ahead, and not being introduced overnight. We would not expect this approach to change, so you should have enough time for evasive action after the Budget, once we have clarity.

In the meantime, keep an eye on planning issues which we know will have an impact. One such is capital gains tax, where many are unknowingly building a liability. If this applies to you, particularly where you have investments held outside your pension and ISA funds, do get in touch, as there are solutions.



Our Top 100 Adviser Award

We are really proud to have been named in the FT's Top 100 Financial Adviser list, out of nearly 6,000 across the UK.

The ranking considers factors such as client service and retention, growing assets under management in a difficult market, and achieving both personal and corporate Chartered status.

This is a reflection of our team's commitment to delivering the very best service to our clients, and we are delighted to see that their dedication has been recognised.

Why A Power Of Attorney Could Be One Of Your Most Important Financial Decisions

By James Davis, Trainee Financial Adviser at Dennehy Wealth

Life has a way of throwing unexpected challenges our way. Whether it's a sudden illness, an accident, or the gradual onset of conditions like dementia, there may come a time when you're unable to make important decisions about your finances or healthcare. This is where a Power of Attorney becomes invaluable, but only if you've planned ahead.

Understanding Your Options: The Three Types Of Power Of Attorney

1. Ordinary Power Of Attorney

This is the most limited option, suitable for short term situations like going on extended holiday. Key characteristics:

- Cannot be used for personal wealth management
- **Crucially, it automatically becomes invalid if you lose mental capacity** (this is why it's only suitable for temporary use when you enjoy full capacity)
- Doesn't require formal registration

2. Lasting Power Of Attorney

This is the most comprehensive and commonly used option, with two distinct types:

Health And Welfare: Covers decisions about your medical care, living arrangements, and personal welfare.

Property And Financial Affairs: Handles your finances, investments, and property matters, particularly relevant for wealth management.

The beauty of Lasting Powers of Attorney is that they remain valid even if you lose mental capacity (unlike Ordinary Powers of Attorney). You retain full control and can cancel them at any time whilst you have mental capacity.

3. Enduring Power Of Attorney

These are legacy documents created before October 2007. If you have one, it's worth reviewing with a professional, as they have different rules and limitations compared to modern Lasting Powers of Attorney.

Importantly, if you lose mental capacity and have an Enduring Power of Attorney, your attorneys must register it with the Office of the Public Guardian before they can use it. This registration process can take time when you might need decisions made urgently.

MYTH BUSTER

Just because you are married it does not mean that your spouse can automatically make decisions on your behalf, unless there is a Power of Attorney in place.

The Cost Of Not Planning: Deputy Orders

If you lose mental capacity and don't have a valid Lasting Power of Attorney or Enduring Power of Attorney, someone wishing to act on your behalf may need to apply to the Court of Protection to be appointed as your 'deputy'. This is a long and arduous process taking an absolute **minimum of 4 months**.

Key Considerations For Your Financial Affairs

When setting up a Property and Financial Affairs LPA, consider these points:

- **Gifting powers:** If you want your attorneys to be able to make gifts on your behalf after you lose capacity, you need to include specific gifting provisions in your documentation
- **Discretionary fund management:** Similarly, if you want your attorneys to be able to use discretionary fund managers for your investments after you lose capacity, this needs to be explicitly stated in the document
- **Restrictions:** You can place specific limitations on what your attorneys can and cannot do

How We Can Help

Power of Attorney planning is just one piece of a comprehensive financial strategy, but it's a crucial one. If you'd like to discuss how Power of Attorney planning integrates with your financial goals, we welcome the opportunity to help.

We work closely with APT Legal who can get everything you need in place for Powers of Attorney and much more. Just get in touch and we can formally introduce you to Carrie and her excellent team.

Beat IHT: Gifting Out Of Surplus Income

By Gus Lart, Chartered Financial Planner at Dennehy Wealth



Inheritance Tax (IHT) receipts for the year to March 2025 reached £8.2bn, a rise of nearly 11% on the previous year. With the inclusion of pensions in the taxable estate from 2027 receipts are set to increase significantly.

