

THE HEADLINES THAT MATTER

Reframing client conversations ahead of the 2027 pension inheritance tax changes

64% OF DAD'S PENSION LOST TO DOUBLE TAX:

**HOW "WE'LL DISCUSS IHT LATER"
COST US HUNDREDS OF THOUSANDS**

**MUM TOLD US WE'D BE FINE;
NO ONE MENTIONED
£800K IHT BILL**

**THE BIGGEST
PLANNING OPPORTUNITY IN 20 YEARS**

**"WE STOPPED
TELLING CLIENTS
WHAT TO DO AND
STARTED BUILDING
THE PLAN WITH
THEM"**

**THE KIDS CAME IN READY
TO CHALLENGE EVERYTHING.
THEY LEFT WANTING THEIR
OWN FINANCIAL PLAN**

Letter from Quilter

Are you ready and prepared?

A fundamental transformation is rapidly approaching, set to dramatically reshape the retirement and estate planning landscape. It is essential to take proactive steps now, as failing to act represents the greatest risk for advisers and their clients.

For years, decumulation advice has leaned on a simple and reassuring principle: spend ISAs and other assets first and leave the pension until last. It was logical, it was defensible, and it worked.

That comfort is now disappearing.

The Finance Act 2026 provides certainty that unused pension funds and death benefits will fall within the scope of inheritance tax (IHT) from 6 April 2027. What was historically one of the most powerful intergenerational planning tools will fundamentally change overnight, removing the longstanding protection pensions offered from IHT.

This isn't a minor technical tweak to pension policy, this is a fundamental shift in UK taxation. It will disrupt even the most well laid retirement and legacy plans of many (if not most) of your clients and their families.

The silent cost of inaction

The cost of doing nothing and allowing pension wealth to accumulate unchecked will become increasingly expensive and damaging.

One of the most under appreciated consequences of the new regime is the risk of double taxation where death occurs after age 75. The combined effect of IHT and income tax will be severe, stripping away a substantial proportion of the pension's value before it ever reaches the next generation.

Yet behavioural patterns suggest this outcome will catch many families by surprise. Wealthier clients often underspend in retirement, while beneficiaries frequently opt for lump sum withdrawals from inherited pensions, even when this is demonstrably tax inefficient.

Moving from awareness to action

For many advice firms, what's coming will feel like changing an aircraft's engine mid-flight – maintaining daily operations while adjusting to an entirely new tax framework. Longstanding assumptions about where wealth should sit, what should be spent first, and what should be preserved for later now needs revisiting, client by client, family by family.

To gauge how the profession is responding, we partnered with NextWealth to explore the specific challenges advisers are facing and the approaches they're taking.

It is clear that doing nothing is now the riskiest course of action, and increasingly difficult to reconcile in light of Consumer Duty obligations to prevent foreseeable harm and ensure positive outcomes for clients and their families. I trust the findings presented in this report will provide advisers with a practical insight into effective preparation and support informed decision-making in the evolving landscape.



Roddy Munro
Head of Technical Sales, Quilter

Letter from NextWealth

The changes to inheritance tax treatment of pensions are significant. They are also part of a broader shift in financial advice.

Across the market, advisers are increasingly being asked to demonstrate that advice is not just suitable, but that it leads to good outcomes in practice.

That is a more demanding standard.

It requires time, judgement, and the ability to support clients through decisions that are often complex, emotional and at times uncomfortable. It also comes at a time when many firms are already operating at full capacity.

This paper focuses on how advisers are responding in practice to the conversations and decisions created by this policy change.

The opportunity is clear. This is a moment to strengthen how advice is delivered, understood and valued.

The firms that move earliest, and most thoughtfully, will be best placed to turn complexity into better outcomes for their clients and their families.



Heather Hopkins
Founder & CEO, NextWealth

About this guide

This guide isn't about the technical detail of inheritance tax changes.

It's about what's happening in financial advice firms right now:

- Where clients are getting stuck - and how you can help them move forward
- Where advisers are under pressure - and how to respond
- What's working and what good firms are already doing differently.

The real challenge is helping clients make decisions that change outcomes, in time.

What you'll get from this guide

- How other firms are handling these conversations in practice and ideas you may want to implement
- Where the biggest risks are, and how to avoid them
- Practical ways to engage clients earlier, more clearly and more effectively.

Imagine the headlines

In April 2027, unused pension assets will fall within the scope of inheritance tax.

It's a policy change that turns decades of financial planning on its head and it had advisers across the country exclaiming, 'did she really just say that?' It is perfect headline material.

Headlines sell newspapers. (Or more accurately these days, they drive clicks and page views).

Many clients don't fully understand what's coming. Some haven't heard about it at all. Others have heard just enough to worry or panic and do something rash.

Advisers are facing a different kind of challenge. Against a backdrop of already stretched capacity, this reworking takes time and multiple conversations. The conversation itself is far from straightforward, when clients aren't prioritising something that feels far in the future, or are reluctant to bring their children into the discussion.

Between now and April 2027, there's a narrowing window to identify and engage high-priority clients, reset plans and avoid outcomes that will be hard to explain later.

The headlines in this guide are the ones advisers are worried about, and the ones they are quietly working to prevent. And, amongst all the noise, the good news stories you might have missed.

Section 1:

The headlines you don't want to see 6

Section 2:

The headlines your clients won't react to 13

Section 3:

The good news stories you might have missed 17

Methodology

These findings are based on research carried out by NextWealth

Qualitative research based on eight in-depth interviews; with five financial advisers representing a range of firms, plus an independent outsourced compliance specialist and two behavioural and emotional intelligence specialists, conducted in March 2026.

Section 1: The headlines you don't want to see

The cost of inaction, delay and misunderstanding

These are the headlines no adviser wants to read.

