



Money Talks

The newsletter for ongoing service customers of Newcastle Financial Advisers



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We're always here to help.

Your Newcastle Financial Adviser is committed to providing you with help and support whenever you need it. If you have any questions, please speak to your Newcastle Financial Adviser or get in touch with our dedicated support team on **0345 600 4330**. Lines are open every weekday between 9am and 5pm.



Making sense of the upcoming Autumn Budget and why it matters to you.

This newsletter is packed full of straightforward information about the taxes that are likely to affect you, and how we can help you protect what you've worked so hard to build for your future and your family.

Whether you're still working, planning for retirement or already enjoying it, thinking about what you want to do with your money and understanding your options is always important.

Remember that when you have your review with your adviser, it is the perfect time to chat through any concerns or questions and to make sure that your plans are still working for you.

Get to grips with your taxes

Before we get into what taxes might change in the upcoming Autumn Budget, let's take a look at some key taxes that are likely to affect you now.



Income tax

This is tax on money that you earn, through paid work, pension or rental income. Currently you can earn up to £12,750 each year before you pay any income tax at all. That's your personal allowance. After that you'll pay 20% on earnings up to £50,270, then 40% on anything above that and 45% on earnings above £125,140.



National insurance

If you're still working, you'll be paying National Insurance contributions. The rate depends on whether you're employed or self employed. Once you reach the State Pension age (currently 66, rising to 67 between April 2026 and April 2028), you stop paying National Insurance, even if you continue to do some work. So that's one less thing to think about when you are retired.



Inheritance tax (IHT)

This is the tax paid on your estate when you die. Currently, there's no IHT to pay on the first £325,000 of your estate. And if you're passing on your main home to your direct descendants, you could get an additional £175,000 allowance.

Anything above this is usually taxed at 40%. We'll look at upcoming changes to IHT further on.



Capital gains tax (CGT)

This is the tax that you pay when you sell something that's increased in value such as shares, a second property or other investments. Right now, you get an annual allowance of £3,000 where you don't pay any CGT. After that, basic rate taxpayers pay 18% and higher rate taxpayers pay 24%.

CGT has already undergone significant changes under the current Chancellor, with rates increased in her first budget. There's also been a bit of speculation about potential further changes to capital gains tax in the upcoming budget, with the possibility that rates could change or allowances could be reduced.

Why does all this matter?

Understanding what these taxes are and how they apply to you can help you make smarter decisions about your money. Whether you're thinking about pension contributions, investments, or helping out family members, understanding the tax implications can help you to make decisions.

Tax allowances and limits are always likely to change, which is why a review with your Financial Adviser is always valuable. It's your chance to make sure that you're making the most of your tax allowances and planning a financial future that's right for you.

The value of your investments and any income from them can fall as well as rise and you may not get back the original amount invested.

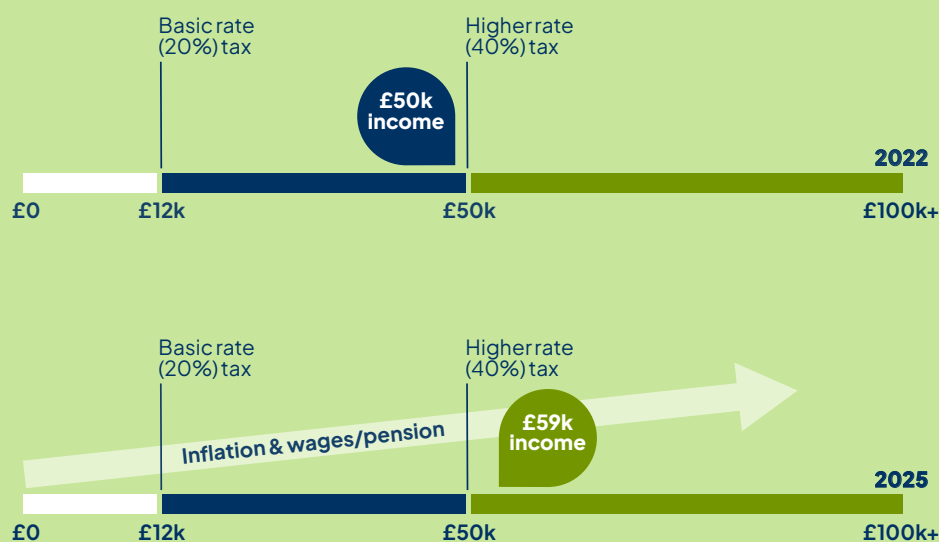
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Why you may be paying more tax than you realise

The Government has pledged not to make changes to income tax and thresholds have been frozen since 2022.