As a result, people are increasingly looking at ways to reduce IHT on their estates. One of the attractive loopholes still available is to gift out of surplus income. There are obvious benefits to this exemption. Firstly, the gift will be outside the estate immediately with no seven-year clock. Secondly, the amount gifted is only limited by the donor's surplus income.

However, there are some downsides to the exemption too. It can usually only be claimed after death, which means there's uncertainty at the time of making the gift over whether all the conditions for a successful claim will ultimately be met.

Here we will address some of the key points to consider with this type of gifting:

1. Do gifts out of surplus income have to be made to the same person?

Gifts do not have to be to the same recipient every year. The exemption should apply as long as gifts are paid to the same class of beneficiary, for example children or grandchildren. Alternatively, the gifts could be to a discretionary trust where the trustees will ultimately determine who benefits from within the class of possible beneficiaries.

2. Do gifts have to be for the same amounts?

They could be the same value each year, or the same percentage of surplus income. Equally, the gifts could be for a specific purpose where the amount required may be subject to change, such as gifts to pay for grandchildren's school fees.

Where the size of a gift is disproportionately larger than other regular gifts in the pattern, HMRC may disallow relief on some or all of the gift.

For example, if the normal pattern of outright gifting is £10,000 per annum, but in one year a gift of £100,000 is

made, £10,000 may be accepted as normal expenditure (if it is part of a pattern of similar £10,000 gifts) with the extra £90,000 deemed to be a Potentially Exempt Transfer (PET) and subject to the 7-year-rule. If it is clear that the gift is for a different purpose from other gifts in the pattern, relief may be denied on the whole amount.

3. Do gifts have to be made at the same intervals?

There are no set intervals between gifts when determining regularity. Gifts could be monthly, quarterly, half yearly or yearly. The pattern of gifting could even start off on a monthly basis and later change to say annually as long as the annual amounts remain proportionate to each other and are made to the same group of beneficiaries. Gifts made every two years may also be acceptable but obviously it could take longer to establish a pattern.

4. What is included as income?

Gifts must be made from net income received in a tax year and not capital. For this exemption "income" is not the same as taxable income. It generally includes money after tax from employment or a pension, as well as the natural yield from investments such as interest or dividends and rental income.

Bond withdrawals are normally regarded as a return of capital and therefore cannot be classed as income that can be gifted.

5. What is surplus income?

Gifts must be made from surplus income. This is simply the amount by which an individual's income exceeds their usual spending each year. Making a gift from income that is truly surplus should not affect the donor's usual standard of living.

If they have to resort to capital to maintain their lifestyle this is an indication that the surplus is insufficient to cover the gift, and the exemption may be lost or limited. Normal living expenses must be identified to arrive at the surplus.

6. How is the exemption claimed?

Gifts do not have to be reported to HMRC at the time they are made. The exemption is typically claimed by the executors following the death of the donor. They will need to send detailed records of gifts made and income and expenditure details for the seven years prior to death on form IHT403.

Thorough record keeping during the donor's lifetime is essential to help the executors make a successful claim. Trying to retrospectively reconcile seven years' worth of income, spending and gifting can be challenging for executors.

Have any further questions on this? Just get in touch.



What Have We Been Up To?

It's safe to say we don't know where this year has gone, and there has been lots keeping us busy! We enjoyed the 10km Race for Life in June, raising over £1,000 for Cancer Research UK. A great achievement for some of the team who had not run a 10km before, and a fun day out for the families too.

In July we welcomed James Davis to the team as a Trainee Financial Adviser. Having recently changed industries, James has already completed 5 out of the 6 advisory exams within a small handful of months, something that's pretty unheard of! We're really excited to guide James on this new path, and he has already made vast improvements to our internal processes.

Last but by certainly no means least, this year we welcomed Joe's beautiful daughter, Heidi, into the World. She's a wonderful addition to the family – although I think Joe now comes to work for a break!

Competition Time!

Leave us a review and we will randomly select 3 people and donate £100 to your chosen charity!

We love your feedback, and we would hugely appreciate if you could spare 2 minutes to leave us a review on Google or Trustpilot.

[Leave us a review on Trustpilot here](#)

[Leave us a review on Google here](#)

Already left us a review?

Don't worry, we'll include anyone who left a review before now!

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