3D Financial Planning
Independent Financial Advisors

Newsletter
August 2025

Market Update

Global markets generally delivered positive returns in July, with equities across most regions supported by easing trade tensions, strong corporate profits, and sector-specific tailwinds. Bonds, however, were weaker as rising yields weighed on government debt. Commodities gained, led by energy.

US Equities

US shares advanced as new tariff agreements with major trading partners were finalised ahead of the 1 August deadline. The information technology sector led the way, with strong earnings from several major tech firms boosting sentiment. More defensive areas such as healthcare and consumer staples lagged.

Eurozone Equities

Eurozone markets moved higher, helped by healthcare and financials, while technology shares underperformed. Official data showed the eurozone economy grew slightly in Q2 (up 0.1%), easing concerns of contraction.

UK Equities

The UK market, measured by the FTSE All-Share, also delivered gains. Energy, healthcare, consumer staples, and telecommunications were the strongest sectors, offsetting weaker areas such as industrials.

Japanese Equities

Japanese shares rose following a favourable outcome in Upper House elections and news of a trade agreement with the US. Investors responded positively, with gains across both large-cap and export-focused companies.

Emerging Markets

Emerging market equities also advanced, with the MSCI EM Index outperforming developed markets apart from the US and Asia ex-Japan. Taiwan, China, and Korea were key contributors, though a stronger US dollar limited broader gains.

Asian Equities (ex-Japan)

The MSCI Asia ex-Japan Index posted solid gains. Thailand was the standout performer, followed by Taiwan, Hong Kong, and China. Taiwanese stocks continued to benefit from enthusiasm around artificial intelligence, while India underperformed due to ongoing uncertainty around US tariffs.

Global Bonds

Bond markets weakened as government bond prices fell on the back of rising yields and renewed fiscal concerns. The US market came under pressure after President Trump signed the "Big Beautiful Bill," which included tax cuts and increased spending, raising deficit worries. Corporate bonds fared better, supported by strong company earnings and demand for high-yield issues.

Commodities

Commodities overall advanced in July, with energy again the strongest performer. Industrial metals and agricultural commodities fell, while gold was broadly unchanged.

Source: Schroder Investment Solutions – Monthly Update July 2025

In the Spotlight

Retirement Realities: Insights from Quilter's Retirement Lifestyle Report

Quilter has published its inaugural *Retirement Lifestyle Report* – a comprehensive study of 5,000 UK retirees that explores how people fund and live their retirement. The results give a fascinating snapshot of the pressures and priorities shaping life after work today.

Spending in retirement – £22,000 on average, but highly uneven

The headline figure is that the "average" retiree spends around £22,140 a year (£1,845 per month). But this masks huge variation depending on age and income. For example, wealthier retirees spend nearly £6,700 a year on holidays, while lower-income retirees spend just £1,400. Similarly, grocery bills range from £191 a month for lower-income over-80s to over £400 for higher-income households.

Key findings of the Retirement Spending Index

	Average spend per retiree	
Goods	**Monthly**	**Annual**
Housing (rent, mortgage, property maintenance)	£188.20	£2,258.34
Food and non-alcoholic drink (groceries)	£185.18	£2,222.17
Holidays	£178.11	£2,137.34
Renovations / Home improvements	£165.44	£1,985.26
Energy	£150.52	£1,806.19
Loan / debt repayments	£131.57	£1,578.88
Transportation (bus, car including petrol, train travel)	£119.65	£1,435.82
Phone, TV, and broadband	£117.76	£1,413.08
Healthcare (pharmaceuticals and any costs associated with healthcare)	£114.48	£1,373.80
Clothing and footwear	£113.43	£1,361.18
Gifting to relatives	£110.24	£1,322.83
Assistance in funding education of grandchildren/relatives	£97.93	£1,175.19
Gifting to charities	£87.38	£1,048.56
Dining out (food and drink away from home)	£19.61	£235.38
Electronics/gadgets	£15.30	£183.56
Hobbies (excluding sports)	£13.27	£159.24
Entertainment (theatre, cinema, live sports)	£13.24	£158.93
Sports (membership of clubs, equipment spending etc.)	£12.23	£146.81
Subscriptions	£11.53	£138.30
Total	**£1,845.07**	**£22,140.88**

Source: Quilter Retirement Lifestyle Report 2025

Interestingly, the research highlights that spending doesn't always fall with age. Higher-income retirees often maintain or even increase spending on travel, eating out and gifts well into their 80s, while lower-income households steadily cut back across almost every category.

