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Adviser update

July 2026

www.transact-online.co.uk

Welcome to the July Adviser Update.

Our campaign to improve disclosure of retained cash interest by platforms continues at pace. Over the past few weeks, we've seen 3 significant actions. First, the FCA ruled that they will push ahead with changing CASS rules to explicitly mention that any cash interest retention must be compatible with Consumer Duty (read here). Second, the FCA launched a new consultation on cost and charges telling platforms that cash interest disclosure should be more prominent. Finally, and perhaps most importantly, John Glen, an MP and member of the Treasury Select Committee (TSC), called for the FCA to do more. This is important because the TSC oversees the FCA. Please see John's article here and also Andrew's summary of recent developments on LinkedIn. We are making progress, but the campaign is far from complete. The focus on banning double dipping is a potential distraction to the key issues of disclosure and fair value. The new consultation doesn't recognise retained cash interest as a charge or mandate sufficient disclosures. On a practical level, we have seen a rise in transfers in from Aviva in June (more than three times the January figure) following their decision to retain cash interest. We know many advisers use Transact and Aviva. Please make sure you are considering cash interest charges in your ongoing suitability analysis.

I continue to be excited by the pipeline of new developments on Transact. This month, advisers can now complete chargeable gain calculations for one-off bond withdrawals on Transact Online, with gains presented on both a proportional and segmental basis. The preferred basis can be selected and a withdrawal submitted within a single online instruction. More details are provided in the TOL - recent enhancement article including a video of the online journey. In our recent podcast, Bella Caridade-Ferreira, Fundscape founder, joins me to discuss the platform market. Bella explains the importance of in-house bonds in driving net flow for platforms. She also talks passionately about the value of owning your own technology versus outsourcing to third parties like FNZ. I would encourage you to listen to the episode. Finally, the Dimensional MPS is now formally live on Transact. More choice and competition is great for advisers and customers. The DIM fee is priced at 6 basis points plus underlying fund costs.

Topics covered in this month's adviser update:

2. TOL – recent enhancements
3. The new Flexible Reversionary Trust – FAQ
4. Transact-BlackRock MPS update
5. Pension Death Benefits, IHT and personal representatives
6. ISA Reform: what the changes mean for clients
7. Interest on cash
8. Transact Events 2026

On a less positive note, we are considering our next steps following the announcement that interest on cash in a stocks and shares ISA will be taxed at 22%. Given the uncertainty and queries, we have included an article from our technical team on the ISA Reforms. Whilst the proposed changes bring added complexity to the ISA regime, you can be confident that we will implement the changes required. It is also important to remember that Transact has a cash ISA in addition to a stocks and shares ISA on the platform which provides some optionality for those clients who need to revisit their cash investments ahead of the impending changes. On the topic of changes to the tax regime, we have also included an article on the challenges for personal representatives related to pension benefits and IHT. Please take a look at the seven planning points for advisers to consider.

Having recently reviewed our process for onboarding new clients and our target market, we are making some changes to our residency policy. From the 1 of October 2026 we will only accept new clients that are UK resident (and also UK tax resident) or UK Crown employees. Whilst this update is only applicable to new clients and will not impact existing Transact clients, if an existing client moves abroad, they must let us know immediately of any changes to the countries in which they are tax resident including residential address and citizenship. If you have any questions or want to discuss any specific cases, please contact your Business Development Manager (BDM).

It has been a busy period for Transact events. We held a large adviser CEO roundtable at our offices where we discussed organic growth strategies, agentic AI use cases, approaches to initial fees and the impact of IHT on pensions. Please reach out to me if you would like to attend our next session in November. We also hosted a succession planning roundtable, bringing together 12 sellers, a broker and several buyers to share insights and experiences. The event gave sellers a better understanding of what buyers look for, what makes a firm attractive and how deals are structured. Following its success, we plan to hold another event at our London office later this year. If you'd like to attend, please email successionplanning@integrafin.co.uk. We will be holding Connect events in London, Warrington and Cardiff during October and November, plus a further seven breakfast events later this year. All our in-person regional breakfasts and Connect events are detailed on our events page. There are also several MPS events where you can hear from both BlackRock and our Head of Technical, Mark Fenlon. Dates are detailed in the Transact-BlackRock MPS update.

Thank you for your continued support.