They're plausible outcomes if conversations are delayed, misunderstood or avoided.

In this section:

- **Where delay and 'we'll come back to it later' create risk**
- **How client misunderstanding shows up in practice**
- **Why emotional reactions can derail good decisions**
- **Why doing nothing is no longer a neutral position**

These are not hypothetical scenarios.

They are the situations advisers are already working to prevent.

LEGACY PLANNING UPENDED

64% OF DAD'S PENSION LOST TO DOUBLE TAX: HOW "WE'LL DISCUSS IHT LATER" COST US HUNDREDS OF THOUSANDS

Default pattern no longer holds

For years, pensions have been the default answer to two separate questions: how to build wealth tax-efficiently, and how to pass it on.

For clients who didn't need to draw on pension income in retirement, the approach was straightforward. Build as much as possible inside the pension wrapper, leave it untouched for as long as possible, and treat it as a legacy asset.

"We have definitely been advising sheltering assets in pension products. These are clients who have worked hard and been careful and provided well for themselves. And we've always said, 'just shelter as much as you can in the pension. You're probably not going to need it. You might take your tax-free cash, but the rest is probably going to be passed on, tax-free.'" Chartered Financial Planner; mid-sized firm

Legacy planning was often something to come back to: acknowledged, but not urgent. A conversation for later.

This isn't a tweak. It is, as one adviser put it, "ripping up the financial plan and starting again"

That pattern no longer holds and the shift is working its way through processes and conversations. This isn't a tweak. It is, as one adviser put it, "ripping up the financial plan and starting again", and for another, "the biggest and most impactful change" of their career to date.

In response, firms are starting with what they already have: going back through historic reviews, surfacing where these conversations have been deferred and making the impact visible to clients in a more immediate way.

"We're looking at historic review documents about legacy planning and highlighting those with 'not wanting to discuss now', or 'will discuss later.'" MD, large advice firm

Some are also building this directly into their client reporting:

"We adapted our client summary report to show the pre-April 2027 IHT position and the post-April 2027 position. It became a requirement for advisers to include that so clients can see: this is what it was, and this is what it will be. The key thing first and foremost is making sure people are in an informed position." Chartered Financial Planner; mid-sized firm

What was once a note on file is now a potential liability. Those deferrals, which once felt reasonable, now look more exposed. And the scale of the potential impact, particularly where pension assets are passed on after age 75, increases the urgency for some clients:

"Very quickly we looked at each other and said, 'that just flipped that on its head completely, and also, does the 40% on pensions also mean that death with a pension after 75 has the income tax impact as well? That's something that we almost couldn't believe - that it was going to be that bad. I don't think people have woken up to the fact yet that actually it's not 40%. If you die post 75, it could well be 50, 60, 70, 80% of your pension that's going to get destroyed in tax: firstly inheritance tax, then income tax.'" Chartered Financial Planner; mid-sized firm

LEGACY PLANNING UPENDED

This is not a change that can be left to play out organically.

This is not a change that can be left to play out organically. The responsibility sits squarely with advisers to bring these conversations forward, even when they are not a priority for the client. That does not mean every client needs to act immediately. It does mean starting the conversation early, building understanding and allowing time for decisions that may take several steps to implement.

“Firms should have been having those conversations since the changes were announced,” a compliance specialist noted, “and planting the seeds and trying to understand what clients are looking to achieve. If they haven’t, they are behind the curve. I think potentially the biggest risk is thinking, well it’s not going to happen until 2027.”

Not a one-meeting conversation

The risk is compounded by the nature of the conversations themselves. This is not a simple recommendation or a one-off adjustment. It’s a process that may take multiple meetings, and one that clients may initially resist engaging with.

“It’s the adviser having the responsibility to say, ‘I know it’s not a priority for you right now, but 2027 is going to come around really quickly. We need to get the ball rolling,’” the same specialist told us.

And crucially to keep the process moving.

“It’s much easier said than done,” they added. “It’s about evidencing that from a compliance perspective. If the client says, ‘we’ll do it next time’, or ‘I haven’t got time to talk about it now’, having those conversations documented protects the firm when the worst happens and nothing’s been done.”

What this means for you



- Conversations that were once safe to defer are now a visible risk
- Not all clients will need to act immediately, but they do need to understand early
- Showing the before and after impact of 2027 is becoming essential

What firms are doing:

- Revisiting historic reviews and flagging ‘discuss later’ cases
- Building pre- and post-2027 comparisons into client reports
- Making legacy planning a more immediate, visible conversation

Questions to consider:

- Where have legacy conversations been deferred in your client bank?
- How clearly are you showing the impact of doing nothing?
- Are clients agreeing, or truly understanding?

OUTCOMES EXTEND BEYOND THE CLIENT

MUM TOLD US WE'D BE FINE; NO ONE MENTIONED £800K IHT BILL

The outcome isn't just for your client.

The inclusion of pensions within the estate brings a broader group into scope. Decisions taken today shape not just the client's position, but the experience of the people who inherit from them.

A compliance specialist interviewed for this paper outlined a hypothetical scenario in which, "the beneficiaries of the client come around and say, 'my mum and dad would never have done that. They'd always been really clear that we'd be alright. And now you're telling us we have to pay £800,000 in tax? That would never have been what our parents wanted.'"

Advisers are not responsible for involving the family in every conversation.

Some clients will choose to bring children or beneficiaries into the discussion. Others will not, for reasons that may be practical, personal or simply a matter of preference. As this adviser describes:

"I looked at a file today where the client has no kids, the money was going to go to two nieces. The client said, 'the nieces were never going to get this anyway, so if they have to pay IHT first, then that's fine'. They don't have any preference to do any tax planning or tax mitigation; they're happy that the estate pays it." Chartered Financial Planner & Head of advice; mid-sized firm

The focus here is on ensuring the client understands what the outcome might look like, not just for them but for their family.