Gifting: the overlooked outflow

One of the most striking findings is the sheer scale of gifting. The average retiree gives away £1,323 a year directly to relatives, and a further £1,175 towards education for children or grandchildren.

In higher-income groups, gifting can exceed £4,800 a year to family and the same again to charity. This underlines just how significant retirees' financial support is to younger generations – and the knock-on effect on inheritance tax planning.

The report breaks this down into six "retirement personas," based on age and household income:

- **Early-age Scrimpers (under 65, income below £35k)**
  Typically in the first phase of retirement, these households are on more modest incomes and often feel financially stretched. They spend carefully on essentials and cut back on discretionary items, but many still try to help children and grandchildren where they can. Their reliance on the State Pension and limited private savings means money worries are more common.
- **Early-age Spenders (under 65, income above £35k)**
  This group is enjoying the early years of retirement with relatively high incomes and a strong appetite for spending. Holidays, leisure, and generous family gifting feature heavily in their budgets. They tend to be the most confident about their finances but may not always think as far ahead about how spending habits need to adapt later in retirement.
- **Mid-age Stretched (65–79, income below £35k)**
  These retirees are in their mid to later years and often heavily dependent on the State Pension to meet daily needs. They have to budget carefully, with essentials taking up the bulk of spending. While some can still make modest gifts, rising living costs and healthcare expenses mean many feel squeezed.
- **Mid-age Comfortables (65–79, income above £35k)**
  Financially secure and generally satisfied, this group enjoys a balanced retirement. They tend to spend steadily on travel, hobbies, and family, without feeling overstretched. Many in this group take advice and are better prepared for future costs, giving them confidence and peace of mind about maintaining their lifestyle.
- **Late-age State Dependants (80+, income below £35k)**
  In advanced retirement, these individuals rely overwhelmingly on the State Pension and have little financial flexibility. Spending is pared back to essentials, with minimal discretionary outgoings. Health and care needs often take priority, and financial worries are common. Despite this, some still find ways to give modestly to family, showing how deeply intergenerational support runs.
- **Late-age Independents (80+, income above £35k)**
  The most financially resilient of the older groups, these retirees remain independent and often continue to enjoy travel, leisure, and family gifting well into their 80s. They are less concerned about day-to-day finances and more focused on making the most of later life.

Advice and planning play a big role here, particularly around inheritance tax and structuring wealth for the next generation.

Spending patterns across our personas (Monthly)