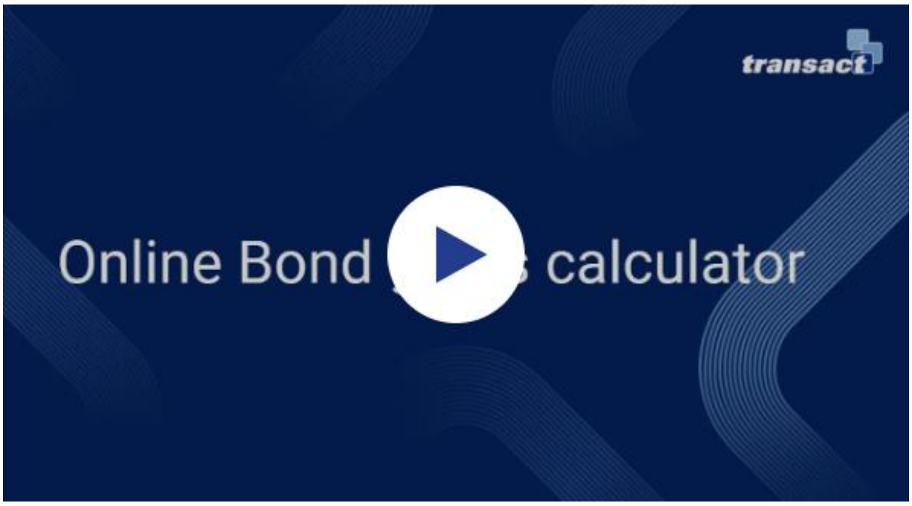
Kind regards,

Tom Dunbar
Chief Executive Officer

2. Transact Online (TOL) – recent enhancements

Transact Online continues to evolve, and this month's release includes several significant improvements highlighted below.

- **Bond Withdrawals & Chargeable Gains Calculations -** You can now complete one-off bond withdrawal chargeable gain calculations on TOL, with gains presented on both a proportional and segmental basis. The preferred basis can be selected and a withdrawal submitted within a single instruction. This provides you with increased efficiency from a streamlined process which reduces the time required to assess and process withdrawals. It also provides you with information much faster, as the calculations are presented instantly on screen, and gives you access to better decision-making tools as you can compare options straight away and select the most appropriate withdrawal method.



- **Investors can set up paperless Direct Debits** - Clients can now set up Direct Debit instructions quickly and efficiently without the need for a signed instruction, allowing the Direct Debit to be set up with minimal delay. The benefits include:
    - **Faster setup:** Real time bank verification helps minimise delays.
    - **Less paperwork, no signature:** No signed instruction required
    - **Quicker deposit funding:** Supports both regular contributions and one-off deposits.

Please contact your Adviser Support Manager (ASM) or Business Development Manager (BDM) if you would like more information - their details can also be found under Contact on Transact Online.

3. The new Flexible Reversionary Trust – some frequent questions answered

The Transact Flexible Reversionary Trust (FRT) has now launched, and we thought it would be helpful to collate the most frequently asked questions to help you understand whether this trust is right for your clients. (FRT documents designed to help you are hosted on TOL).

1) Setting up the trust

Is the FRT suitable for joint settlors? No. The FRT is for a single settlor only. The premium must come from an individual bank account or GIA, not a joint account. Using a joint account could have adverse inheritance tax consequences.

Can additional contributions be made after the trust is established? No. Only one single premium is permitted. Once the bond has been issued to the trustees, no further contributions can be made.

Can an existing bond be transferred into an FRT? No. The FRT can only be set up with a new Transact onshore or offshore bond.

Does the settlor have to be a trustee? No. The settlor is not automatically a trustee. This helps ensure the settlor is not perceived as influencing decisions regarding vesting or deferral, which is important for the intended tax treatment.

Is an independent trustee required? Yes. At least one trustee must be independent – meaning someone who is not the settlor, their spouse, civil partner, cohabitee, child, or financial adviser. A professional trustee is not mandatory, but we strongly recommend appointing one. Transact lists several examples of potential candidates (including Zedra, Ludlow Trust, and WAY) on our website. Any queries about charges should be directed to the relevant firm.

What paperwork is needed to open an FRT? The following documents are required: the FRT deed; T001(TR) trust portfolio application form; T022(TR) for an onshore bond or I001(TR) for an offshore bond; and the Trust Registration Service (TRS) proof of registration document. Transact will carry out standard anti-money laundering checks before setting up the bond and requesting payment.

Have any of the application forms changed? Yes. The T001(TR) now includes a yes/no tick box asking whether this is a Transact Flexible Reversionary Trust. It is important that (with respect to FRT's) this box is ticked to ensure various restrictions and events linked to the FRT are managed accordingly. Both bond application forms have also been updated with additional wording around lives assured, regular withdrawals, and the premium. Notably, the declaration now requires the settlor to sign as the bond applicant – rather than the trustees, as would normally be the case for other trust types. The settlor applies for the bond and directs Transact to issue it in the trustees' name. The trustees must also sign the bond form, but they are not technically the applicants.

Do the dates on the deed and bond form need to match? Yes. The settlement date in section 1 of the deed, the date of application for the bond in Schedule A of the deed, and the settlor's signature date in the authorisation section of the bond form should all be the same.

How is the gift treated for IHT? The transfer into the FRT is a chargeable lifetime transfer (CLT). It is worth noting that where the value of the gift into the FRT, together with any other CLTs made in the previous seven years, equals or exceeds 80% of the available nil-rate band (currently £260,000), the transfer must be reported to HMRC via form IHT100a, even if no IHT is actually due. This 80% reporting threshold applies because the gift is not in the form of cash or shares, but the bond itself.