For the adviser's file, the strongest evidence is often the client's own words: not just what was recommended, but what they understood and chose to do.

There is another dimension here too. Even where the advice is sound and the decision is the client's, the experience of beneficiaries can shape how that advice is perceived, and whether the relationship continues:

"This is a really good opportunity for firms to make sure that money doesn't walk out of the door in another 20 years' time. That's a real risk to businesses. It demonstrates the importance of including the family in those conversations." Outsourced compliance specialist

What this means for you



- The outcome now extends beyond the client to their family
- Beneficiary experience can shape future relationships and retention
- The strongest evidence is often the client's own understanding and intent

What firms are doing:

- Encouraging (but not forcing) family involvement earlier
- Capturing client decisions in their own words
- Thinking more deliberately about intergenerational relationships

Questions to consider:

- How often are beneficiaries part of the conversation, even informally?
- Would the client's decision stand up to scrutiny from their family?
- Where might assets be at risk of walking out of the door later?

EMOTIONAL REACTIONS DRIVE DECISIONS

COUPLE SOLD CAR AND CANCELLED RETIREMENT - “WE THOUGHT WE WERE DOING THE RIGHT THING”

Initial reactions can be highly irrational

For some clients, the first encounter with their new inheritance tax position can be a shock.

“The initial shock is probably a four or five out of 10. People say, ‘I didn’t realise it was going to be that much. I didn’t realise my beneficiaries are going to have to pay that’. I think we have to control the shock for clients, because it’s too much for some people.” Chartered Financial Planner & Head of advice; mid-sized firm

This is a real story from our interviews. A couple in their early sixties learned that their two children would face a bill running into hundreds of thousands of pounds. Their adviser recalls their first reaction, “we have to put a car up for sale! I need to go back to work, maybe do some consultancy work. If the boys are going to have to find £800,000, we need to keep working even harder.”

Their instinct was simple and understandable: if the tax bill is large, they need to save more. But it’s misplaced.

When the adviser modelled their position over their lifetime, the bill could be into the millions. The potential liability was significantly larger than the initial estimate, but crucially, it was not driven by short-term affordability. Their day-to-day financial decisions did not need to change in the way they had assumed.

Large numbers trigger emotional reactions before the detail has been fully understood.

Large numbers trigger emotional reactions before the detail has been fully understood.

A compliance specialist we interviewed pointed to an upside from a moment like this:

“From a Consumer Duty perspective, that’s great because from there you could clearly see that the client didn’t understand. It’s not always so obvious and it will be really important for advisers to make sure clients do understand, and not only for them to be comfortable, but to have that documented within their files.” Outsourced compliance specialist

More often, a lack of understanding is less visible. Clients nod, agree, and move on, without fully processing what the numbers mean for them. That makes the structure of the conversation just as important as the content. As one adviser put it, “you don’t give people a problem without giving them a solution”.

And that solution is rarely achieved in a single conversation.

“In terms of time spent, you may have a meeting to set the scene and sow the seed, and you may well have another two, three, four meetings with that client. Inevitably, there are questions, then you might start to talk about a potential solution. Then you need to present and implement that solution. This is a seismic change, not a review where, ‘we’ll top up your ISAs, maybe take a bit more income out.’” Outsourced compliance specialist

In many cases, part of the solution is straightforward in theory: using more of the wealth during the client’s lifetime, whether through spending or gifting.

Clients may understand, intellectually, that spending or gifting could reduce a future tax bill. Yet emotionally, many still default to caution: continuing to save, even when the original rationale for doing so has changed.

EMOTIONAL REACTIONS DRIVE DECISIONS

“When people hit retirement, we really, really struggle to get them to spend.” Chartered Financial Planner & Head of advice; mid-sized firm

Much of this reluctance can be described by a concept known as regret avoidance.

“One of the biggest drivers around how we make decisions is regret avoidance. We imagine ourselves in the future and look at the outcome scenarios. If I’m 67, and I make a decision about gifting away a portion of my wealth, even if my adviser is saying, ‘you can do this, here’s all the charts and projections’, part of their brain is saying ‘what if?’” Former adviser; financial communication & behaviour specialist

For advisers, this raises a practical question: how do you move from explanation to action?

One approach is to move beyond standard modelling assumptions and look at what the client is actually worried about, testing those scenarios directly, even where they may seem unlikely.

Another is to reframe the decision in more tangible terms.

40% off your new kitchen

“A client said she might buy a new kitchen. I said, ‘what you’ve got to think is, take 40% off that price because that’s what the government’s going to take from your estate.’” Chartered Financial Planner & Head of advice; team of 15 advisers

It’s a simple shift in framing, but a powerful one. Because at its core, this is not just a technical problem.

In some firms, this is also prompting more collaborative ways of working. Complex or borderline cases are increasingly being discussed as a team, drawing on different perspectives to sense-check both the technical solution and how it is likely to land with the client.

What this means for you



- Large numbers trigger emotional responses before rational understanding
- Initial reactions are often misdirected (e.g. saving more instead of planning differently)
- The structure of the conversation matters as much as the content

What firms are doing:

- Spreading conversations over multiple meetings
- Using modelling to test real fears, not just standard assumptions
- Reframing decisions in tangible, relatable ways

Questions to consider:

- Where are clients reacting emotionally rather than rationally?
- Are you giving clients space to process before moving to solutions?
- How confident are you that clients truly understand the implications?
- Are you seeing clients react quickly to the size of the tax bill, before fully understanding what’s driving it?

