Kenley Financial Ltd

Summer Newsletter 2026

Are you cushioned against financial hardship?

It can pay to have a plan in place

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Inside this issue

The importance of a safety net

A financial safety net is a blanket term for a set of measures you can put in place to protect your finances from life's uncertainties.

Building a more reliable safety net

To build a financial buffer in 2026, maximise interest through regular or fixed-rate accounts and consider using tax-free shelters like ISAs and the Personal Savings Allowance. It can be helpful to regularly monitor comparison sites like Moneyfacts.

Be your own boss

In 2026, pensions for the self-employed remain a critical tool for long-term security, especially as this group is not covered by workplace auto-enrolment schemes. Since the full new State Pension for the 2026/27 tax year is often insufficient for a comfortable lifestyle—personal retirement planning is essential.

Pitfalls of long-term mortgages

Long-term mortgages are becoming commonplace, but watch out for the pitfalls.

What to take up in retirement

Concentrating on keeping healthy and exercising is a great plan. Although it's more important to find a plan that suits you. Retirement is about living the life you want.

Welcome to the summer edition of our quarterly client newsletter, which provides topical financial articles.

These newsletters are intended to bring a few key topical issues to your attention. If you would like to discuss any of them (or any other aspect of your financial planning) in more depth, please contact us.

Please note: We may not necessarily advise on all the topics in each newsletter, but thought they may be of interest to you.

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Any information in this newsletter does not constitute advice and should not be acted upon without taking professional guidance.

The value of pensions and investments and the income they produce can fall as well as rise and you may not get back the full amount that you originally invested.

We all need a safety net when things get tough

Could you keep your head above water if your income stopped tomorrow?

Financial stability is often overlooked until crisis hits. If an accident or illness stops your income, essential bills like rent or mortgages do not stop. Being prepared is your best defence.

Emergency Fund:

A crucial component, typically 3-6 months' worth of essential living expenses, to cover unexpected costs like job loss, medical emergencies, or car repairs can provide the peace of mind needed to manage day-to-day life.

It pays to be prepared

A financial safety net includes measures like emergency savings or income protection to safeguard your finances from life's uncertainties. It is always best to be covered.

How would you pay your bills if you couldn't work?

If something more serious or longer term were to happen, then income protections could offer a more sustained solution. Whether you're employed or self-employed, income protection is designed to cover a proportion of your monthly salary should you suffer an accident or illness that prevents you from working.

Gender protection gap

A notable gender protection gap persists in 2026. Recent data shows 29% of women feel they cannot afford protection insurance, compared to 23% of men.

Worryingly, over a quarter of women would be forced to rely solely on their partner's income if they were unable to work—a risk compounded by the fact that women are statistically more likely to need long-term sick leave than men.

This highlights the critical need for personal financial independence and proactive protection planning.

Replace a portion of your income

Income protection insurance can provide tax-free payments, which could replace approximately 50% to 65% of your earnings if illness or injury prevents you from working. Payments usually continue until you return to work, retire, pass away, or the term ends.

However, coverage would be subject to medical underwriting and would also depend on your personal health, lifestyle, and occupation. Policies may also exclude pre-existing conditions, limit coverage for specific illnesses, and require a deferred waiting period before payments begin.

Claim as many times as necessary

A significant advantage of this type of insurance is its flexibility. You can claim as many times as necessary during the policy's life-span. However, it's important to note that there is often a pre-agreed waiting, or 'deferred', period before payments commence. Typical waiting periods range from four weeks up to a year, with longer waiting times generally resulting in lower monthly premiums.

Evaluating your employer's support

It could be crucial to evaluate your employer's safety net, as losing your income can quickly exhaust your savings. While UK Statutory Sick Pay (SSP) improved in April 2026—becoming payable from the first full day of sickness absence (for people who are employed)—the weekly rate remains low. For the self-employed or those without generous workplace benefits, income protection insurance could prove invaluable in the face of adversity.

Building a more reliable safety net

Emergency Savings: Building Your Financial Buffer in 2026

While today's steady interest rates are neither at record highs nor rock-bottom lows, consistently building up your savings remains a vital financial habit. Cultivating this safety net helps to ensure you are fully prepared to face unexpected emergencies—like a broken boiler or a necessary car replacement—while lifting a huge weight of financial anxiety off your shoulders.