Are there any additional Transact charges for an FRT? No. There are no Transact charges that apply in addition to those applicable to the relevant bond type (onshore or offshore) as set out in our Charges Schedule. If a professional trustee is appointed, they will levy their own fees. Advisers should contact the relevant firm directly for information on these.

2) Vesting and deferrals

How does a vesting date work in practice? Each vesting date is tied to the bond commencement date and the year specified in Schedule B of the deed. For example, if the bond commences on 12 June 2026 and Policy Fund A has a vesting date of 2027, it will vest on 12 June 2027, unless the trustees have acted to defer or defeat the entitlement before that date.

Will a policy fund vest automatically if no trustee action is taken? Yes. If the settlor is alive on the vesting date and the trustees have not made an explicit decision to defer or defeat, the policy fund will vest in the settlor automatically.

How do the trustees notify Transact of a decision relating to a policy fund? Responsibility for monitoring vesting dates and maintaining appropriate trust records ultimately rests with the trustees. Trustees can use our Flexible Reversionary Trust Trustee Decision Log (available online under Information > Trust Documents) to help them with this. To notify Transact of the decision/s made, the trustees should complete form T070 and send it to us. This will help us maintain records of policy fund statuses throughout the life of the trust as a back-up to the trustees' own records. We intend to issue a reminder letter, along with the T070 form, to trustees approximately two months before each vesting date.

Can the settlor choose to take only some of the vested policies in a given year? No. Vesting and deferral operate at the level of whole policy funds. When a vesting date arrives, the entire policy fund reverts to the settlor unless the trustees have previously resolved to defer it in full. It is not possible to allow part of a policy fund to vest while deferring the rest.

Is defeating a reversion different from deferring it? Yes. The deferral must apply to the entire policy fund. Defeating a reversion, where the trustees appoint the policies to a beneficiary instead of allowing them to vest in the settlor, can apply to the whole policy fund or just a portion of the policies within it.

3) Accessing funds

Once policies have vested, can the settlor choose how much to encash? Yes. Once policies have vested, the settlor can surrender some or all of those policies, leaving the remainder within the bond if they wish. Withdrawals must be requested by policy surrender rather than by monetary value.

Can the settlor use the 5% annual withdrawal allowance on vested policies? Only if the vested policies are first assigned out of the trust and into a bond held in the settlor's own name. The 5% facility is not available while the policies remain within the trust structure (other than for payment of professional trustee fees, see below)

Are the trustees permitted to take partial withdrawals from the bond? No. The only exception is to facilitate the payment of professional trustee fees.

4) Fees and charges

How are professional trustee fees paid? Professional trustee fees are met from within the bond by way of a partial encashment, processed through our standard bond partial withdrawal process.

Where do adviser and DIM fees come from? Adviser and DIM charges can be taken from the bond and will be treated as withdrawals for chargeable event calculation purposes. Alternatively, they can be paid via a fee payment GIA, but only if that GIA is in the settlor's own portfolio. The FRT GIA will remain empty.

5) Record keeping

Who is responsible for keeping records of the policy funds, vesting dates and deferrals? The responsibility for keeping these records lies with the trustees and we suggest that you consider the appointment of professional trustees. Transact will contact the trustees around two months before the vesting date and also request that the trustees notify us of the decisions made at each vesting date.

6) Tax on encashment

When the settlor encashes vested policies, is there a tax liability? Potentially, yes. Chargeable gains follow the usual rules. Where a vested policy is surrendered, any gain falls on the settlor (whilst they are alive), regardless of whether the policy was formally assigned to them first, since vested policies are held on bare trust for the settlor. Where a non-vested policy is assigned to a beneficiary and then surrendered, any chargeable gain falls on that beneficiary. Where a non-vested policy is surrendered by the trustees during the settlor's lifetime (or in the same tax year as the settlor's death), any gain falls on the settlor, who can reclaim any resulting income tax liability from the trustees. Where the surrender occurs in a tax year after the settlor's death, any gain falls on the trust and is subject to trust rates.

