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UK Pension Withdrawals Hit Five-Year High as Inheritance Tax Deadline Nears

New research from Lubbock Fine shows 116,000 UK savers took pension lump sums at age 55 last year, up from 110,000 the year before, with total withdrawals rising to 2.3 billion pounds. Advisors tie the surge directly to the ...

MEDIUM	7.5	2 August 2026	7/10
INVESTOR IMPACT	SIGNIFICANCE SCORE	EVENT DATE	SOURCE RELIABILITY

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EXECUTIVE SUMMARY

01 UK Pension Withdrawals Hit Five-Year High as Inheritance Tax Deadline Nears

Lubbock Fine's research shows immediate pension withdrawals at age 55 have reached a five-year high in the UK. 116,000 individuals withdrew lump sums last year, up from 110,000 the previous year, with the total value withdrawn rising to 2.3 billion pounds from 2.1 billion pounds. Chartered financial planners at the firm attribute the trend to the Autumn Budget 2024 announcement that pensions will fall within the scope of inheritance tax from April 2027. Notably, the behaviour has spread beyond those near retirement to savers who, based on average life expectancy, have decades left. This is a structural policy driven shift in how UK capital is being released, not a response to short term market volatility, and it matters to anyone thinking about where that capital goes next.

- 116,000 UK savers withdrew pension lump sums at age 55 last year, up from 110,000 the year before, according to Lubbock Fine research.
- Total value withdrawn by this group rose to 2.3 billion pounds, up from 2.1 billion pounds a year earlier.
- The trend is linked to the Autumn Budget 2024 confirmation that pensions will fall within the scope of inheritance tax from April 2027.
- Lubbock Fine's Andrew Tricker notes the trend has spread to savers who have decades left based on average life expectancy, not just those near retirement.
- Nicholas Clark of Lubbock Fine expects withdrawal activity to increase further as the 2027 deadline approaches.
- Some savers are instead choosing to gift funds during their lifetime, using the rule that transfers made more than seven years before death fall outside the inheritance tax net.

THE EVENT

02 What happened, and why it matters

WHAT HAPPENED

Research from wealth management firm Lubbock Fine, reported by Pensions Age Magazine on 4 August 2026, found that immediate pension withdrawals in the UK have hit a five-year high. 116,000 individuals withdrew lump sums from their pensions as soon as they were able to, at age 55, last year. That is up from 110,000 the previous year. The total value withdrawn by this group rose to 2.3 billion pounds, compared with 2.1 billion pounds a year earlier. Lubbock Fine chartered financial planner Andrew Tricker said the trend has been driven in part by policy changes announced in the Autumn Budget 2024, which confirmed that pensions would fall within the scope of inheritance tax from April 2027. He noted that the behaviour has spread to people who, based on average life expectancy, have decades left. Fellow chartered financial planner Nicholas Clark said withdrawal activity is likely to increase further as the 2027 deadline approaches, particularly among those who can withdraw without creating a large tax liability. Clark also pointed to a parallel trend of individuals gifting funds during their lifetime, using rules that exempt transfers made more than seven years before death from inheritance tax.

WHY IT MATTERS

This is a structural shift driven by UK tax policy, not a reaction to temporary market conditions. When a government changes the tax treatment of a savings vehicle that people built specifically to pass on wealth free of inheritance tax, and does so with a hard deadline of April 2027, it forces a decision. Some of that decision making results in capital being withdrawn from UK pension wrappers years or decades before it otherwise would have been. Once that capital is out of the pension, it needs a new home, and the question of where it is deployed becomes just as important as the decision to withdraw it in the first place.

WHO IT AFFECTS

UK pension holders approaching or already past age 55 who hold meaningful pots earmarked for inheritance, including, according to Tricker, a growing number of savers who still have decades left based on average life expectancy. It also affects anyone currently relying on gifting rules, the seven year exemption on lifetime transfers, as part of their estate planning.

INVESTOR READ

03 Implications, risks and opportunities

HISTORICAL CONTEXT

The Autumn Budget 2024 confirmed that pensions would be brought within the scope of UK inheritance tax from April 2027, a change Lubbock Fine's research links directly to the rise in early withdrawals. Nicholas Clark also referenced the pension freedoms introduced in 2015, which gave savers the flexibility to review and adjust retirement income over time, a benefit he argues is being undermined by rushed, poorly planned lump sum withdrawals.

