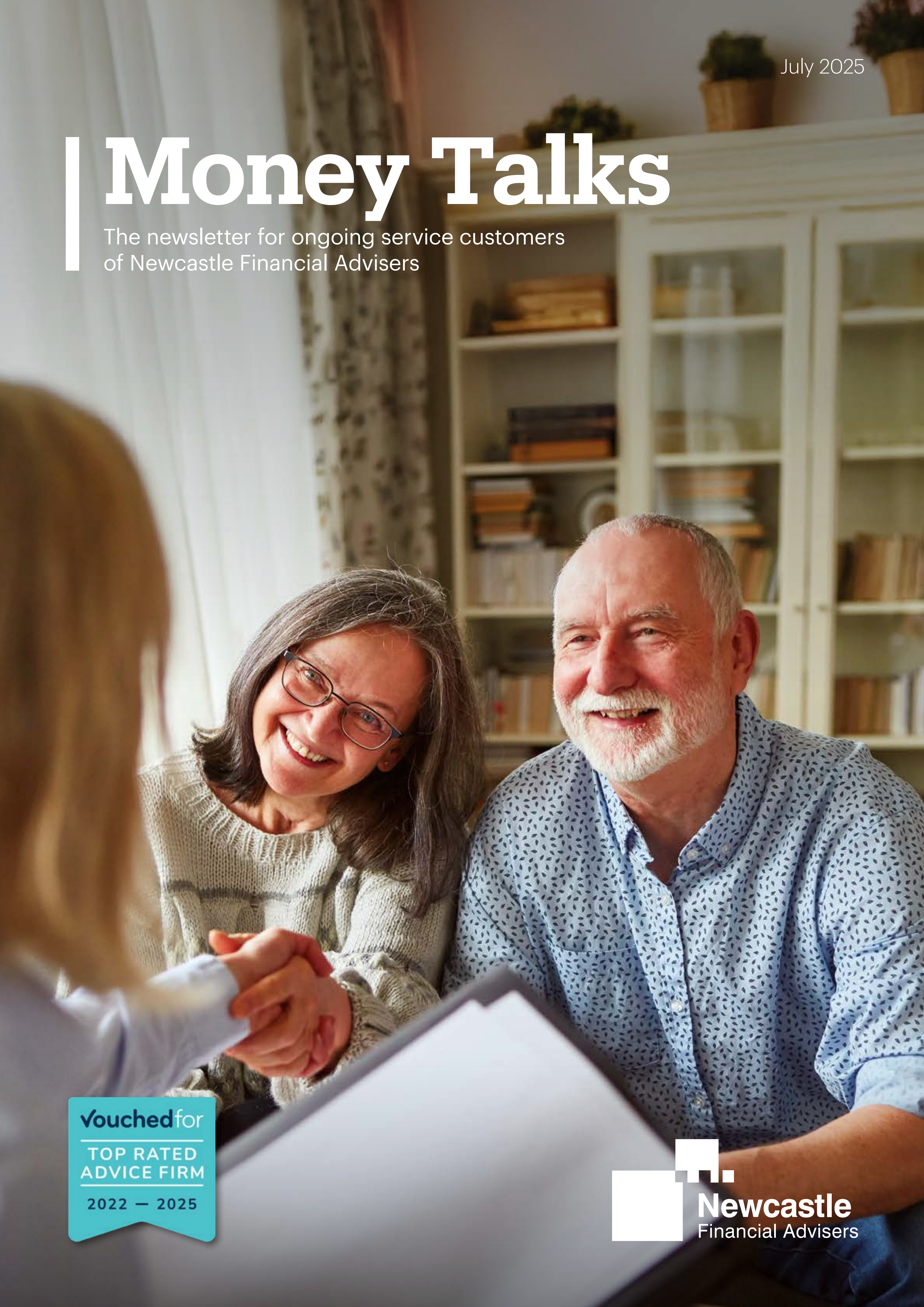
July 2025

Money Talks

The newsletter for ongoing service customers of Newcastle Financial Advisers



VouchedFor
TOP RATED ADVICE FIRM
2022 — 2025

Newcastle
Financial Advisers

Contents

The contents of this newsletter are believed to be correct at the date of publication (July 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, and you should always make inquiries and check details and, where necessary, seek financial advice before entering into any transaction.