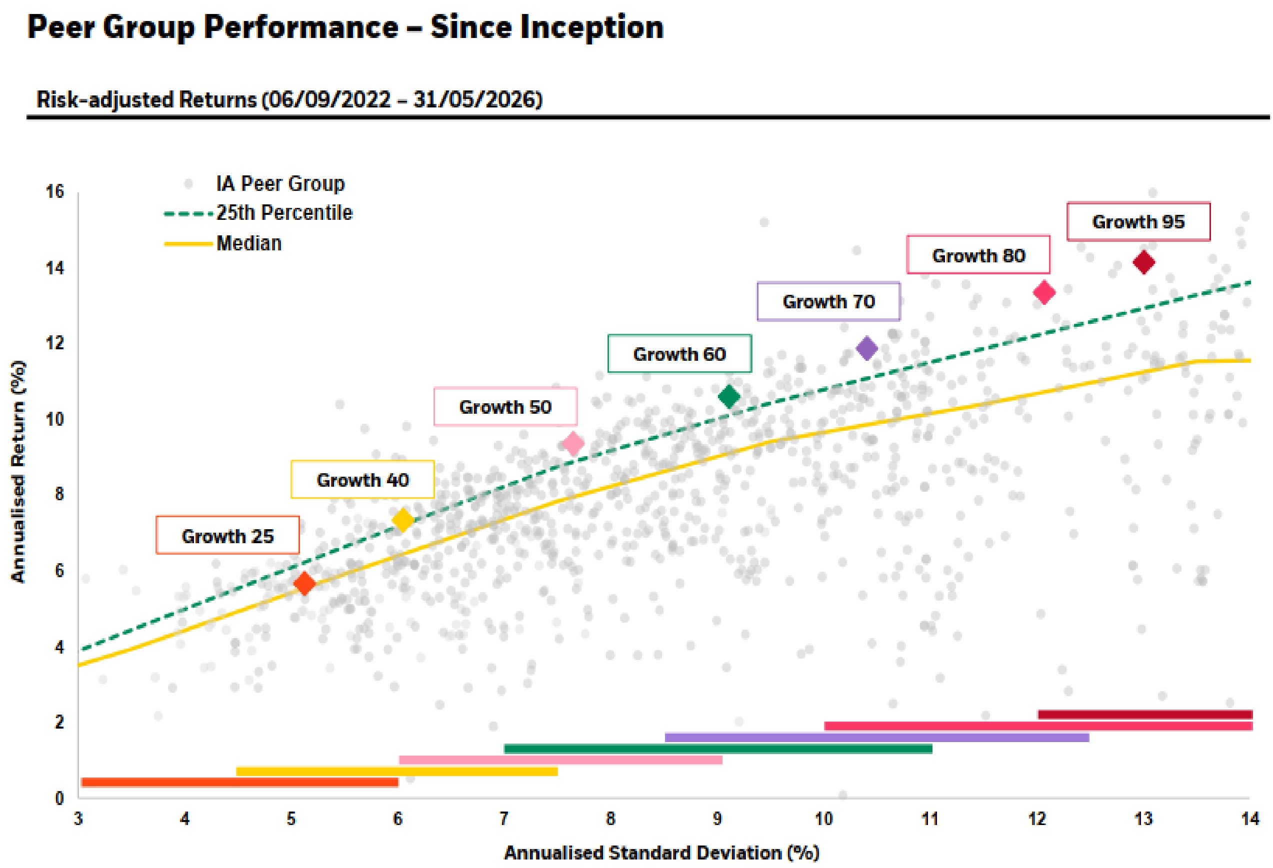
In summary

The FRT requires active administration by the trustees, particularly around vesting dates and record keeping. If you have a question not covered above, or would like to discuss a specific client scenario, please contact Transact Technical Support.

4. The Transact–BlackRock MPS update

Latest peer group performance

We're pleased to report that all models continue to perform well against the respective peer group. Importantly, this strong performance has been delivered while keeping portfolios within their intended risk levels, helping advisers remain aligned to client objectives through different market conditions.



The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results. BlackRock, Morningstar as at 30/05/2026. For illustrative purposes only. Performance numbers are in GBP, official net with inception date of the model portfolio range at 6 of September 2022. Peer group performance shows net, total return performance of GBP denominated multi-asset portfolio's available for UK investors, illustrated by the Investment Association's Mixed Investment, Volatility Managed and Global Investment sectors.

Quarterly Insights Webinar

FCA Targeted Support: What Advisers Need to Know

Date: Tuesday 21 July, 2026
Time: 11:00 – 11:45 BST

The FCA's proposed Targeted Support framework could create new opportunities for firms to engage a wider range of clients without providing personalised advice.

Whilst the IFA community has broadly been sceptical about the opportunities that Targeted Support can bring their businesses, join us for our latest webinar where Muirinn O'Neill, Director of Government Affairs and Public Policy at BlackRock, will discuss the reforms, what they could mean for advisers and where the FCA draws the line between guidance and advice.

We'll also hear from Hugo Thompson, Lead UK Investment Strategist at BlackRock, who will provide a review of Q2 market developments, portfolio performance and the latest positioning across the Transact BlackRock MPS range.

Unstructured CPD accreditation will be available to all attendees.

Register here: FCA Targeted Support & Q2 MPS Update

Thank you for joining our Retirement Strategies Lunches

We have recently completed our Spring and Summer Retirement Strategies Lunch series and would like to thank all the advisers who attended.

The events were extremely well supported and provided a valuable opportunity to discuss the opportunities and challenges firms face as more clients move into retirement. It was great to welcome so many advisers and hear how firms are developing their retirement propositions to support changing client needs.