UNCERTAINTY LEADS TO COSTLY INACTION

WE THOUGHT IT MIGHT CHANGE AGAIN, SO WE DID NOTHING

Uncertainty has always been part of financial planning.

There is one data point advisers (and their clients) will never know: the date a client will die. Every plan is built on that fundamental uncertainty, alongside a second unpredictable factor: the rules themselves.

Changes to tax and legislation are not new. But recent experience has made them feel more immediate and more reversible.

The Finance Act 2026 receiving Royal Assent brings certainty to next year's changes.

Yet for many clients and advisers, the instinct to question whether things might shift again has not entirely gone away.

For advisers, that uncertainty represents a whole set of risks: acting too soon, acting too late, and how these decisions may be judged in hindsight. As one adviser put it:

"I think our biggest fear is the unwinding of it. You strip money out, and then all of a sudden they come back and say, 'actually, we've changed our minds'. It's damned if you do, damned if you don't. If clients spend it and run out, we'll get stung. If we don't act and there's too much tax, we'll get stung. And in five, ten years' time, someone complains, 'you let my mum do this' or 'you didn't talk to her about IHT for ten years'. That's what worries me." MD, large advice firm

Advisers describe conversations where clients acknowledge the potential impact, but hesitate to engage, balancing the risk of acting too soon against the hope that the issue may resolve itself.

"When people have seen such a public U-turn, it plants all those questions of, 'should I just do nothing? Maybe they'll change their mind, maybe another government will get rid of it.'"
Head of advice; mid-sized firm

"Nobody has a crystal ball," as one compliance specialist put it.

Advisers are used to this balance. Queries often surface ahead of major announcements: should clients act now, or hold back in case the rules change?

In most cases, the answer is not to react to speculation.

"We need to make our plan on solid foundations, and these are the solid foundations that we currently have in place," the same specialist said.

That means planning based on what is known today, not what might happen tomorrow.

There are, of course, exceptions. Where an action is already part of the plan, for example, taking tax-free cash to repay an interest-only mortgage, it may make sense to bring it forward to reduce risk. But that is different from acting out of fear.

"There's nothing to say that [the rules] won't change in the future," the specialist added. "But we can adapt because we're in a position to do that."

The difficulty is that doing nothing is not a neutral position. It is still a choice, and one that may limit future options.

Some strategies rely on time. Gifting, restructuring assets, or simply working through complex decisions cannot be compressed.

UNCERTAINTY LEADS TO COSTLY INACTION

"It's all about the relationship and the engagement of the client," the specialist said. "Making sure they understand the trade-offs."

"You can keep it all in your pension, but how do you feel about paying 40% IHT on that? How will your kids feel about that?"
Outsourced compliance specialist

The goal is not to eliminate uncertainty. It is to make decisions in spite of it, and to ensure those decisions are understood and evidenced.

Because when that context is missing, the decision to 'wait and see' can look very different in hindsight.

Doing nothing is still a decision. And it could turn out to be the most costly one.

There is also a consistency challenge. Where multiple advisers are working across a firm, ensuring these conversations are handled in a similar way, with the same framing of risks, trade-offs and options, becomes increasingly important. One adviser suggested that the CRP (centralised retirement proposition) might evolve to be a 'CREP', with the vital addition of estate planning to the standard retirement advice approach.

Without that consistency, outcomes can vary not just by client need, but by adviser approach.

What this means for you



- 'Wait and see' is still a decision, and may limit future options
- Clients are influenced by recent policy reversals and uncertainty
- Planning based on what is known today is becoming more important

What firms are doing:

- Anchoring plans in current rules, not speculation
- Bringing forward actions already in the plan where appropriate
- Segmenting clients by urgency and complexity

Questions to consider:

- Where are clients delaying decisions in the hope rules will change?
- How clearly are you explaining the cost of waiting?
- Are you prioritising the right clients first?

Summary:

These headlines come from delay, uncertainty and conversations that didn't quite land. Not from bad intent. But the challenge now is making sure:

- The right conversations happen
- At the right time
- In a way clients truly understand.

For many firms, this also means making deliberate choices about where to focus first. Not every client will require the same level of urgency or complexity. Increasingly, firms are segmenting their client base: identifying those most exposed, those where action is time-sensitive, and those where the conversation can be phased.

The challenge is not just doing the work, but doing it in the right order.

Section 2: The headlines your clients won't react to

The stories that will pass them by, because you've already done the work

When your clients are sat in front of you, you are in control of the narrative. They find reassurance in your words and they are never more engaged with their financial plan and what they're going to do, than the moment they leave your office.

How about when they open their news app late at night a few months later?

These are the headlines your clients will see after April next year.

They might pause for a moment. But they'll move on. Because you've already helped them understand what matters and what to do next.

In this section:

- **Why many clients don't recognise inheritance tax as their problem**
- **Where solutions can miss the point if understanding isn't there**
- **How better conversations lead to better decisions, and better outcomes**

CLIENTS DON'T RECOGNISE THE PROBLEM

'NORMAL PEOPLE' HIT WITH INHERITANCE TAX BILL THEY NEVER EXPECTED

Many clients don't see themselves as wealthy enough.

For many clients, inheritance tax has never felt like their problem. It is something that happens to 'other people': those with larger estates, more complex finances, or a different kind of wealth altogether.

When you now combine property, pensions and long-term accumulation, the numbers quickly add up. Inclusion of pensions brings many more clients into scope.

"We're in a relatively affluent area, property prices are good. When you put pensions into that as well, it almost means that for the vast majority of our clients, all of their pension fund is going to be subject to IHT. It's a huge change." Chartered Financial Planner & Head of advice; mid-sized firm

For clients who have not seen themselves as 'wealthy', the relevance of inheritance tax can feel abstract - something to be dealt with later, or maybe not at all.