If your income goes up each year, maybe because of a pay rise, or because your pension or investments increase in value, that's good news isn't it? Yes and no, because sometimes there's a catch.

While your income is growing, those tax thresholds won't move until at least April 2028, so the point at which you start paying tax, or move into a higher rate tax band remains the same and has done since 2022. That could mean you're paying a bigger portion of your income in tax, even though the rates themselves haven't changed. This is what is known as fiscal drag.



Fiscal drag in action

Let's say that your income was £50k in 2022, putting you into the basic rate tax band of 20%. Fast forward to 2025, and you're now earning £59k due to pay rises, promotions or length of service.

That means you cross into the 40% tax band because the tax threshold is still stuck at £50,270.

You haven't done anything differently, the tax rates haven't changed, but you're now paying a greater proportion of your income in tax. That's fiscal drag.

Millions of taxpayers are expected to be affected by fiscal drag

According to figures from the Office for Budget Responsibility (OBR), the government's policy of freezing Income Tax thresholds means that by 2028/29:

- **Nearly 4 million additional people are expected to pay Income Tax**
- **3 million more people will start paying the higher rate**
- **400,000 workers will be dragged into the additional-rate bracket**

By 2028/29, the number of taxpayers paying the higher-rate and additional rate is expected to rise by 68% and 49% respectively. Of course, this will boost government coffers. The freezes are estimated to raise £42.9 billion by 2027/28.

Who is more likely to be affected by fiscal drag?

If you're still working and getting regular pay increases, or if your pension is rising with inflation, you may be experiencing fiscal drag. It's likely to be significant for anyone whose income hovers around the threshold boundaries of £12,750 (above which you pay 20% tax); £50,270 (above which you pay 40% tax) and £125,140 (above which you pay 45% tax).

What can you do about it?

The good news is that understanding the tax thresholds and how they apply to your income means you can plan around it quite legitimately. You can make the most of your tax-free allowances to reduce the impact of fiscal drag.

For example, you could:

- Make full use of your pension contribution allowance. For the 2025/26 tax year, this is £60,000 or up to 100% of your earnings, whichever is lower.
- Maximise the amount you save in an ISA. This is currently up to £20,000 each tax year and it can be split across multiple accounts.
- Think about how you split your income and investments with your spouse or partner.
- Make use of salary sacrifice schemes your employer offers.

This isn't an exhaustive list and it's important to weigh up the pros and cons before you make any decisions. We understand that everyone's situation is different. That's why this is the kind of thing that your Financial Adviser can help you do during your review. They can take a look at the whole picture and work out the smartest way to help you manage your money for the future.

Fiscal drag may seem like a stealth tax, but it doesn't have to be. With a bit of planning, you can stay ahead.

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Inheritance tax changes are just around the corner

In our last newsletter we told you about pensions being subject to Inheritance Tax from April 2027. This was one of the big changes in the last Budget and it's worth a quick reminder.

What's happening with pensions and Inheritance Tax (IHT)?

From April 2027, pensions will be included as part of your estate for Inheritance Tax purposes. Previously, pensions have been a tax-efficient way to pass on your wealth to your loved ones. That is about to change.

Remember there's currently no IHT to pay on the first £325,000 of your estate. Once you factor in the value of pension savings, alongside things like the value of your home and other assets, you can see how this could mean inheritance tax of 40% will be due on more estates.

If you were planning to use your pension as a tax-efficient way to leave money to children or grandchildren, this is a significant change.

How can I still pass on my money tax efficiently?

The good news is that there's still time to plan and plenty of ways to pass on your hard-earned money to your family. A review with your Financial Adviser provides an excellent opportunity to talk about this and plan to make changes if you need to.

For example you might:

- Review how much you're drawing from your pension versus other sources of income
- Consider making gifts to your family members while you're still around to see the benefits
- Look at how you can make full use of your tax-free allowances
- Make plans for how your estate could be distributed after you die

Get your plans in place now

We know that 2027 might feel like it's ages away, but it will be here before you know it. The sooner you review your financial plans, the more time you have to put them in place.

You don't need to do it on your own, together with your Financial Adviser you can look at your specific circumstances, talk through what these changes mean for you and plan to protect what you've worked hard to build over your lifetime.

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Aspects of inheritance tax planning are not regulated by the Financial Conduct Authority nor the Prudential Regulation Authority.



Will ISA allowances change in the Budget?

There's been a lot of discussion in the media about potential changes to ISA limits in the Autumn Budget.

Sound familiar? That's because there was similar speculation before the Chancellor's Mansion House speech earlier this year, and in that case, nothing changed. The truth is no one knows just yet what might happen. So let's separate facts from speculation.