Key discussion topics included:

- Building a robust Centralised Retirement Proposition (CRP)
- Managing sequencing risk and volatility in retirement
- Using cashflow modelling to support sustainable retirement income strategies
- Tax-efficient withdrawal planning across pensions, ISAs and other wrappers
- Creating repeatable retirement advice processes while maintaining individual client suitability

If you were unable to attend or would like to discuss any of these topics in more detail, please get in touch.

Autumn Retirement Strategies Lunches

Following the success of the Spring and Summer programme, our Retirement Strategies Lunches will continue throughout the Autumn.

Hosted jointly by Transact and BlackRock, the sessions bring together investment and technical planning expertise to explore retirement investing, cashflow planning and withdrawal strategies in a practical adviser-focused format.

Upcoming locations include:

When		Where	Register
15 Sep 2026	12pm -2pm	Manor Hotel, Solihull	Solihull | Register Here
23 Sep 2026	12pm -2pm	Oulton Hall, Leeds	Leeds | Register Here
13 Oct 2026	12pm -2pm	Pennyhill Park, Surrey	Surrey | Register Here
25 Nov 2026	12pm -2pm	The Ivy, Bournemouth	Bournemouth | Register Here

Unstructured CPD accreditation will be available to all attendees.

Latest news and market commentaries

To receive BlackRock's latest perspectives and positioning, sign up to our monthly newsletter and market commentary by emailing a request to TransactMPS@integrafin.co.uk and we will add you to the distribution list.

You can access the latest investment reports, literature and commentaries via our dedicated landing page on Transact. Head to: Transact > Templates > Transact – BlackRock MPS

More information and get in touch

If you have any questions about the service, need help with managing client wrappers linked to BlackRock or need to know where to find the latest marketing support material, please get in touch using our dedicated MPS support mailbox or phone line.

Email: *TransactMPS@integrafin.co.uk*
Telephone: 020 7603 8025

5. Pension Death Benefits and Inheritance Tax and the challenges for personal representatives

From 6 April 2027, most unused pension funds and pension death benefits will be brought within the value of a deceased person's estate for Inheritance Tax purposes. HMRC recently published a policy paper providing technical guidance setting out reporting and payment obligations for pension scheme administrators (PSA), personal representatives (PR) and beneficiaries.

This article sets out what the changes mean for the PR and what advisers might need to be thinking about ahead of April 2027.

What this means for PRs

The PR — whether an executor named in the will or an administrator appointed by the court — takes on significant new responsibilities from April 2027. They become the primary reporting party for IHT on pension assets and are liable for the tax from the outset.

Engagement with the PSA

The PR's first formal task is to request the pension valuation from the PSA of all pension schemes in scope for IHT. The PSA then has 28 days to comply with the request. The PR will need to provide evidence of their identity to the PSA, like a copy of the will, although HMRC will publish guidance on what evidence is acceptable, including in the period before probate is formally granted.

By itself, the valuation may not provide sufficient information for the PRs to calculate whether IHT is due on the pension benefits. Certain beneficiaries (mainly spouses and charities) are exempt and, to calculate the IHT, they will need to know how much of the unused pensions will funds will be paid to either exempt or non-exempt beneficiaries. This information can only be provided to the PR once the PSA has determined the beneficiaries.

If the PRs believe that IHT will be due on the pension funds they can issue the PSA with a withholding notice instructing the PSA to withhold up to 50% of a beneficiary's entitlement pending IHT payment. HMRC will publish standard templates for these notices ahead of April 2027.

Once the IHT position has been established, the PRs (or the beneficiaries) can send the PSA a payment notice directing the PSA to pay IHT directly to HMRC from the pension fund on their behalf. Importantly, whilst a prospective PR (i.e. someone who expects to be appointed but does not yet have a formal grant) can issue a withholding notice they cannot issue a payment notice.

Advisers can add real value here by helping clients understand that this engagement needs to happen promptly. The IHT deadline — six months from the end of the month of death — applies to pension property as well as the rest of the estate, and late payment interest accrues after that point.

Reporting to HMRC

The PR is also responsible for reporting the pension assets on the IHT account (IHT400) where one is required. Whether an IHT account is needed depends on the size and nature of the estate:

- **No IHT account required:** Estates that fall within the excepted estates rules — broadly, gross estate (now including pension) below £325,000, or exempt estates where the net chargeable estate (after spouse/charity exemption) does not exceed the nil rate band and gross estate does not exceed £3 million.
- **IHT account required, no tax to pay**: Where the estate is outside excepted estate limits but no IHT is due — for example, where the full estate passes to a spouse or charity but the gross estate exceeds £3 million.
- **IHT account required, tax due:** The standard position where the estate exceeds available nil rate bands and/or reliefs.

Advisers should note that pension assets added to the estate may push previously excepted estates above the thresholds, requiring an IHT400 even where no IHT is ultimately due.

The amendment process

After the initial IHT return is filed and tax paid, there is a formal amendment mechanism covering situations where:

- The PR later discovers additional pension assets not originally reported.
- Beneficiary entitlements are varied after the initial IHT assessment.
- The nil rate band needs to be reapportioned.

