PORTA
PARTNERS

The financial decisions successful lawyers can't afford to leave too late

2026/27
The City Lawyer's Financial Guide

2026/27 GUIDE
FOR LEGAL PROFESSIONALS

The allowances, tax traps and timing decisions worth considering earlier in the tax year.

Particularly as your career, earnings and responsibilities grow.

A successful legal career can move quickly.

Your earnings increase. Bonuses become more significant. Partnership may come into view. Your investments, pensions and family commitments grow alongside your career.

But while considerable time goes into managing your professional responsibilities, it can be surprisingly easy to leave your own financial planning until later.

When it comes to your finances, when you make a decision can matter just as much as the decision itself.

Some allowances have a deadline. Some decisions are affected by the income you receive during the year. And some of the more effective options rely on having enough time to think things through and make adjustments.

That's what this guide is about.

We'll look at the allowances available in 2026/27, some of the tax traps and rule changes worth being aware of, and why certain financial decisions are worth considering earlier — before your options become more limited.

A demanding career shouldn't mean your own financial planning gets left until the last minute.

James McPartland
Managing Partner

Why financial planning gets left until the last minute

For busy legal professionals, there's always something more immediate demanding attention.

Clients. Transactions. Cases. Targets. Teams. Deadlines.

Personal financial planning can sit comfortably in the background for most of the year.

Then March arrives.

The end of the tax year is suddenly close and there's a rush to use allowances, confirm contributions and make sure opportunities haven't been missed before 5 April.

Most allowances don't carry forward.
If they're not used, they're gone.

The problem isn't simply missing an allowance.

Leaving financial planning until March can limit the decisions available to you.

By that point, the question often becomes:
"What can I still do?"
rather than
"What's the right strategy for me?"

YOUR 2026/27 ALLOWANCES
AT A GLANCE

The tax year resets on 6 April, giving you a full 12 months to make use of available allowances.

6
APRIL
2026

12
MONTHS
to use your allowances

5
APRIL
2027

Getting ahead doesn't mean doing everything immediately. It means understanding what is relevant to you early enough to make considered decisions.

ALLOWANCE	2026/27	CARRY FORWARD
ISA ALLOWANCE	£20,000	No
PENSION ANNUAL ALLOWANCE UP TO	£60,000	Yes – up to 3 years, depending on circumstances
CAPITAL GAINS TAX ALLOWANCE	£3,000	No
DIVIDEND ALLOWANCE	£500	No
INHERITANCE TAX GIFTING ALLOWANCE	£3,000	Yes – 1 year only
PERSONAL SAVINGS ALLOWANCE – BASIC RATE	£1,000	No

> What matters isn't simply knowing your allowances. It's understanding how — and when — they fit into your wider financial plan.

Your income is growing. Is your financial plan keeping pace?

For many successful lawyers, remuneration becomes increasingly significant as their career progresses.

That makes seemingly straightforward decisions around pensions, investments, bonuses and cash increasingly important.

It also means changes in income can have unexpected tax consequences.

The £100,000 Tax Trap

Once your income moves above £100,000, your personal allowance starts to taper away.

For every £2 earned above that level, £1 of personal allowance is reduced, producing an effective tax rate of around 60% across this band.

For a senior associate, counsel or partner whose remuneration moves around this level, a relatively small change in annual income can therefore create a disproportionately large tax consequence.

Pension contributions can sometimes be used to reduce adjusted net income. Bringing that figure back below £100,000 can restore the personal allowance.

At this level, putting £10,000 into a pension could cost as little as £4,000 after tax relief has been returned from HMRC.

But timing matters.

Reviewing your expected income earlier gives you more opportunity to plan and adjust contributions rather than trying to calculate everything in the final weeks of the tax year.

> **As your earnings increase, understanding what you keep can become just as important as what you earn.**

What are you going to do with your next bonus?

For many lawyers, a substantial proportion of annual remuneration can arrive through a bonus.

That creates an obvious opportunity, but also a financial planning decision.

Do you:

Increase pension contributions?

Invest?

Build cash reserves?

Reduce borrowing?

Allocate money towards a future property purchase?

Prepare for partnership or another major career milestone?

Spend some of it and invest the remainder?

Bring several of those objectives together?

There isn't one correct answer.

The important point is to make the decision in the context of your overall financial position and longer-term goals.

> **Your bonus shouldnt be an annual event. It can be part of your long-term financial strategy.**

APPROACHING
PARTNERSHIP?

Making partner can be one of the biggest professional milestones in a legal career.

It can also introduce a new set of personal financial considerations.

Depending on the structure of your firm and the partnership opportunity available, these might include:

01 Funding a partnership buy-in

02 Changes to the way you are remunerated

03 Cash-flow requirements

04 Pension planning

05 Tax planning

06 Investment decisions

07 Protection and family planning

08 Longer-term financial growth

The point at which partnership is offered isn't necessarily the point at which financial planning for it should begin.

If partnership is part of your career plan, considering the financial implications in advance can give you more options when the opportunity arrives.

> **Prepare financially for partnership before partnership arrives.**

What to factor in for 2026/27

There are also several changes that may affect your wider financial planning.

Dividends are costing more

From 6 April 2026, dividend tax rates increased to:

- 10.75% – basic rate
- 35.75% – higher rate
- 39.35% – additional rate

With the allowance remaining at £500, most dividend income is already taxable.