For some, the reaction is not just surprise, but frustration. After decades of being encouraged to build wealth in pensions, there is a sense that the rules have shifted late in the game, and that a long-term understanding has been quietly rewritten:

"I feel that people that have felt that they had a contract with the government to put money into a pension for probably two, three, four decades are now being told, 'those goalposts, they're not as set as you thought they were.'" Chartered Financial Planner & Head of advice; mid-sized firm

This is where the role of advice becomes more explicit.

Financial planning often relies on modelling – projecting outcomes to age 100 in some cases, or in others life expectancy plus ten years, as a rule of thumb. That approach is well established and for good reason. It reflects an assumption that clients may live longer than expected, and that plans should be robust enough to support them throughout.

From a compliance perspective, that caution is essential. However it has a side effect. When plans are extended that far, they can show significant wealth remaining at the end of life, and that could create a larger tax problem for some clients.

Some of the most commonly discussed solutions can create their own barriers.

"Trusts are like Marmite," as one adviser put it. "Some people just won't go there." For some clients, the reaction is immediate: too complex, too restrictive, not for us.

"Say the word, 'trust', and clients think it's going to be too complicated. We need to make sure we're communicating the benefits to trusts and that the money is not locked away." Head of paraplanning; small-mid-sized firm

Advisers will often now be modelling two different things:

- whether the client can afford to maintain their lifestyle over their lifetime
- and what happens to the wealth that remains at the end of it

"A good retirement plan needs to balance three things: spending, saving and legacy".

CLIENTS DON'T RECOGNISE THE PROBLEM

A retirement plan may no longer have a single objective. As one adviser put it, “a good retirement plan needs to balance three things: spending, saving and legacy”. To ensure that clients are protected against living longer than expected, while also being clear about what that protection may mean for the eventual outcome.

Those two outcomes might not always align. A plan that shows a client comfortably funded to age 100 may also imply that substantial assets remain unused, and therefore potentially exposed to inheritance tax. The challenge for advisers is to ensure that both outcomes are visible and understood, and to hold both perspectives at once.

This trade-off is starting to surface more widely in how clients think about money. The popularity of books such as ‘Die With Zero’ (one of our adviser interviewees routinely hands a copy out to clients) reflects a growing awareness that wealth preserved by default is not always wealth used well.

This also highlights a capability challenge for some firms. Not all have deep expertise in areas such as trust planning, estate structuring or intergenerational advice in-house. At the same time, the behavioural dimension of these conversations: navigating uncertainty, emotion and family dynamics, requires a different skillset again.

For many, this is prompting a reassessment of where expertise sits, and how it is accessed.

What this means for you



- Many clients still don't see themselves as 'affected' by IHT
- The inclusion of pensions brings far more clients into scope
- The same modelling that protects clients from running out of money can also highlight a larger potential IHT liability at the end of life

What firms are doing:

- Showing both lifetime sustainability and end-of-life outcomes
- Making the trade-off between spending, saving and legacy more explicit
- Reframing IHT as a planning decision, not just a tax issue

Questions to consider:

- Which of your clients don't currently see IHT as relevant to them?
- How clearly are you showing the end outcome of current plans?
- Are clients focusing only on 'will I run out of money?' – and not “what happens after?”
- Where might clients in your book be affected, but not yet aware of it?

SOLUTIONS WITHOUT UNDERSTANDING MISS THE POINT

MY ADVISER FOCUSED ON SAVING TAX; THEY DIDN'T ASK WHAT I ACTUALLY WANTED

The starting point for many inheritance tax conversations is the same: how much could be lost?

From there, it is a short step to solutions. Trusts, gifting strategies, insurance – the toolkit is well established. Faced with a large potential liability, it is natural for both adviser and client to focus on how to reduce it.

An emotional and relational specialist reminds advisers that clients will pick up on the way the situation is presented:

“Advisers need to go in holding their preconceived assumptions as lightly as they possibly can. There’s a whole spiel in advice about powerful questions; ‘if I ask them the powerful questions, I’m going to get some brilliant insight’. Actually I don’t think that’s true. I think we should be asking less questions, and leaving more room for the clients to tell us the questions they want to answer. Because otherwise we’re already leading them down a particular path.” Emotional & relational specialist

The default approach is often to move quickly from diagnosis to solution:

In practice, this requires a shift in how conversations begin. As one adviser put it, the default approach is often to move quickly from diagnosis to solution:

“As advisers, we tend to be logic-based. So we will look at the maths and go, ‘well, that plus that plus that equals IHT problem, equals you need to do this’. But there is a fundamental question missing in there, which is, what do you actually want to do?” Head of advice, mid-sized firm

Advisers describe a wide range of responses when their clients are presented with the scale of a potential inheritance tax bill on their estate. Some are highly motivated to reduce it: “I will literally crawl over broken glass so my loved ones do not pay inheritance tax”, is an example recalled by one adviser. Others are more ambivalent. A small number are entirely comfortable with the outcome:

“We don’t tell them that they shouldn’t pay tax. We say, ‘this is the tax bill, how do you feel about that? We don’t provide them with a solution before we’ve really identified the problem. We had one client where we showed them a potential tax bill of £2m and they said, ‘great, that employs quite a few nurses.’” MD, mid-sized firm

The effectiveness of the advice depends on how well it reflects what the client actually wants. Rather than moving too quickly to recommendations, firms are taking more time to explore priorities.

What this means for you



- Moving too quickly to solutions can lead to misaligned advice
- Clients have very different attitudes to tax, legacy and control
- The effectiveness of advice depends on how well it reflects what the client actually wants

What firms are doing:

- Showing both lifetime sustainability and end-of-life outcomes
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Questions to consider:

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- Where might clients in your book be affected, but not yet aware of it?