Once IHT on the pension has been reported and paid, the PR can apply to HMRC for a discharge certificate in respect of the pension assets. This provides formal confirmation that HMRC's claim against the pension has been satisfied and that the PSA can release the remaining benefits to beneficiaries without further liability. In practice, the PR applies for discharge once the IHT account has been submitted and the tax paid — HMRC will issue the certificate once satisfied that the correct amount has been accounted for.

However, a discharge certificate only covers the pension asset itself. It does not protect the PR against any additional IHT that may arise on the rest of the estate if the nil rate band needs to be reapportioned. If a pension is discovered after the initial IHT account has been filed — which is not uncommon where a member held multiple schemes — it may be necessary to amend the return and reapportion the nil rate band between pension and non-pension assets. That reapportionment could increase the IHT due on the non-pension estate, and the PR remains liable for that additional tax even if discharge has already been obtained in respect of the pension. Advisers should flag this risk in larger or more complex estates and encourage executors to make thorough enquiries about all pension arrangements before submitting the initial IHT account.

Planning points

1. Expression of wishes

Make sure clients have completed an expression of wishes and that it is kept up to date. This can be updated online under Housekeeping > Pension Beneficiaries. An up-to-date expression of wishes can help trustees determine beneficiaries more quickly – an important consideration given the 6-month deadline for paying IHT.

Also, nominations that made sense under the old regime should be reviewed. A nomination in favour of adult children who have their own estates may now create IHT where none previously existed. On the other hand, nominating a spouse may just create a bigger IHT issue on second death.

2. Consider the impact on overall IHT planning

Pension assets will now form part of the taxable estate. For clients with significant pension funds alongside other assets, the overall IHT exposure may be materially higher than previously modelled. IHT planning strategies — including gifts, trusts, and life assurance — should be revisited with pension assets now in the picture. A Lifetime Gifting Log and accompanying guide is available under Information.

3. Check whether charitable legacies in wills still hit the 10% threshold

The 36% reduced IHT rate applies where at least 10% of the "net estate" (or the relevant component of it) passes to charity. Pension assets fall into the “general component” of the estate alongside the main free estate. This means that bringing a large pension into the general component increases the baseline against which the 10% threshold is measured.

Clients with fixed charitable legacies in their wills — rather than percentage-based gifts — may find that the addition of pension assets to the general component means they no longer meet the 10% threshold, losing the 36% rate. Advisers should recommend a will review for any client in this position.

4. Note that instalment payments are not available

For most estate assets, IHT on illiquid assets (such as property) can be paid in annual instalments over ten years. This option is not available for pension-related IHT. The full IHT on pension property must be paid within six months of the end of the month of death. Where a large pension is the primary asset and cash in the estate is limited, this could create liquidity pressure. Life assurance written in trust is one mitigation; another is the payment notice route, which allows IHT to be discharged directly from the pension fund itself (although the pension cannot be used to pay the IHT on the free estate).

5. Consider drawing tax free benefits once clients each age 75

Under the new regime tax free benefits held in the pension (e.g. PCLS) post age 75 will be subject to both IHT and income tax on death. Withdrawing these amounts from the pension prior to death will avoid the income tax charge applicable post death.

6. Quick succession relief — worth knowing

Where pension property is taxed twice within five years — for example, where a beneficiary themselves dies shortly after receiving vested pension benefits — quick succession relief is available to reduce the double IHT charge. This is unlikely to arise frequently but is worth flagging in multi-generational planning conversations.

7. Loss on sale relief

Loss on sale relief — which reduces IHT where assets are sold for less than their probate value — is not available for pension assets. If pension fund values fall after the date of death, the IHT charge stands based on the value at date of death. There is no mechanism to reduce it retrospectively.

What happens next?

The Finance Act 2026 received Royal Assent on 18 March 2026. The secondary legislation covering the information sharing requirements between PRs and PSAs is expected to be laid later in 2026. HMRC has committed to publishing:

- Draft regulations for technical consultation (spring/summer 2026)
- Standard templates for withholding and payment notices (by April 2027)
- Guidance on PR identity evidence requirements (by April 2027)
- Updated tax manuals (by April 2027)
- Interactive tools to support PRs (by April 2027)

The pace of regulatory publication means advisers and PSAs will be working with draft materials for much of the remaining run-up to April 2027. We will continue to update our technical guidance as further detail is published and will provide training and support materials to help advisers navigate the new framework with confidence.

All information is based on our understanding and interpretation of applicable law and regulation which is subject to change. Tax treatment depends on individual client circumstances and may change in the future.

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6. ISA Reform 2027: What the changes mean for clients

The government's programme of ISA reform — announced in the Autumn Budget 2025 and confirmed in HMRC publications of 23 and 24 June 2026 — represents the most significant structural change to the ISA regime in several years.