IMPLICATIONS

Capital that leaves a UK pension wrapper ahead of the April 2027 inheritance tax change still needs to be deployed somewhere that protects it rather than erodes it. Dubai's appeal in that context rests on its zero income tax and zero wealth tax environment, freehold ownership for foreign buyers, and residency visa access, the same structural features that make it attractive for capital preservation and generational wealth planning rather than short term speculation. For context, Dubai's residential market recorded 32.7 billion AED in transaction value across 13,766 transactions in June 2026, with off-plan sales accounting for 72.3% of transactions by count and the average price sitting at 1,680 AED per square foot, according to Dubai Land Department data. Anyone weighing where redeployed pension capital should sit needs to look at those figures alongside the financing backdrop, the Central Bank of the UAE base rate stood at 3.6% and three month EIBOR at 3.9% as of the periods reported, before making a decision.

RISKS

Be straight about the limits of this data. It comes from a single research source and a single outlet, and it tells us that UK savers are withdrawing pension capital earlier, not that this specific capital is flowing into Dubai property, or into property at all. That link is a reasonable inference, not a documented fact, and it should be treated as such. There is also a genuine risk on the UK side that the data itself flags. Andrew Tricker warned that some savers are taking too much, too soon, without a plan, and could find themselves short of money later in retirement, particularly given how unpredictable health and care costs can be. Nicholas Clark separately made the case that keeping funds inside a pension and drawing them down gradually often remains the more effective approach, both for income flexibility and for estate planning through the surplus income exemption. For anyone actually redeploying withdrawn capital into Dubai real estate, the financing environment matters too. A three month EIBOR of 3.9% and a central bank base rate of 3.6% make leveraged entry more expensive than in a low rate environment, and that cost needs to be weighed against any capital preservation case, not ignored in favour of it.

OPPORTUNITIES

For those who have decided that withdrawal is the right call ahead of the 2027 inheritance tax change, or who are using the seven year gifting exemption to move wealth during their lifetime as Nicholas Clark describes, the practical question becomes where that capital is best placed to preserve value across generations. Dubai's freehold ownership structure and zero income and wealth tax regime, combined with residency visa access, are the specific features that make it relevant to this conversation, and they sit alongside real, verifiable transaction activity rather than a market that has to be taken on faith.

WHAT TO WATCH

Watch the approach to the April 2027 deadline itself. Nicholas Clark expects withdrawal activity to keep rising as it nears, particularly among savers who can withdraw without triggering a large tax bill. Also worth tracking is any further government signal on the policy, Pensions Age Magazine's own related coverage referenced a Chancellor being urged to reconsider the pensions and inheritance tax policy once a Budget date is announced, though the outcome of that is not yet known.

THE BOTTOM LINE

04 What this means for Dubai investors

THE MEANING

If you are one of the people weighing an early pension withdrawal because of the 2027 inheritance tax change, the decision to withdraw is only half the exercise. The other half is what happens to that capital next, and whether it ends up somewhere that actually protects it for the people you are trying to pass it on to. Dubai's freehold ownership, tax treatment and visa access speak directly to that second half, but they only make sense once the withdrawal itself is planned properly, with the risks Tricker and Clark both raise taken seriously first.

> *"Here's the thing about this data. It's not telling you Dubai is booming because of UK pension changes, it's telling you why the phone calls I get from UK based clients have shifted in tone over the last couple of years. People aren't asking me about yield first anymore. They're asking what happens to what they've built once they're not around to manage it. That's a different conversation, and it's the one Andrew Tricker and Nicholas Clark are actually describing here, people trying to get ahead of a tax change before it locks them in. I'd be doing you a disservice if I told you the answer is always to pull the money out and buy property. Sometimes the better move, as Clark points out, is leaving it exactly where it is and drawing it down properly. But if you have decided withdrawal is right for your situation, the question of where that capital sits for the next 10 or 20 years deserves the same level of scrutiny you'd give the withdrawal decision itself. Freehold ownership and a zero tax environment are real advantages. They are not a substitute for a plan.*
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> BRADLEY JAMES, DUBAI REAL ESTATE INVESTMENT ADVISOR

SOURCES AND VERIFICATION

Pensions Age Magazine, "Immediate pension withdrawals hit five-year high amid IHT concerns", by Callum Conway, published 4 August 2026, citing research from Lubbock Fine. Dubai Land Department, transaction and pricing data, June 2026. Central Bank of the UAE, base rate and EIBOR data, June and August 2026.

Begin the conversation.

Every allocation starts with a candid, numbers-first discussion shaped around your mandate, risk profile and timeline.

Bradley James

ASSOCIATE DIRECTOR & SENIOR INVESTMENT ADVISOR

Bradley James is an Associate Director and Senior Investment Advisor based in Dubai, specialising in Dubai real estate, off-plan investment, strategic wealth allocation, portfolio diversification, and relocation and residency planning. He advises private investors and family offices on entering the Dubai market with the same rigour he applies to his own capital.

SPECIALISMS

- Dubai Real Estate
- Off-Plan Investment
- Strategic Wealth Allocation
- Portfolio Diversification
- Relocation & Residency Planning

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SOURCES
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SCAN TO MESSAGE