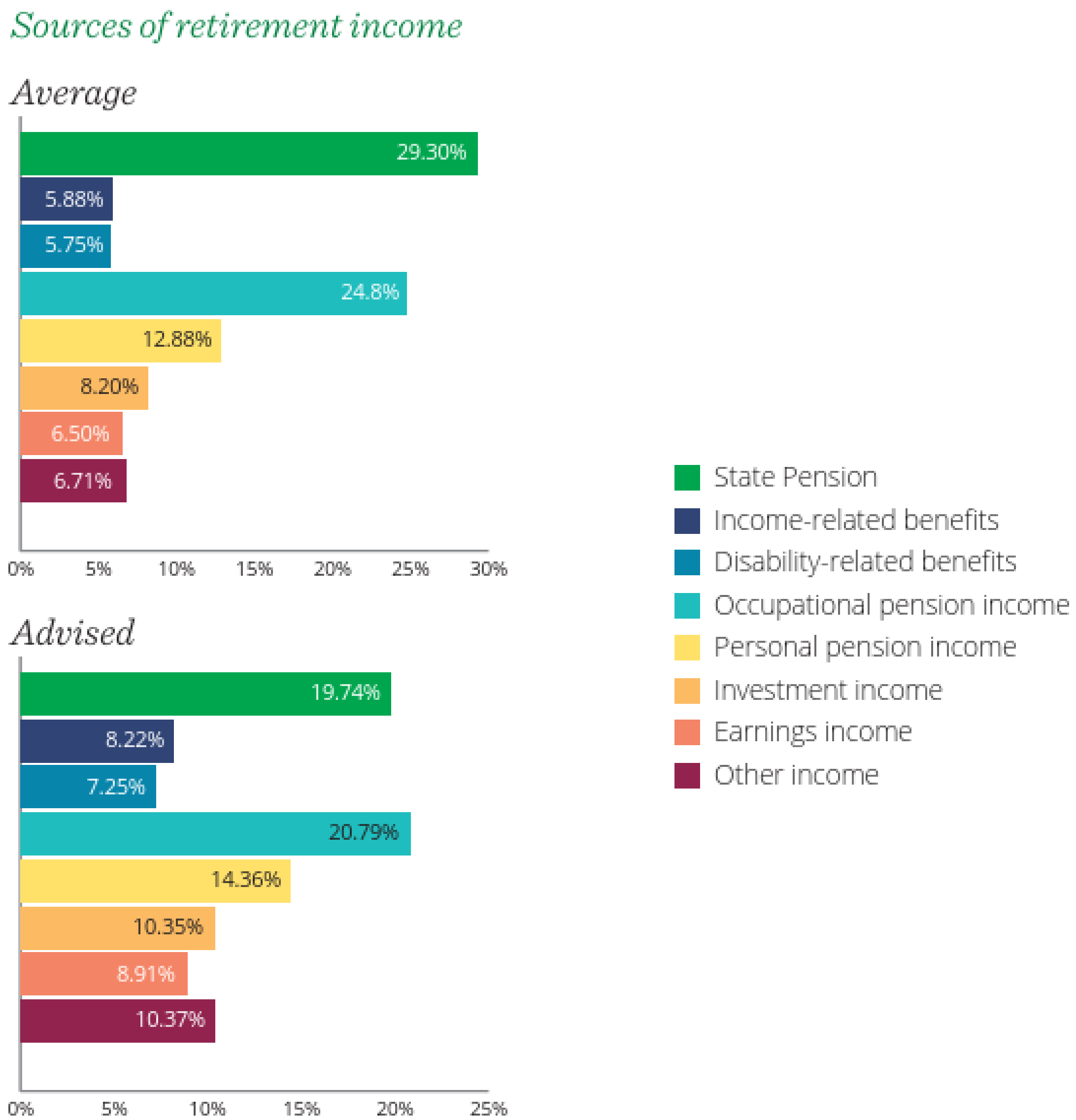
	Early-age Scrimpers	Early-age Spenders	Mid-age Stretched	Mid-age Comfortables	Late-age State Dependants	Late-age Independents
Food and non-alcoholic drink (groceries)	£295	£399	£233	£372	£191	£402
Housing (rent, mortgage, property maintenance)	£293	£389	£202	£296	£149	£246
Energy	£247	£383	£162	£294	£150	£293
Transportation (bus, car including petrol, train travel)	£208	£365	£100	£263	£71	£223
Phone, TV, and broadband	£207	£363	£99	£257	£78	£246
Clothing and footwear	£204	£363	£90	£250	£66	£184
Healthcare (pharmaceuticals and any costs associated with healthcare)	£221	£361	£89	£250	£59	£203
Loan / debt repayments	£239	£371	£117	£263	£61	£169
Sports (membership of clubs, equipment spending etc.)	£249	£419	£124	£331	£61	£361
Entertainment (theatre, cinema, live sports)	£266	£429	£150	£345	£82	£309
Dining out (food and drink away from home)	£344	£508	£258	£502	£200	£558
Hobbies (excluding sports)	£262	£434	£139	£335	£73	£403
Electronics/ gadgets	£270	£437	£176	£379	£116	£304
Subscriptions	£242	£415	£128	£308	£89	£290
Holidays	£3,458	£5,875	£2,294	£4,766	£1,387	£6,723
Gifting to relatives	£2,587	£4,836	£949	£3,442	£861	£4,323
Gifting to charities	£2,162	£4,791	£593	£2,960	£187	£2,024
Renovations / Home improvements	£3,294	£5,875	£1,714	£4,599	£816	£3,909
Assistance in funding education of grandchildren/ relatives	£2,403	£5,280	£550	£3,038	£327	£3,815
Total **(monthly and annual spending combined)**	**£38,501**	**£65,235**	**£20,171**	**£47,937**	**£14,095**	**£46,614**

Source: Quilter Retirement Lifestyle Report 2025

Income – the importance of the State Pension

The study finds that the median gross household income for retirees is £35,000, in line with average UK earnings. But the mix of income sources varies hugely depending on wealth and whether people receive advice.