ISAs: what we know now

Right now, you can save up to £20,000 into ISAs each tax year, completely tax-free. Meaning your money can grow without any tax on the interest.

ISAs: what could change?

There has been speculation that Cash ISA tax-free allowances might be reduced, or there might be a restriction on how much you can save tax-free in a Cash or Stocks & Shares ISA. We won't actually know what will change, if anything, until the Chancellor speaks in parliament on 26 November.

Make the most of your allowances

While no one can predict the future with certainty, we do know that right now, there's a £20,000 tax-free allowance that you can use to save money in an ISA.

If you haven't used your ISA allowance this tax year, it's worth thinking about whether you want to do so before any potential changes come in. Remember, you can't carry unused ISA allowances forward – it's use it or lose it every year. The current tax year runs until 5 April 2026, so you've still got time to make the most of your tax-free allowance.

Don't lose sight of the bigger picture

Whatever happens with ISAs in the next few weeks, or in future, tax-efficient saving is a great way to make the most of your money.

If things do change, your Financial Adviser can help make sure that you're making full use of whatever allowances are available to you. They can also help you understand how any changes might affect your existing ISAs and what changes, if any, you want to make.

A Stocks and Shares ISA is a medium to long term investment, which aims to increase the value of the money you invest for growth or income or both.

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Our top 5 questions on tax

Whatever the question, no matter how big or small, our Financial Advisers are here to help. Having questions about how tax can affect you is very natural especially when it's your hard-earned money on the line. That's why we sat down with our Financial Adviser - Chloe Rowe - who is based in the Chester-le-Street branch, to chat about the top 5 questions we get asked about tax and how we can support you with them.

1. What are my personal savings allowances?

Every tax year (6 April - 5 April) everyone is entitled to £20,000 in tax-free savings when deposited in a Cash or Stocks & Shares ISA. All ISAs are transferable so you can move them to different providers as well as interchange them with both cash and stocks & shares. Many people ask whether they get taxed on their savings, and the answer is generally no. This is where your Personal Savings Allowance comes in. The main thing is you're not being taxed on your savings; you're being taxed on the interest that your savings earn. So, if you're a 20% taxpayer you have a £1,000 Personal Savings allowance in addition to your ISA allowance, and if you are a 40% taxpayer it's £500.

2. How important is tax efficiency as part of the financial planning process?

Personally, I would say tax efficiency is the most important part to consider when discussing your plans with your Financial Adviser. Here at Newcastle Financial Advisers, we are solution based so we will ensure everything we discuss and advice will be designed for your goals whether it be around minimising your tax or something else.

3. I'm worried about Inheritance Tax (IHT), will it apply to me?

A lot of people think everything they pass down is taxed however, normally they are well within limits. Each person is entitled to a £325,000 allowance before you are taxed on your estate. This can also be transferred tax-free to your spouse or civil partner. This means that if you are married, IHT will only become payable on the second death. Another allowance that most people aren't aware of is that if you are planning on passing your estate to your kids and you own your property, you get an additional allowance of £175,000. It is important to note that when paying IHT, tax is only paid on the excess amount above those allowances. If you do think IHT applies, it's best to get in touch with your Financial Adviser who will be able to help you.



Chloe Rowe
Financial Adviser, Chester-le-Street

4. Will I pay tax on my pension?

The short answer is yes although this can be on a case-by-case basis. On a typical pension you can currently withdraw up to 25% tax-free. This is because pension income is taxed like employment income. You get 25% tax free, then the rest is taxed at the normal rate based on your tax band. There are some situations where this doesn't apply so it's always best to speak to your Financial Adviser about this.

5. What are the key things I should be doing before the Autumn budget and how can you support me in this?

The main thing I would recommend is to use your ISA allowance sooner rather than later. Nobody knows what tax allowance changes will be announced in the Budget at the end of November, but if you have any concerns, then please speak to your Newcastle Financial Adviser - we are always here to help.

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For specialist tax advice, please refer to an accountant or tax specialist.

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Financial planning – why it always makes sense

There's always a bit of financial speculation around the Budget. But after years of helping people like you, we've learnt that the real value of financial advice and planning isn't just about reacting to the latest government announcement or market trend. It's about having a conversation with someone who can help you make sensible choices about your money based on your values, your needs, and your circumstances.

Life changes, your financial plans should too

Think about how life has changed for you over the past few years. Maybe you've retired or are getting closer to it. Maybe your family has needed support, or you've welcomed some new additions to the family.

There are lots of factors that can affect your financial plans for the future, so it makes sense to review your situation regularly to make sure that your plans still fit your reality.