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

We're top rated and having an impact on financial futures!

We're delighted that Newcastle Financial Advisers has been rated a Vouchedfor Top Rated Firm for the fourth year in a row. This is from achieving an average VouchedFor customer review rating of 4.9 out of 5 - demonstrating our approach to customer advice, care and service.

We're also thrilled that at Vouchedfor's first ever Customer Experience Awards, Newcastle Financial Advisers won in the Client Impact category.

This award recognised businesses who are having a real impact on customer lives and their financial futures by providing great, quality and accessible financial advice for all.

What makes this award even more special is that it was awarded purely from the excellent customer feedback and advocacy that we continue to receive for the advice, support and service we provide to members and customers.

We would like to say a massive thank you to all of our customers for providing your ongoing feedback through Vouchedfor and for your continued support in helping us achieve this accolade.

A reflection on recent market performance

It has been an eventful couple of months on the world stage and this has clearly had an impact on the financial markets.

However, even with the recent stock market volatility, it's important to take the long-term view when it comes to your investment, pension and retirement plans. Market volatility and dips are normal. While they can feel unsettling, it's important to remember that history shows us that they are usually short lived. We believe now is a good opportunity to reflect on what happened and what you should always consider when events like these occur.

What caused recent market events?

Stock markets had a difficult April after the US introduced sweeping new tariffs on global imports, triggering fears of a full-blown trade war. The announcement, dubbed 'Liberation Day' by the White House, included a baseline 10% tariff on all goods and much steeper "reciprocal" rates for key trading partners, including 145% on Chinese goods, 24% on imports from Japan and 20% on EU exports.

The market reaction was swift. Share prices tumbled worldwide as investors worried about rising inflation, slower economic growth and disruptions to global supply chains. But in a dramatic turnaround, confidence returned in mid-May as the US and China announced a pause in their tit-for-tat trade dispute.

The 'Liberation Day' tariff announcements were much bigger than most investors expected, and markets around the world reacted negatively. Investors at the time were concerned about higher inflation, weaker consumer spending and a broader slowdown in global trade. The resulting fallout which influenced financial markets across the world especially in those countries affected by these tariffs. Any form of market volatility can have an impact on investment or pension plans and cause the value of these to go up or down in the short-term.

Remain focussed on the long-term

When markets are experiencing some volatility and take a downward turn remember that reacting to market events like these is never a good idea. It usually means you experience the losses, but do not benefit from any recovery which we have seen. Ups and downs in markets tend to balance themselves out. Investments tend to grow overall over longer periods. So, if you take your money when your holdings value has dropped, you may not get back what you originally paid in.