Put money away each month

Savings yields vary significantly, meaning some accounts could perform much better than standard ones. You will generally find the highest rates on regular savers that require consistent monthly contributions. Many of these accounts also sweeten the deal with prize draw incentives.

Audit your subscriptions

Check your bank statement and go through all your existing direct debits. Perhaps reconsider things you no longer use like Netflix, a magazine subscription or a gym membership. Over time small regular amounts of money can add up.

Kids get great rates

In the 2026/27 tax year, you can contribute up to £9,000 to a Junior ISA (JISA), where savings grow entirely tax-free. However, a child cannot hold both a Junior ISA and a Child Trust Fund (CTF) at the same time. If your child already has a Child Trust Fund, you must officially transfer those funds into the new Junior ISA to close the old account.

Shop around for better returns

For better returns on your own savings, shop around for fixed-rate accounts, which could offer higher rates in exchange for locking your money away for a year or more. Since deals change quickly, monitor comparison sites like Moneyfacts to find the best current offers and remember to check changes to the rates of your fixed-rate accounts as they mature.

Money Facts Savings Accounts»

Make use of government top-ups

The Lifetime ISA (LISA) allows you to save for a first home or retirement. You can deposit up to £4,000 annually until age 50 (you must make your first payment into your LISA before you're 40), earning a 25% government bonus (max £1,000/year). Note that a government consultation is currently reviewing the LISA's future, with potential reforms or a replacement product expected. Withdrawing the money for anything other than for a first home purchase or retirement may result in penalties.

Personal savings allowance (PSA)

Your personal savings allowance (PSA) is a **tax-free allowance** that lets you earn interest on your savings without paying tax on that interest. The allowance you get depends on what rate of income tax you pay: Basic-rate (20%) taxpayers: can earn £1,000 in savings interest per year with no tax. Higher-rate (40%) taxpayers get a £500 allowance. Additional rate taxpayers have no personal savings allowance.

Don’t forget about Cash ISAs

Individual Savings Accounts (ISAs) continue to provide a tax-free shelter for your savings. Your annual ISA allowance for 2026-27 is £20,000.

Please note that major legislative changes are scheduled for 6 April 2027, when the tax-free **Cash ISA** allowance will drop from £20,000 to £12,000 for savers under 65 (total ISA allowance will still be £20,000), making it crucial to maximize your current allowances while they last.

The favourable tax treatment of ISAs may be subject to changes in legislation in the future.

The value of your investment can go down as well as up and you may get back less than the amount invested.

The importance of self employed pensions

Be your own boss, build your own future

Choosing the self-employed path brings incredible freedom, but it shifts the entire burden of retirement planning onto your shoulders. Freelancers and contractors could miss out on corporate perks like automatic pension enrolment and matching employer contributions. Because your income can fluctuate monthly, establishing a personal pension early is critical to building confidence in your financial future.

All employers must now provide a workplace pension scheme for their eligible employees and pay into it under the auto-enrolment rules, boosting the amount their employees are saving towards retirement. But if you're self-employed, you won't have an employer adding money to your pension in this way. A low percentage of self-employed people in the UK are actively saving into a pension.

You might be focusing on the day-to-day needs of your business, but it can be important to think about the future too. The State Pension is a good foundation for when you retire, but it might not give you the income you want on its own or when you want it, so think carefully about contributing to a private pension or saving in some other way.

Money Helper has lots of impartial information about your options. They can help you think about what you have saved already, how much you should try to put away, and the different ways to save.

Money Helper Pensions Advice Info»

Advantages to having a pension

Selecting an appropriate pension could enhance your retirement outcomes. As a tax-relieved investment vehicle, a pension could accelerate fund growth by redirecting potential tax liabilities directly into your savings.

However, individual tax treatment depends entirely on your specific earnings, allowances, and circumstances, all of which remain subject to change.

Making the most of your pension pot

To support your long-term retirement goals, remember that the earlier you begin saving, the more powerful your pension becomes.