Summary:

These headlines won't rattle clients for whom the work has already been done. They understand what's coming, they see how it applies to them and they've made conscious decisions about what to do next.

Clients will act in different ways in pursuit of their own goals and priorities, but they'll understand the trade-offs and rather than just reducing tax, they'll decide what they actually want their money to do.

A good retirement plan now balances three things:



Spending: living well today



Security: not running out



Legacy: what happens after

Section 3: The good news stories you might have missed

The opportunity in the upheaval: what's working, and how you can apply it in your business

Alongside the challenges, advisers are having more and better conversations. Clients are engaging in a different way. The value of advice is becoming clearer.

These are the headlines that won't necessarily make it into the press, but they are playing out in advice firms.

In this section:

- Where firms are already seeing stronger client engagement
- How advisers are turning complexity into clearer outcomes
- Practical ways to adapt how advice is delivered

A MOMENT TO SHOW VALUE

THE BIGGEST PLANNING OPPORTUNITY IN 20 YEARS

Rising demand, and a clearer line of sight to good outcomes

For many clients this is the first time the need for a joined-up financial plan has become obvious. What may previously have been separate conversations – pension questions, tax planning, estate planning – now converges around the question: what is this money for, and what should happen to it.

More clients are engaging and recognising the value of advice.

"It's creating a ton of work for us, which is brilliant and it only creates more need for people to have some proper advice rather than do it all themselves, because they get terribly confused."
MD, mid-sized firm

For advisers with already stretched workloads, this change points to a perfect opportunity for client events. This allows clients to hear the same message together, ask questions in a shared environment, and begin to engage with the issue in a more immediate way. Peer learning is a powerful technique: clients can see that others are grappling with the same questions.

"If advisers are worried about how much time it's going to take to get through all these people and reviews, then run a series of workshops." Former adviser; financial communication & behaviour specialist

Another advice firm started the conversation by running a briefing webinar for clients.

These kinds of actions reflect a shift from reacting to individual client queries, to proactively embedding key checks into the advice process.

"We need to see all the death benefit nominations for every single client. We're sharing that with all advisers because we want to be ahead of 2027, and make sure that in every review meeting, those nominations are addressed and set up correctly. It's a quick win." Head of paraplanning, small-mid-sized firm

As plans become more complex and interconnected, the ability to draw on a wider range of expertise becomes increasingly important. For some firms that means building in-house capability. For others it means developing strong relationships with external specialists.

"My next project is to bring in legal services. Some people say that's a lot of work; a lot of regulation. I say, 'I'm used to it!'"
MD, mid-sized firm

Firms are increasingly expected to demonstrate not just that advice is suitable, but that it leads to good outcomes in practice.

As expectations under Consumer Duty continue to evolve, and with the direction of travel set out in the FCA's Simplifying the Pension & Investment Advice Rules (CP26/10), firms are increasingly expected to demonstrate not just that advice is suitable, but that it leads to good outcomes in practice, with greater emphasis on adviser judgement, proportionate information gathering and evidencing that the client understands the decisions being made.

Clear decisions about how much to spend, how much to give and what to leave behind create a more tangible link between advice and outcomes, not just for the client, but for their family.

What this means for you



- Clients are more engaged than usual, and more aware of the need for advice
- The value of joined-up planning is becoming clearer
- This is a rare moment where demand and relevance are aligned

What firms are doing:

- Running client events and webinars to reach more clients efficiently
- Embedding key checks (e.g. death benefit nominations) into every review
- Shifting from reactive conversations to proactive engagement

Ideas you may want to implement:

- Use group sessions to start conversations at scale
- Introduce simple 'quick wins' into every review process
- Treat this as a structured client engagement programme, not ad hoc conversations

Questions to consider:

- How are you reaching clients beyond one-to-one meetings?
- Where could you create more consistency in how this is handled across the firm?
- Are you set up to handle increased demand, or will capacity become a constraint?

BETTER CONVERSATIONS LEAD TO BETTER OUTCOMES

WE STOPPED TELLING CLIENTS WHAT TO DO AND STARTED BUILDING THE PLAN WITH THEM

From recommendations to shared decisions

Financial advice has long followed a familiar pattern: understand the client; analyse the situation; recommend a course of action.

In the context of inheritance tax planning, and the broader shift it represents, this pattern is evolving. The decisions retirement clients are making are not just technical. They are deeply personal, involving complex trade-offs between spending and saving, control and flexibility, and what is kept versus what is passed on.

“Clients navigating these conversations need to understand what advisers are offering them. Not just access to technical solutions, but a trusted relationship; in which complex and emotionally-charged decisions can be explored with safety and care, without judgement, and in which they don’t have to carry the weight of it alone.” Emotional & relational specialist

That shift places greater emphasis on the relationship itself, and on creating the conditions in which clients feel understood:

“The goal isn’t for you to know everything about your clients. It’s for them to feel known by you.” Emotional & relational specialist

In practice, this is changing how advice is delivered. And at a time when the impact of AI is rippling through advice firms, advisers are spending more time exploring what the client is trying to achieve, what concerns them most and how they feel about the possible outcomes.

For many, that shift is also prompting a more practical question: what does a good conversation actually look like?

As one adviser put it, “when I get to my next review client, what questions should I be asking? What should I be trying to draw out of that meeting?”

As one adviser put it, “when I get to my next review client, what questions should I be asking? What should I be trying to draw out of that meeting?”

That question is driving a new phase of development within firms, focused not just on technical knowledge, but on how advisers listen, question and respond in the moment. In response, some firms are investing more deliberately in these skills and helping advisers become more aware of their own style, and better able to adapt to the clients in front of them.

The human value of advice in such an emotional context should not be underestimated.