Two sets of changes take effect on 6 April 2027: a reduction in the Cash ISA subscription limit for clients aged under 65, and a package of anti-circumvention rules targeting cash held within Stocks and Shares ISAs.

A third change — the replacement of the Lifetime ISA with a new First Time Buyer ISA — is at consultation stage although there is no clear date for implementation. Next month’s update will explore these proposals in more detail.

The Cash ISA subscription limit reduction

From 6 April 2027, the annual Cash ISA subscription limit for individuals aged under 65 will reduce from £20,000 to £12,000. The overall ISA allowance remains unchanged at £20,000 — so the practical effect is that under-65s can subscribe up to £12,000 to a Cash ISA and use the remaining £8,000 allowance in a Stocks and Shares ISA or other ISA type in the same tax year.

Clients aged 65 and over are treated more favourably. The £20,000 Cash ISA limit applies to those aged 65 and over from the start of the tax year in which they turn 65 — so a client who turns 65 at any point during 2027/28 benefits from the full £20,000 limit for the entire year.

Anti-circumvention rules: Stocks and Shares ISAs

The government's concern is that investors could use the Stocks and Shares ISA to hold cash instead of the Cash ISA, effectively circumventing the lower Cash ISA limit. Three measures are being introduced to counter this, all effective from 6 April 2027.

1. The 22% charge on cash interest

A flat-rate 22% charge will apply to interest — or the Sharia-compliant equivalent (alternative finance return) — earned on cash held within a Stocks and Shares ISA.

It does not apply to returns generated by funds, shares, bonds, ETFs — or to returns from Money Market Funds held as part of a diversified portfolio. The distinction is important: only the return on cash itself is in scope.

The charge will be collected by the ISA manager and remitted to HMRC. The precise collection mechanism will be confirmed when draft legislation is published in Autumn 2026. Note – the charge applies irrespective of the age of the client.

An obvious action point here is to review clients with material cash balances in their Stocks and Shares ISA. Discuss whether investing that cash, moving it to a Cash ISA (before the April 2027 deadline — see below), or accepting the charge is the right course of action.

2. The prohibition on 100% cash-like portfolios

A Stocks and Shares ISA portfolio invested entirely in "cash-like" assets will become a non-qualifying investment from 6 April 2027. For now, "cash-like" assets are defined as Money Market Funds (MMFs) <u>only</u> — individual shares, OEICs, unit trusts, investment trusts, ETFs, gilts, and corporate bonds are all explicitly excluded from the definition.

Partial MMF allocations remain perfectly acceptable. This rule only applies where the entire ISA is held in MMFs. Where an ISA manager identifies a wholly cash-like portfolio, they must support the investor to either reinvest within the ISA wrapper or remove the assets from it.

3. The Transfer restriction

From 6 April 2027, transfers from a Stocks and Shares ISA into a Cash ISA will be prohibited for individuals aged under 65. This is a significant and permanent restriction. Transfers from a Cash ISA into a Stocks and Shares ISA will continue to be permitted without restriction.

Individuals aged 65 and over are exempt from the transfer restriction, from the start of the tax year in which they turn 65.

This creates a valuable but time-limited planning opportunity. Under the current rules, clients can transfer freely from a Stocks and Shares ISA to a Cash ISA. After 5 April 2027, that route closes for under-65s. Importantly, ISA transfers do not count against the annual subscription limit — so a client could transfer their entire Stocks and Shares ISA cash balance into a Cash ISA before the deadline, avoiding the charge that would otherwise apply to the interest from April 2027.

Summary of key rules

Rule	Detail	Effective
Cash ISA limit (under 65)	Reduced from £20,000 to £12,000 per annum	6 April 2027
Cash ISA limit (65 and over)	£20,000 — applies from start of tax year the individual turns 65	6 April 2027
22% charge on S&S ISA cash interest	Flat-rate charge on interest (and Sharia-compliant equivalent) on uninvested cash in a non-cash ISA. Does not apply to fund or MMF returns.	6 April 2027
100% cash-like portfolio	Portfolios held solely in Money Market Funds(MMF) become non-qualifying. Partial MMF allocations remain permitted.	6 April 2027
Transfer restriction (under 65)	Transfers from Stocks and Shares ISA to Cash ISA prohibited for under-65s.	6 April 2027
Transfer restriction (65 and over)	Exemption applies — Stocks and Shares to Cash ISA transfers remain permitted for those aged 65+ from start of relevant tax year.	6 April 2027
Overall ISA allowance	Unchanged at £20,000	—

All information is based on our understanding and interpretation of applicable law and regulation which is subject to change. Tax treatment depends on individual client circumstances and may change in the future.

7. Interest on cash

To support adviser due diligence, we have completed our own desktop analysis of different platforms and their treatment of cash interest. This is based on our review of publicly available information.

The table in the next page sets out current interest rates payable to clients on their cash holdings as well as the retained interest charges levied by the platform (where it is disclosed). Where it isn't disclosed, we have used information from the firm's report and accounts (again if available). We have also included links to the documents we reviewed in the table below. Note that all links to the documents we reviewed were accessed on 15 July 2026, and content may have changed since then.

