

# A Guide to Financial Planning Through Economic Uncertainty

Practical strategies to protect your wealth and achieve your goals, whatever the economic climate brings.

This guide contains 14 pages and will take approximately 10 minutes to read



# Inside this guide

Economic uncertainty is a constant in life, but with the right planning, you can build financial resilience and stay on track to meet your goals.

## Contents

03

Understanding Economic  
Uncertainty

04

Why Planning Matters Now

05

Key Figures for 2025/26

06

Building Financial Resilience

07

Your Emergency Fund Strategy

08

Case Study: The Robinsons

09

Defensive vs Growth Strategies

10

Tax-Efficient Wrappers

11

Your Resilience Checklist

12

Your Next Steps

# Understanding Economic Uncertainty

Economic uncertainty is a state of affairs where the future is unpredictable. Markets have always moved through cycles of growth and contraction, and economic factors like

globalization, technology, and technological change continue to shape the landscape.

While markets are not predictable, the best investors are building a financial plan that allows them to weather uncertain times.

## Current Economic Outlook

- US inflation projected to fall to 3.5% by 2025, down from 4.1% in 2023
- Fed rate hike to 5.5% by 2024
- US GDP growth forecast at 1.2% for 2023, rising to 1.8% in 2024



# Why Planning Matters Now

In times of uncertainty, the temptation is often to do nothing or to react emotionally to market movements. Neither approach serves your long-term interests. A well-constructed financial plan gives you the confidence to stay the course.

## The Cost of Inaction

Doing nothing might feel safe, but inflation erodes the purchasing power of cash savings. With inflation at 3.5%, money sitting in a current account earning minimal interest loses real value every year. Over a decade, £10,000 could lose over £3,500 in purchasing power.

## The Danger of Emotional Decisions

Buying investments during a downturn leads to losses and means missing recovery. Research consistently shows that the best and worst days to buy often occur together. Missing out a handful of the best days can significantly reduce long-term returns.

### *Did you know?*

Investing in the S&P 500 index from 1926 to 2025, the average annual return was 10%. However, the worst 10% of returns were concentrated in the 1930s and 1970s. Missing these periods could significantly reduce long-term returns.

# Key Figures for 2025/26

Understanding your annual allowances helps you make the most of tax-efficient savings and investments.

|                                 |  |  |
|---------------------------------|--|--|
| <b>£20,000</b><br>ISA allowance | <b>£60,000</b><br>Pension annual allowance | <b>£120,000</b><br>FSCS protection limit |
|---------------------------------|--|--|

## Your Allowances for 2025/26

|  |                                       |  |
|--|---------------------------------------|--|
| <b>£4,000</b><br>Lifetime ISA limit (with 25% bonus) | <b>£9,000</b><br>Junior ISA allowance | <b>£3,000</b><br>Capital Gains Tax annual exempt |
|--|---------------------------------------|--|

Understanding your allowances helps you make the most of tax-efficient savings and investments.

### What This Means for You

Understanding your ISA and pension allowances enables you to maximise your tax-free savings and investments. The FSCS protection increase to £120,000 means more of your cash savings are protected if a bank fails.

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# Building Financial Resilience

Financial resilience is not about  
avoiding all risk. It's about  
having the foundations in place  
to absorb shocks without  
breaking your long-term plans.

Think of it as an umbrella you  
hope you will not need, but  
when the rain comes, you will  
be glad to have it.

## The Four Pillars

- 1. Emergency fund to cover 3-6 months of expenses
- 2. High-quality insurance (life, disability, health)
- 3. Diversified investments (equity, fixed income, alternatives)
- 4. Regular reviews to stay on track



# Your Emergency Fund Strategy

An emergency fund is your first line of defense against financial shocks. It prevents you from having to sell investments at the wrong time or take on expensive debt.

## How Much Do You Need?

The right amount depends on your circumstances. Consider your job security, whether you have dependents, and your essential monthly expenses.

- 3 months' expenses if you have stable employment and good job security
- 6 months' expenses if you are self-employed or have variable income
- 9 months' expenses if you are supporting a dependent or have significant debt

## Where to Keep It

Your emergency fund should be easily accessible but not too easy to dip into. Consider:

- High-yield savings accounts with competitive APYs
- Money market funds for low-risk returns
- Short-term bonds for higher returns, accessible with 90-day notice

## Quick Reference

3-6

Months of expenses to maintain emergency fund

3-6%

APYs for high-yield savings accounts

0%

APY for money market funds

# Case Study: The Robinsons

The Robinsons are a family of four who want to retire at 60 and help their children get on the property ladder. They have a combined pension pot of £420,000, ISA savings of £85,000 and cash savings of £15,000.

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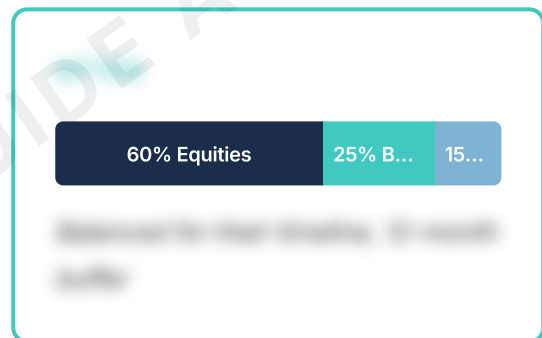
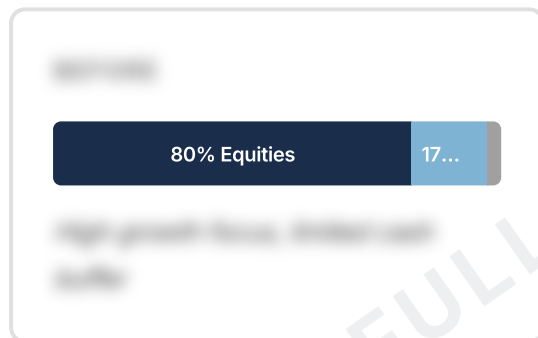
**David and Sarah Robinson, both 55**