“Talk about how you want to work with them. Name the emotional dimensions of IHT planning as legitimate territory, not as a detour from the real work. Don’t leave that value implicit and hope clients will find it. Show them where to look.” Emotional & relational specialist

BETTER CONVERSATIONS LEAD TO BETTER OUTCOMES

Tools such as cashflow modelling are being used differently. Not just as a way of presenting a pre-determined answer, but working through scenarios together. Allowing clients to see the implications of different choices, and respond to them in real time.

Clients move from being the recipients of advice, to participants in it. And that shift can make a material difference to whether decisions are acted on.

"If you just tell them they'll be fine, it's not as powerful as building it together." Emotional & relational specialist

And this increasingly matters in a regulatory context too. The direction of travel set out in the FCA's CP26/10 places greater emphasis on adviser judgement and on gathering the right amount of information to support good outcomes. Enough information to demonstrate that the advice reflects the client's circumstances, preferences and understanding.

Co-creation of the financial plan creates a clearer line of sight between what the client wants, what the plan does and what the outcome is likely to be. It's a plan the client recognises, understands and is more likely to act on.

For advisers themselves, this shift is also driving a need for ongoing development. Technical planning knowledge remains critical, but is increasingly complemented by skills in listening, questioning and navigating complex conversations.

The ability to combine both is becoming a defining feature of effective advice.

What this means for you



- The quality of the conversation is becoming as important as the technical solution
- Clients are more likely to act when they feel understood and involved
- Advice is shifting from recommendation to co-creation

What firms are doing:

- Using modelling as a collaborative tool, not just a presentation
- Spending more time exploring client priorities and concerns
- Investing in communication and behavioural skills alongside technical expertise

Ideas you may want to implement:

- Build more 'what if?' scenario testing into client meetings
- Shift from presenting answers to working through decisions together
- Make space for emotional and relational factors in planning conversations

Questions to consider:

- Do your clients feel part of the decision or recipients of it?
- How confident are you that clients would describe the plan in their own words?
- What does a good conversation look like in your firm?
- If a client can't explain the plan, are they ready to act on it?

ENGAGING THE NEXT GENERATION

THE KIDS CAME IN READY TO CHALLENGE EVERYTHING. THEY LEFT WANTING THEIR OWN FINANCIAL PLAN

Shaping how families use wealth and experience advice

For many advisers, bringing the next generation into the conversation has traditionally been seen as optional.

As inheritance tax moves higher up the agenda, the focus shifts from the individual to the family, and to a longer-term experience of advice.

Firms describe scenarios where advice that began with the parents often transfers informally to the next generation, without the relationship fully evolving to reflect that shift. Children may have been included peripherally over time, for example through Junior ISAs that later become adult accounts, but as they become the client in their own right, engagement can remain indirect, with parents continuing to act as the primary point of contact.

When that individual becomes financially independent and is making their own decisions, the dynamic shifts. But they may not feel any connection to the adviser who has been managing their growing assets.

Where children of clients are brought in to meet the family adviser for the first time, they may arrive with different expectations and, increasingly, with their own research already done.

“We wanted to do some trust planning with a client; they turned up with their two adult sons who had run it through ChatGPT and challenged everything. In the world of AI, a lot of people come with a pre-loaded, ‘what advice portfolio is right for my dad?’ set of questions.” MD, large advice firm

For advisers who are used to being the primary source of expertise, it can feel like a loss of control. But handled well, the challenge becomes engagement.

“Don’t assume the children want the same adviser, or type of service the parents got. We benefit from giving them a younger adviser, or someone who has a niche of helping people build wealth rather than someone who says they are a pension adviser

or retirement specialist. If you’re a professional, you need to be able to take challenge. The fact that the kids even come into a parent’s meeting is good for me.” MD, large advice firm

What this means for you



- Intergenerational engagement is becoming more important and more visible
- The next generation may have different expectations and behaviours
- Early engagement creates both better outcomes and stronger long-term relationships

What firms are doing:

- Bringing children and beneficiaries into conversations earlier
- Adapting adviser relationships to suit different client types
- Treating engagement as an opportunity, not a challenge

Ideas you may want to implement:

- Create deliberate touchpoints for next-generation clients
- Consider who is best placed in your team to engage different client segments
- Treat challenge and questions as a sign of engagement, not resistance

Questions to consider:

- How strong are your relationships beyond the primary client?
- Would the next generation choose to stay with your firm?
- Where are you relying on informal rather than intentional engagement?

ALIGNING ADVICE WITH COMMERCIAL REALITY

WE CHANGED HOW WE CHARGE – SO DOING THE RIGHT THING FOR CLIENTS STILL WORKS FOR US

Aligning advice, behaviour and business models

As clients begin to make different decisions about their wealth, a more practical question emerges for advice firms.

The traditional charging structure, built around assets under management, worked well in a world where the objective was to accumulate and preserve.

When the focus shifts to spending, gifting and restructuring assets, a tension can surface.

“If advisers are paid on AUM, there’s a conflict. Do you tell clients to spend?” MD, mid-sized firm

This tension goes to the heart of how advice is delivered and valued, and how advisers themselves are rewarded. As one adviser put it:

“There can be a bit of conflict where the adviser gets paid on the amount of AUM they keep, so are they going to tell a client to go and spend £100,000, because that hurts them? Our advisers are here to look after the client, whatever makes the client happy. They’re not measured on how much AUM they’ve kept. They’re measured on doing what’s right.” MD, mid-sized firm

For some firms, that means evolving both how they charge and how they measure success, with the latter based more on outcomes than AUM.

There is also a more immediate commercial reality.

Where clients choose to spend, gift or restructure assets, firms may still charge for the work involved, for example, setting up trusts. But those fees might be one-off, and assets leaving the portfolio reduce ongoing revenue.