Some documents are written for customers and advisers; other documents are written for investors. We recognise that it isn't easy for advisers and clients to find the necessary information, so the table below is our best endeavour at this based on the information that we reviewed.

Note, Aviva have announced a change to their approach. They will start to take a margin on the interest received on client cash. The platform has told advisers that from 17 August, it will remove its 0.35% platform fee on cash but will instead retain a portion of the interest. Similarly, we are also aware that SS&C Platform Solutions (formerly Hubwise) are altering their approach from the 1 August and are moving to retain 25% of cash interest earned. Given their different business and distribution model, we don't currently track SS&C on the table below.

Please let us know if we have missed anything.

Platform	Published client cash interest rate	Explicit platform charge on cash (same level as for investments)	Platform charge on cash (through retained cash interest)	Is retained interest disclosed?	Is amount of retained interest charge disclosed?	Cash charges disclosed (interest retained)	Cash charges (interest retained)	Link to source
Transact	3.75%	✓	✗	N/A	N/A	0%	-	n/a
Aviva	3.05%	✓	✗	N/A	N/A	0%	-	Link 1
Wealthtime Classic	2.85%	✓	✗	N/A	N/A	0%	-	Link 1 & Link 2
Fidelity	2.15%	✗	✓	Yes	No	-	Unknown	Link 1
Quilter	2.16%	✗	✓	Yes	Yes	1.16%	-	Link 1
Nucleus Wrap	2.03%	✗	✓	Yes	Yes	2.13%	-	Link1
Fundment	2.00%	✗	✓	Yes	No	-	Unknown	Link 1
Parmenion[1]	1.88%	✗	✓	Yes	Yes	2.00%	-	Link 1
Aegon	1.81%	✗	✓	Yes	No	-	Unknown	Link 1
7IM	1.75%	✗	✓	Yes	No	-	Unknown	Link 1
Aberdeen	1.68%	✗	✓	Yes	No	-	2.51%	Link 1 & Link 2
M&G Wealth	1.89%	✗	✓	Yes	Yes	1.66%	-	Link 1 & Link 2
AJ Bell[1]	1.28%	✗	✓	Yes	No	-	2.26%	Link 1 & Link 2
Wealthtime	1.04%	✗	✓	Yes	Yes	2.68%	-	Link 1

Note 1: assumes a £25,000 cash balance held in a SIPP

The rate we pay

As stated above, the annualised rate of interest earned on Transact cash, all of which we pass on to clients, for June 2026 was 3.75% (paid monthly) and this has been credited to client portfolios. Following further positive conversations with our banking partners, we hope to see it increase further in the coming months.

At the end of June 2026, clients held on average 7.84% of their portfolio values in cash.

We use eight UK-licensed banks: Barclays, Cater Allen, Clydesdale (now with Nationwide BS), HSBC, Lloyds, NatWest, Royal Bank of Scotland and Santander, and our treasury function expertly manages the cash across different notice periods (up to 95 days - the maximum allowed under the FCA's client money rules).

To help you and your clients when considering your FSCS exposures, details of the banks we use and the percentages held with each bank are updated monthly and published here.

8. Transact events 2026

Connect events in 2026

Our in person 2026 events start back in a matter of weeks. Please join us for an informative and sociable event.

At each event you gain access to our Transact leadership team and some of your regional client service operational staff. The event is hosted by **Tom Dunbar, our CEO** who will be joined by **Andrew Cullen-Jones, CDO** plus guest speakers. The agenda for the day typically includes:

- Welcome, Objectives and Agenda
- Priorities & Progress
- Marketing masterclass
- Technical update
- Transact CEO Q&A

Attending a Transact Connect event can also count towards CPD. Welcome refreshments will be served from 09:00am, with the morning presentations starting at 09:30am followed by a buffet lunch. You can be back in the office for the afternoon. To register click ***here***.

Date	Location	Venue
21 October 2026	London	Leonardo Royal London, St Paul's
4 November 2026	Cardiff	The Vale Resort
12 November 2026	Warrington	The Park Royal

Breakfast events in 2026

Our breakfast events are hosted by Stuart Fleat, our Head of Distribution, and you can expect:

- Latest tax and relevant regulatory news.
- Engagement with Transact staff and your fellow peers.
- A CPD certificate sent electronically following the event.

Each event will run from 08:30am to around 10:30am with a sit-down breakfast on arrival.
The dates are shown below. To register click ***here***.

Date	Location	Venue
10 September 2026	Portsmouth	The Solent Hotel
16 September 2026	Ashford	Eastwell Manor
24 September 2026	Glasgow	Radisson Blu
6 October 2026	Windsor	DeVere Beaumont Estate
15 October 2026	Huntingdon	Old Bridge Hotel
20 October 2026	Bournemouth	The Village Hotel

Thank you and see you soon!