Both working, two children at university, mortgage free

**Their goals:**

- Retire at 60
- Help children get on property ladder
- Travel in retirement

|                   |          |
|-------------------|----------|
| Combined pensions | £420,000 |
| ISA savings       | £85,000  |
| Cash savings      | £15,000  |



**Monthly essential expenses** £3,500

Target: 12 months' expenses × 12

**Emergency fund target = £42,000**



# Defensive vs Growth Strategies

Understanding the trade-offs between different investment approaches helps you choose the right strategy for your circumstances and goals.

## Defensive Strategy

- ✔ Lower volatility & market risk
- ✔ More predictable income stream
- ✔ Higher dividend yield
- ✘ Lower long-term growth potential
- ✘ May not meet your goals

**DEFENSIVE**  
This strategy is designed to help you preserve capital.

FOR MOST

## Balanced Strategy

- ✔ Diversified across asset classes
- ✔ Moderate growth with lower risk
- ✔ Higher dividend yield
- ✔ Flexible enough to meet your goals
- ✔ Potentially higher returns

**BALANCED**  
This strategy aims to provide a steady return.

### The right choice

Your investment strategy should align with your long-term goals, risk tolerance, and investment objectives. A financial advisor can help you evaluate all the pieces to help you choose the right strategy.

# Tax-Efficient Wrappers in Uncertain Times

The efficiency of various asset class investments during periods of lower expected returns. Every asset class is a good idea when invested and working for your future.

## ISAs: Flexible and Tax-Free

Individual Savings Accounts shelter your investments from income tax and capital gains tax. You can split your £20,000 annual allowance across different types of ISAs, and you can have open multiple ISAs of the same type in a single tax year.

- Cash ISAs for your emergency fund and short-term savings
- Stocks and Shares ISAs for long-term growth
- Lifetime ISAs for first-time purchase or retirement (20% bonus)

## Pensions: Powerful Tax Relief

Pension contributions receive tax relief at your marginal rate. Higher rate taxpayers contributing £10,000 effectively save over £3,000. Pension also gives free of capital gains tax and most income tax.

- Annual allowance of £10,000 or 10% of earnings (whichever is lower)
- Carry forward unused allowance from the previous three years
- 25% tax-free lump sum available from age 55 (57 from 2028)

### Key Takeaways

Use ISAs and pensions for tax-efficient savings. If you do not use them by 5 April, they are gone. Pensions carry forward rules are more generous, but still require active planning.

# Your Financial Resilience Checklist

Use this checklist to assess your current financial resilience and identify areas for improvement.

|  |  |
|--|--|
| <b>1</b><br>Emergency fund in place<br>3-6 months of expenses<br>Automated monthly deposits                          | <b>2</b><br>Insurance protection<br>Life, health, disability<br>Auto, home, renters<br>Term life insurance           |
| <b>3</b><br>Regular contributions to 401(k)<br>Roth IRA/Traditional IRA<br>529 college savings<br>HSA (if eligible)  | <b>4</b><br>Debt management plan<br>Debt-to-income ratio < 40%<br>High-interest debt < 10%                           |
| <b>5</b><br>Investment strategy defined<br>Target-benefit pension<br>Roth IRA/Traditional IRA<br>529 college savings | <b>6</b><br>Retirement savings<br>401(k) or IRA<br>Roth IRA/Traditional IRA<br>529 college savings                   |
| <b>7</b><br>Worthwhile goals set<br>Financial goals defined<br>Regular reviews<br>Adjustments as needed              | <b>8</b><br>Regular review schedule<br>Annual or semi-annual reviews<br>Adjustments as needed<br>Professional advice |

SAMPLE - FULL GUIDE AVAILABLE

# Your Next Steps

Building financial resilience does not happen overnight, but these practical steps will set you on the right path.

- 1 Calculate your emergency fund target** 15 MINS

Use your essential monthly expenses and multiply by your target number of months (3, 6, or 9 depending on your circumstances).
- 2 Check your pension contributions** 10 MINS

Log in to your pension provider's website and check you are making the most of your employer matching. Consider increasing contributions if you can afford it.
- 3 Review your tax usage** 10 MINS

Check how much of your allowable allowances you have used this tax year and set up regular contributions if you are ready to start.
- 4 Book a financial review** 5 MINS

Consider getting a comprehensive review of your financial plan. We will help you build a strategy tailored to your goals.

Ready to take the next step?  
Contact us on [0203 900 9000](tel:0203 900 9000) or email [advice@wealthcare.co.uk](mailto:advice@wealthcare.co.uk) to book your free  
15-minute consultation.



Your Logo

# Let us help you build a financially resilient future

Economic uncertainty is a constant, but with the right planning and guidance, you can navigate whatever comes with confidence. Our team of experienced financial advisers is here to help you make the most of your financial planning opportunities.

## Book a consultation

Call 0800 XXX XXXX or email [advice@example.com](mailto:advice@example.com)

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FCA Number: XXXXXX | January 2026