As one adviser noted:

“You can charge ad hoc fees for complex advice, but those tend to be one-off fees. If the money is leaving, you’re losing recurring relationship fees.” Head of advice, mid-sized firm

That dynamic can make the transition uncomfortable in the short term.

But several advisers pointed to a different opportunity emerging over time.

As awareness of the changes spreads, clients who are not currently receiving advice, or who feel their existing adviser has not fully addressed the issue, are increasingly likely to seek support.

“The opportunity is probably a little bit further around the curve,” the adviser added, as education reaches a broader group of clients.

This shift also raises questions about the traditional structure of client reviews.

ALIGNING ADVICE WITH COMMERCIAL REALITY

Where planning is ongoing and decisions are event-driven, the annual review model can feel increasingly out of step.

Some firms are moving towards more flexible engagement; shorter, more frequent interactions when needed, alongside deeper planning discussions at key moments.

The ability to do the right thing for the client, and for that to work commercially, is becoming a defining feature of the advice model.

What this means for you



- Changes in client behaviour (spending, gifting) may challenge traditional revenue models
- Tension between AUA-based fees and client outcomes is becoming more visible
- Firms need to ensure doing the right thing also works commercially

What firms are doing:

- Introducing or increasing use of tiered fees for complex advice
- Rethinking how success is measured (outcomes vs AUA)
- Exploring more flexible engagement models

Ideas you may want to implement:

- Review whether your charging structure supports the right client outcomes
- Consider how you communicate value beyond assets
- Explore more flexible review and engagement models

Questions to consider:

- Are there situations where your charging structure creates tension?
- What would 'commercial alignment' look like in your firm?

Conclusion

The window to act is shorter than it looks

The window is narrowing. There is still time to act, but not as much as it might feel.

As one interviewee described: *"This is a seismic change, not a review where we'll just top up your ISA"*.

Many inheritance tax planning strategies rely on time.

Gifting, restructuring assets and working through complex decisions cannot be compressed into a single conversation.

There is also a more practical constraint. Many inheritance tax planning strategies rely on decisions being taken while the client has full mental capacity. Once cognition is lost, the scope to act becomes significantly more limited. For some clients, the window for meaningful planning may be shorter than it appears.

What to do now:

- Identify clients where time is a critical factor
- Start conversations earlier than feels necessary
- Treat delay as a risk, not a neutral position

These are not one-meeting conversations

Clients are being asked to make decisions that are complex, emotional and often uncomfortable.

Many will not engage fully the first time the topic is raised.

This is not a one-off recommendation. It is a process that may take several conversations to build understanding, confidence and intent.

"What's more important? An extra two basis points return here, or walk past a 60% tax over here? Where do you want to focus? Most clients would say, 'I can read about the returns, let's talk about the IHT'. I think a lot of review meetings have been less than time-pressured for a long time and it's only a good thing if we're having longer conversations."

The firms moving fastest have started conversations early, even when clients weren't ready to engage on it. As the compliance specialist reminded us, *"it's the adviser's responsibility to say, 'I know it's not a priority for you right now, but we need to get the ball rolling'"*.

What to do now:

- Design for multi-step engagement, not single meetings
- Allow space for clients to process and revisit decisions
- Focus on understanding, not just agreement

Doing nothing is still a decision

Uncertainty is part of financial planning. But in this context, waiting has consequences.

Clients may hesitate in the hope that rules will change. Advisers may hesitate out of concern about acting too soon. But doing nothing can limit future options and lead to outcomes that are hard to explain later.

What to do now:

- Anchor plans in what is known today
- Be explicit about the cost of waiting
- Evidence what was understood and agreed, not just what was recommended

This is a moment to demonstrate value

For many clients, this is the first time the need for joined-up planning has been fully visible.

Pensions, tax, estate planning and family dynamics are converging into a single set of decisions.

That creates a clearer line of sight between advice and outcomes, for the client and their family.

What to do now:

- Be proactive in how you engage clients (events, webinars, video explainers)
- Show the link between decisions and outcomes clearly
- Use this as an opportunity to strengthen relationships

Capacity will define what happens next

The emphasis on outcomes, alongside the scale of this change, is increasing the time and effort required to deliver advice well. That means less capacity to speak to new clients, just as more people wake up to the headlines that will drive them to seek advice.

"It's definitely an exciting challenge", one adviser told us. "But it's a significant challenge that we're still right in the middle of."

Firms are already making choices:

- Where to focus first
- Which clients require more urgent attention
- How to balance existing client work with new demand

Some are investing in people and skills. Others are using technology, including AI, to reduce administrative burden and free up adviser time.

What to do now:

- Segment your client base by urgency and complexity
- Be deliberate about where adviser time is spent
- Consider how your operating model supports this shift

Final thought

The firms moving fastest are not waiting for clients to be ready.

They are starting the conversation earlier, making the implications clearer, and building decisions over time.

In doing so, they are shaping better outcomes for their clients, and for the families those decisions will affect.

By the time this becomes a headline, it will already be too late to act.

Quilter

About Quilter plc

Quilter plc is a leading UK-focused wealth manager providing advice-led investment solutions and investment platform services. We enable financial advisers to deliver the best outcomes for clients and their families, helping them achieve their financial goals. We offer a comprehensive range of products and investments through our award-winning online investment platform, designed to make online processes quick and easy.

About Quilter's Platform

Quilter's platform is recognised as one of the UK's most popular advised investment platforms, enabling advice professionals to deliver better outcomes for their clients both now and in the future.

We stand out in today's changing tax landscape for our flexible and reliable pension income options, efficient movement between investment wrappers, and integrated planning solutions - including an onshore bond and wide range of trusts.

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