What to expect from your ongoing review with your Financial Adviser

We know 'review' sounds a bit formal, but honestly, it's just a conversation about your money and what you'd like to do with it.

Here are the kinds of things your Financial Adviser can talk to you about:

- Your pensions, savings and investments. How are they performing and are they still doing what you need them to?
- Your financial plans and goals. Has anything changed since you last had a chat? Are you still on track or have your priorities changed?
- Your annual tax allowances. Your Financial Adviser can help you work out the smartest way to make the most of your tax-free allowances.
- Planning ahead. Your Financial Adviser can help you understand upcoming changes (like those coming to IHT in 2027) and what they mean for you. And they can also help you think about your own plans – like when you want to retire.

Your ongoing review with your Financial Adviser is also a great opportunity for you to ask your questions. You can ask anything. There's no such thing as a silly question when it comes to your money.

The Budget matters, but it's not everything

We'll be keeping a close eye on what happens in the Budget on 26 November and we'll be ready to help you understand what any changes mean for you. Whether that means some changes, or everything stays the same, we're here to help you feel confident about your financial future.

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Share your experience and support our region

Has your Financial Adviser helped you? If you've had a good experience, we'd love you to help us spread the word and as a thank you, you'll be helping us to support local causes too.

Recommend a friend – how it works

- Tell someone you think could benefit from financial advice about us.
- They get in touch for an initial, no obligation chat with one of our advisers in their local branch, on the phone or by video call.
- Once they've had that conversation, we'll donate £25 to the Newcastle Building Society Community Fund and Community Foundation North East.

Your recommendation helps someone get financial support and helps tackle real issues in our communities through the Foundation – from food poverty to homelessness or helping people get into work.

Making a difference together

As an existing customer, by recommending us to family or friends, you could help support our Community Recommend and Reward scheme. This donates £25 from us to the Newcastle Building Society Community Fund at the Community Foundation North East.

We've been working with Community Foundation North East for over 30 years, supporting hundreds of local charities and projects. Every £25 donation goes to help people right here in our region.

We are very committed to the people and places that make up our heartland. Moving into 2026, we will remain committed to building and deepening the relationships we have in our communities.

To find out more, contact your Newcastle Financial Adviser or pop into your local Newcastle Building Society Branch.

Community Foundation North East charity number 700510.

*The Community Recommend and Reward scheme is available up to four weeks after the recommended person has completed their first discussion. The donation of £25 will be made from Newcastle Financial Advisers Limited to the Newcastle Building Society.



Newcastle Financial Advisers

As a valued ongoing service customer, we're committed to making your money work hard now and in the future. We're here for you throughout the year to help with any questions you may have. Don't forget we can help review your current holdings, help with tax efficient ways to pass on your money and plan for the future.

0345 600 4330

financialadvice@newcastle.co.uk

newcastle.co.uk

Or speak to your Financial Adviser directly.

The contents of this newsletter are believed to be correct at the date of publication (29 October 2025).

Every care is taken to ensure that the information in Money Talks is accurate at the time of going to press. However, all information and figures are subject to change. You should always seek financial advice before entering into any transaction.

The information in this newsletter is of a general nature and does not constitute financial advice. You should seek professional advice tailored to your needs and circumstances before making any decisions.



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Approved by The Openwork Partnership on 29/10/2025

Market update

An eventful yet positive year for markets

2025 has been an eventful, yet positive year, when it comes to global markets. Going back to the turmoil experienced in April following Trump's tariff reforms, the market downturn, the subsequent bounce back and the market highs that followed. We've certainly witnessed what investing is all about - that markets do go down as well

as up and that "it's time, not timing" that really matters when it comes to investing.

Following these events, we have seen strong market growth with markets remaining buoyant as we move closer to the end of the year. This strength has been supported by steady economic growth, lowering global inflation

and solid company results from sectors such as technology.

It's been very pleasing to see investments benefit from this, however, it's also normal for markets to move up and down from time to time. Any short-term volatility as we have experienced earlier this year is simply a natural part of the investment journey.



What does this mean for you?

The key with investing is to always stay focused on your long-term goals. History shows that investors who remain patient and consistent through the ups and downs tend to be best placed to make the most of market opportunities over time.

It's always important to remember that regardless of how markets perform in any short-term periods, there will always be some periods of volatility which is normal. While they can feel unsettling when they do happen - history shows us that these are usually short lived.

Always remain focused on the long-term

Reacting to market events is never a good idea. In doing so you can miss out on the benefits of recovery periods - such as what we saw over the course of April and May 2025. Ups and downs in markets tend to balance themselves out. Historically, investments have tended to grow overall over longer periods.