Across the whole retiree population, the State Pension makes up around 29% of income on average. For advised retirees, that figure drops to just 20%, as they tend to have more diversified income streams from personal pensions, investments, and earnings.



Source: Quilter Retirement Lifestyle Report 2025

However, averages only tell part of the story. For lower-income households and older retirees, reliance is much heavier: the State Pension provides 47% of income for 70–74-year-olds and 50% for those over 80. This underlines just how critical it remains as the backbone of retirement security – particularly for those without large private pensions.

Confidence and concerns

Just over half of retirees worry they won't be able to maintain their standard of living over the next year, with inflation and energy costs the biggest concerns. Paradoxically, wealthier retirees are often *more anxious* about the future – with 72% of "early-age spenders" (younger, higher-income retirees) expressing concern. Around a quarter of all retirees are already planning to cut discretionary spending, while 1 in 10 say they may even need to use a food bank.

Policy changes are driving action

Looking ahead, policy uncertainty is shaping behaviour. With pensions set to be brought into scope for inheritance tax from 2027, over 60% of retirees expect to take action, and this figure rises to more than two-thirds among those with £1m+ in assets. Notably, the report found that households already receiving financial advice are far more likely to be proactive – whether that's restructuring their income, making gifts, or taking tax-efficient action.

What this means for you

The report highlights that there is no single "typical" retiree – income levels, spending patterns and concerns vary dramatically. But some themes stand out:

- **The State Pension** remains the backbone of retirement for many, especially in later life.
- **Gifting** is a major outflow, often underestimated in retirement planning.
- **Inflation and policy changes** are making retirees increasingly conscious of sustainability and tax efficiency.
- **Advised retirees** are better placed to respond, with more diversified income sources and greater confidence in their financial security.

At 3D Financial Planning, our role is to ensure clients aren't just reacting to change, but staying one step ahead. That's why we build cashflow forecasts to map out future spending and income, and why we recommend regular reviews – so your plan can adapt as circumstances, markets and legislation evolve.

Because retirement isn't static. It's a journey – and having a plan that flexes with you is the best way to maintain not just financial security, but the lifestyle you've worked hard to achieve.

Planning in Practice

From Saving to Spending: The Retirement Mindset Shift

One of the biggest transitions in retirement isn't financial at all — it's *psychological*.

Many clients have spent decades building up pensions, ISAs and savings. They've been careful savers and investors, defined by a "don't touch it" mentality. Then suddenly, retirement arrives — and the mindset must shift from **accumulating** to **decumulation**. That can feel deeply uncomfortable, even if the numbers show it's affordable.

Why Retirement Feels So Daunting

Retirement is one of life's biggest milestones, and it can feel daunting for reasons beyond money. There's the question of identity ("Who am I now that I've stopped working?"), the fear of running out of money, and even the guilt some people feel when they start to spend on themselves after a lifetime of saving.

This is where financial planning becomes about much more than investments or tax. Our role is to provide:

- **Clarity** through cashflow forecasts, showing how your resources support the lifestyle you want.
- **Confidence** by stress-testing your plan against different scenarios.
- **Permission** to enjoy what you've built — whether that's helping family, travelling more, or simply giving yourself a bigger budget for day-to-day life.

Lightbulb Moments

We've seen clients have real *lightbulb moments* when they see their numbers mapped out. Suddenly, they realise they don't just have to keep working — they can choose. Some continue because they enjoy it, while others negotiate reduced hours, change jobs, or step away from stressful roles entirely. The power dynamic shifts: work becomes optional, not obligatory.

And that's the point of planning. It's not just about filling up the bank account, it's about filling up the memory bank. Knowing you can afford to live the life you want — while still protecting your long-term security — is what financial independence really means.

Enjoying Life With Confidence

Retirement isn't about hoarding wealth. It's about making sure your money works for you — to create experiences, support family, and give you the confidence to make choices that bring meaning and fulfilment. With regular reviews, we make sure your plan keeps adapting with you, so you can move forward knowing you're in control.