Starting young provides a much longer window to contribute, significantly more time to benefit from government tax relief, and allows your investments the vital years needed for compound growth to take effect.

With a personal pension, you maintain control by choosing exactly where your contributions are invested from a diverse range of funds offered by your provider.

Furthermore, the provider can claim basic rate tax relief on your behalf and adds it directly to your pot, helping to ensure that this money works for your future instead.

The value of pensions and investments and the income they produce can fall as well as rise and you may not get back the full amount that you originally invested.

Levels and bases of, and reliefs from, taxation are subject to change and their value will depend upon personal circumstances. Taxation and pension legislation may change in the future.

Watch out for the pitfalls of a long-term mortgage

Watch out for the pitfalls of a long-term mortgage

A long-term mortgage can help you manage affordability, but suitability would depend on individual circumstances and borrowing costs can vary significantly.

While stretching a loan's term lowers monthly payments, it could significantly increase the total interest you pay over time. Highlighting this shift, UK Finance data has revealed the average first-time buyer term is now 31 years, with many extending to 35 or 40 years.

The Advantages: navigating the affordability squeeze

With house prices staying stubbornly high and wages struggling to keep pace, lowering monthly repayments is a necessity. Extending a loan's term could offer some short-term benefits:

Lower monthly costs: Spreading the principal debt across 35 or 40 years drops immediate monthly payments.

Ladder access: For many entry-level buyers, a longer term is the single deciding factor in passing stringent lender affordability checks.

Life flexibility: Lower fixed costs offer financial breathing room if a household needs to temporarily scale back working hours to raise young children.

The Downsides: The True Price of Going Long!

While ultra-long terms cushion your current bank account, they could carry significant long-term risks:

Retirement traps: Roughly two in five new mortgages now carry terms that extend well into the borrower's retirement years.

Securing a 35-year loan in your 30s means you could face monthly housing debt for much longer, which could impact your retirement plans later in life.

The interest mountain: Adding 10 extra years to a traditional 25-year mortgage means paying a decade more of compounding interest. At current market averages, this structural stretch could add tens of thousands of pounds to the total cost of the house.

Zero safety net: Maximising your term at the initial purchase leaves you with absolutely no room to extend the loan later if you suffer a job loss or drop in income.

Despite the obvious relief to your monthly cash flow, you must treat ultra-long mortgages as a temporary stepping stone rather than a permanent plan.

Many buyers utilise these long-term risks to get their foot in the door, with the explicit goal of shortening the term or making penalty-free overpayments as their salary grows.

The Financial Conduct Authority does not regulate some forms of Buy-to-Let mortgages.

Your property may be repossessed if you do not keep up repayments on your mortgage.

What to take up in retirement?

You've spent a lifetime making a living—now it's time to start living!

Retirement can be a deeply personal milestone shaped by your unique financial health and physical well-being.

While some are fast-tracking toward early retirement in 2026, others may face delays or simply prefer to stay active by transitioning into part-time work.

Regardless of your timeline, creating a proactive roadmap, whether it includes a bucket list or a plan for a flexible work-life balance is essential for turning this transition into a purposeful new chapter.

What's next?

If you enter retirement healthy and financially secure, this milestone is a major victory. After decades of meeting rigid education, career, and family obligations, you finally have the freedom to disconnect from the clock.

Free from major caring responsibilities, your future is now a blank canvas of possibilities. This is your hard-earned opportunity to pivot away from what you have to do, and finally focus entirely on what you want to do.

Initially, it is perfectly fine to simply pause, slow down, and "chill" before deciding on your next steps. The key is finding a rhythm that works for you. Your ideal retirement might include:

Active wellness - Focus on your health through gentle jogging, regular exercise, or sports.

Learn new hobbies – Take up photography, painting, yoga or playing an instrument, etc.

Community connection – There's always help needed somewhere and it can be a great way to meet new people and forge social connections.

Creative projects – Now's the time to write that memoir you have been thinking about.

Local social networks – stay connected by joining interactive meet-up groups or community clubs in your local neighbourhood.

Spend time with family and friends – Now you have time to spend more quality time with those you would like to see more.

Social fitness – Stay active with multi-generational sports like pickleball, which heavily boosts both mental and physical acuity.

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