Past performance is not a guide to future performance and should not be relied upon.

Remember the benefit of diversification

Also, always remember the benefits of having a diversified investment approach. You will have a portfolio that is invested in various underlying asset classes including equities and bonds. Diversification ensures you are spreading your risk (not putting all your eggs in one basket), which then helps if various individual underlying assets ever do experience a bumpy period.

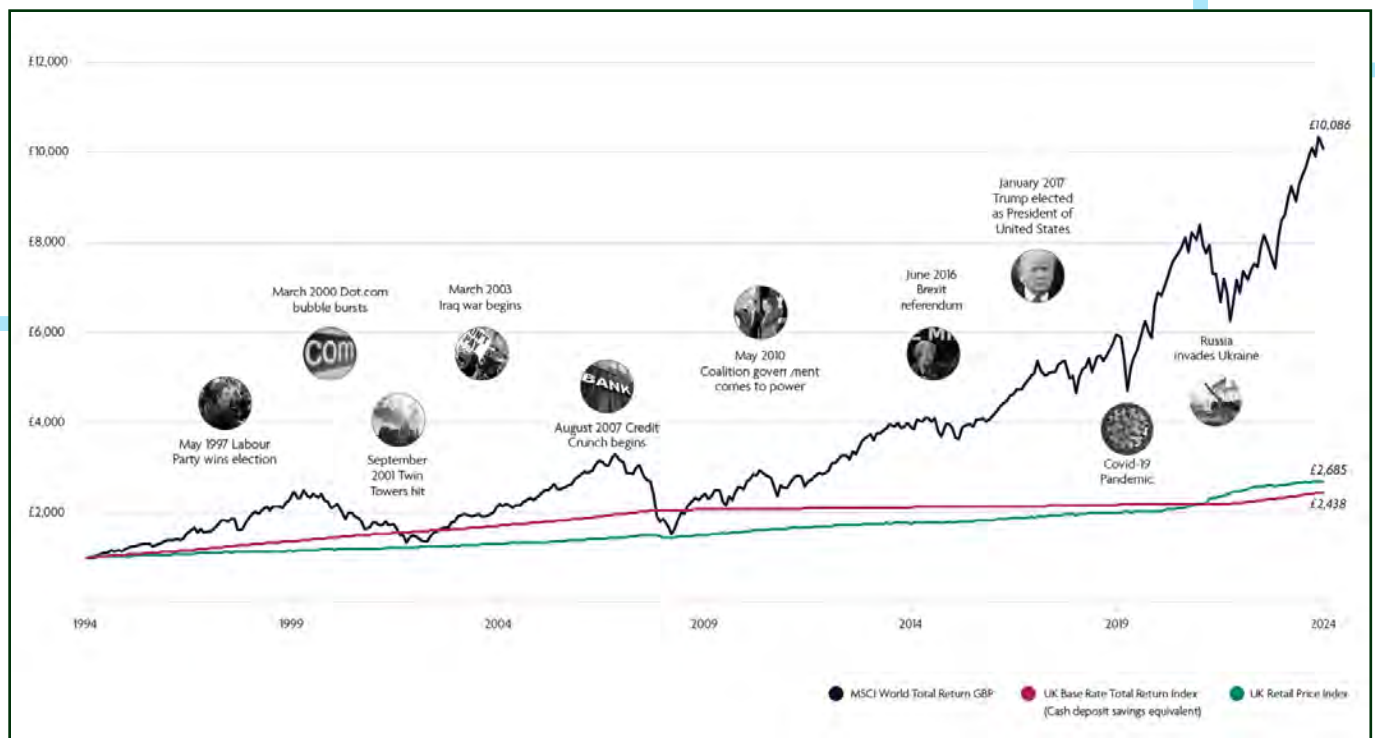
Your Newcastle Financial Adviser is committed to providing you with help and support whenever you need it to look after your long-term financial needs. Available at every Newcastle Building Society branch, over the telephone or by video. Alternatively, you can contact our Financial Advice Team on **0345 600 4330**.

Please note that the opinions provided are for information only and must not be treated as advice. Economic and market conditions experienced in the past may not be repeated in the future. This update reflects our view at the time of writing and is subject to change.

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What do we know from market performance over time?

The chart below compares the growth of £1,000 invested in global equities with leaving money in a cash deposit account over the past 30 years, as well as the impact of inflation. Despite a number of stock market events, equities have outperformed significantly over the long term.



This graph shows performance from 01/12/1994 to 01/12/2024. Source: Bloomberg 31/12/2024

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Approved by The Openwork Partnership on 29/10/2025