Relief on business assets is no longer unlimited

From April 2026, Business Property Relief and Agricultural Property Relief are capped. You can still get 100% relief up to £2.5 million per person — or £5 million for a couple. Above this, relief falls to 50%, leaving part of the value exposed to inheritance tax.

AIM-listed shares move to a flat 50% relief, regardless of value.

Selling a business is more expensive

The rate under Business Asset Disposal Relief increased from 14% to 18% from April 2026.

On a £1 million gain, that's an additional £40,000 in tax.

Pensions are changing for inheritance tax

From April 2027, unused pension funds will form part of your estate for inheritance tax.

That changes some of the assumptions traditionally made about how pensions might be used and passed on.

More of your eventual tax position can be determined by decisions made during the year.

Other tax traps worth knowing about

The seven-year rule for gifting

If you give money away above £3,000, it usually still counts as part of your estate for seven years.

After seven years, it normally falls outside your estate for inheritance tax.

So timing matters.

Give earlier and the seven-year clock starts earlier.

The pension allowance trap

If you take taxable money out of a pension, your annual allowance drops from £60,000 to £10,000 under the Money Purchase Annual Allowance.

That £10,000 limit then applies and unused allowances from previous years cannot be used.

It primarily affects people who continue working and contributing while also drawing taxable money from their pension.

£60,000

to

£10,000

From building a career to building your financial future

One of the risks of a successful professional career is assuming that a high income will automatically translate into long-term financial security.

They're not necessarily the same thing.

As your career develops, the question gradually changes from:

“How much am I earning?”
to:
“What am I building?”

That means thinking beyond this year’s tax bill and considering the objectives behind your money.

Your home. Your family. School fees. Investments. Financial independence. Retirement. The ability to reduce your hours or leave practice earlier. The legacy you eventually want to create.

This is where goal-based financial planning becomes valuable.

It connects the financial decisions you’re making today with the life you want those decisions to create.

The financial questions worth asking now

Your bonus

Do you already know what you want your next bonus to achieve?

Your income

What are you likely to earn this year? Are bonuses or other variable remuneration likely to materially change your position?

Your investments

Does your investment strategy reflect your objectives, timescale and attitude to risk?

Your pension

Are you making appropriate use of pension allowances and do your contributions reflect your current earnings?

Your family

Are your income, family and longer-term financial commitments appropriately protected?

Your career

Is partnership approaching? Could you need capital for a future buy-in?

Your goals

Do you know what you're ultimately working towards financially - and when you could realistically achieve it?

Your estate

Transferring your financial legacy to the next generation.

A better way to approach your financial year

Financial planning doesn't need to become another full-time job.

For busy legal professionals, that's precisely the point of having an experienced adviser.

01

APRIL - JUNE

Understand what's likely to matter

Review your position, likely income, allowances and objectives.

02

DURING THE YEAR

Make decisions as circumstances change

Bonuses, promotions, partnership discussions, investments and changes in personal circumstances can all affect the plan.

03

JANUARY - MARCH

Finish things off

Review what's outstanding and use the remaining opportunities available before 5 April.

March should be a final check, not a scramble.

JAMES'S TAKE

A successful legal career demands a considerable amount of your time and attention.

Your financial affairs shouldn't have to compete with it.

The role of good financial planning is to bring structure to the decisions you make about your money - understanding where you are today, where you want to get to and what needs to happen in between.

That might mean planning around a bonus this year. Preparing for partnership. Reviewing your investments and pensions. Or understanding when work could become a choice rather than a financial necessity.

At Porta, our aim is to help you make those decisions early enough to have options - and give you a clear plan that can evolve alongside your career.

James McPartland
Managing Partner
Porta Partners

james@portapartners.co.uk

From building a career to building your financial future

The information in this guide is general. What matters for you will depend on your individual circumstances.

If you'd like to understand how your current earnings, investments, pensions and future career plans fit together, arrange an introductory conversation with James.

Book an introductory call with us.

Expert, experienced financial advice for busy, ambitious legal professionals.

Important information

This guide provides general information only and doesn't constitute personal financial advice.

The information is based on our understanding of current regulations, which may change in future. Decisions about your finances should always be made based on your individual circumstances. If you're unsure about the suitability of any course of action, you should seek regulated financial advice.

The Financial Conduct Authority doesn't regulate tax planning, estate planning, trusts or wills.

The value of your investments can go down as well as up, so you could get back less than you invested.

Tax rules are subject to change and based upon your own personal circumstances.

PORTA PARTNERS

Porta Partners
10 Throgmorton Avenue, London, EC2N 2DL
info@portapartners.co.uk

The guidance and/or advice contained within this guide is subject to the UK regulatory regime and is therefore primarily targeted at consumers based in the UK. Porta Partners LLP is an appointed representative of Soderberg & Partners Financial Planning Limited which is authorised and regulated by the Financial Conduct Authority, FRN 671601. The Financial Ombudsman Service is available to sort out individual complaints that clients and financial services businesses aren't able to resolve themselves. To contact the Financial Ombudsman Service please visit www.financial-ombudsman.org.uk. Porta Partners LLP is a limited liability partnership registered in England. OC454193. Registered address: South Point (Office 8) Old Brighton Road, Lowerfield Heath, Crawley, West Sussex, RH11 0PR. Approved 07/09/2026.

© Porta Partners LLP 2026