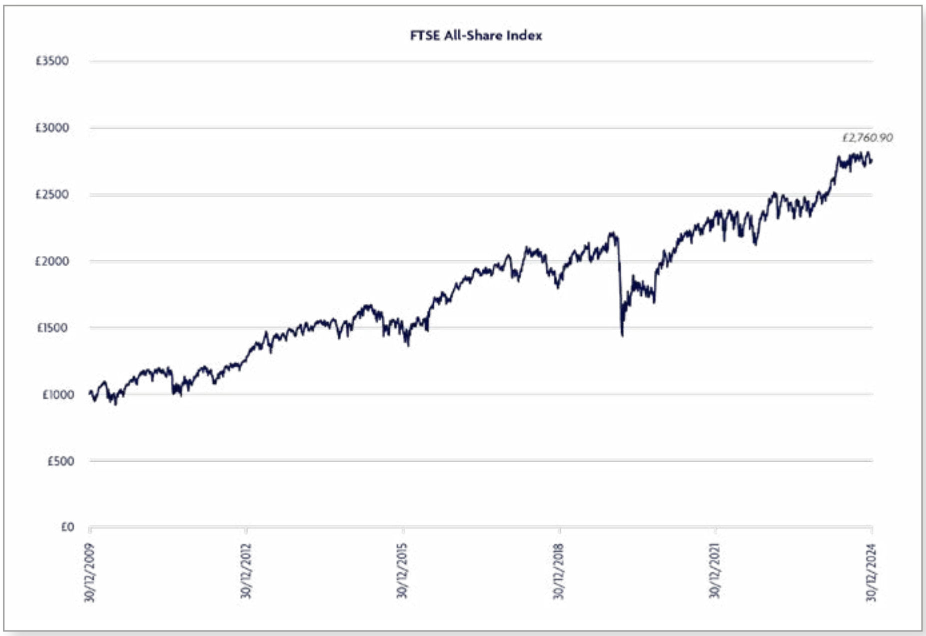
Time not timing

It's time, not timing, that really matters in the world of investments. Although the timing of buying and selling investments can be important, over longer periods, short-term price movements should have less effect on your investments giving them more time to grow.

The chart below shows how an investment of £1,000 in the UK stock market would have grown into over £2,700 over the last 15 years to end of 2024. The progress isn't totally smooth, however, with markets suffering setbacks from time to time – the Covid-19 pandemic being one notable example.

Past performance is not a reliable indicator of future performance and should not be relied upon.

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



Source: *Bloomberg 31/12/2024. Net income reinvested.*

A reflection on recent market performance *cont.*

Staying invested

Although periods of market volatility can be extreme (and painful) it makes sense to look beyond the here and now and focus instead on the timescale that really matters – the long-term one.

Episodes like this show how quickly momentum can build in financial markets. After a period of gradual recovery, confidence surged, and a market rebound on 12 May was one of the strongest in recent history. These sharp upswings are almost impossible to predict and can often happen very quickly after sharp falls. That's why stepping out of the market during periods of uncertainty can mean missing the moments when performance turns around.

After each drop, equities have soon gone on to resume an upward trend and maintain their historic outperformance of other asset classes. However, it should be remembered that past performance is not a guide to future performance.

"Periods of underperformance can be uncomfortable, but they often lead to stronger results over time. It pays to be patient."

Hannah Evans, Head of Manager Research, Omnis Investments Limited.

Can you time the market for success?

The fact that markets can experience sharp falls and periods of uncertainty shows why you should invest for the long-term. But what if it were possible to time your investments to harness the markets' ups and downs for your benefit – selling at the peaks and buying at the lows?

The impact can be huge – just look at the table to see how the average annual returns of some of the world's stock markets can be affected when you strip out some of the top performing days.

Forecasting such events is impossible and bad news for those investing their cash just before a downturn. Fortunately, given time, financial markets have proven capable of shrugging off short-term falls.

The benefit of diversification

Always remember the benefits of having a diversified investment approach. You should have a portfolio that is invested in various underlying asset classes (not just equities) and bonds. While you can expect your portfolios to drop in value in the very short-term, the diversification of your portfolio will potentially cushion some of the blow. You are spreading your risk (not putting all your eggs in one basket), which helps when various underlying assets hit a bumpy period.

Average Annual Returns over 15 years - effect of missing best days...

Index	Stayed fully invested	Best 10 days missed	Best 20 days missed	Best 30 days missed
Index All-Share	7%	3.88%	1.79%	-0.10%
S&P 500	13.88%	9.36%	6.63%	4.46%
DAX 30	8.27%	4.08%	1.34%	-0.96%
CAC 40	7.78%	3.34%	0.50%	-1.89%
Hang Seng	3%	-1.12%	-3.86%	-6.33%

The table above reflects compound annual rates of select global indices over 15 years.

It also includes, by comparison, compound growth rates if you were invested in each index over the best 10, 20 and 30 days missed. All returns based in sterling.

Source: *Bloomberg as at 31/12/2024*

Equities tend to perform well

Although past performance is not a guide to future performance and should not be relied upon, despite well-publicised market crashes, investing in equities has been proven over time to significantly outperform just leaving money as cash savings.

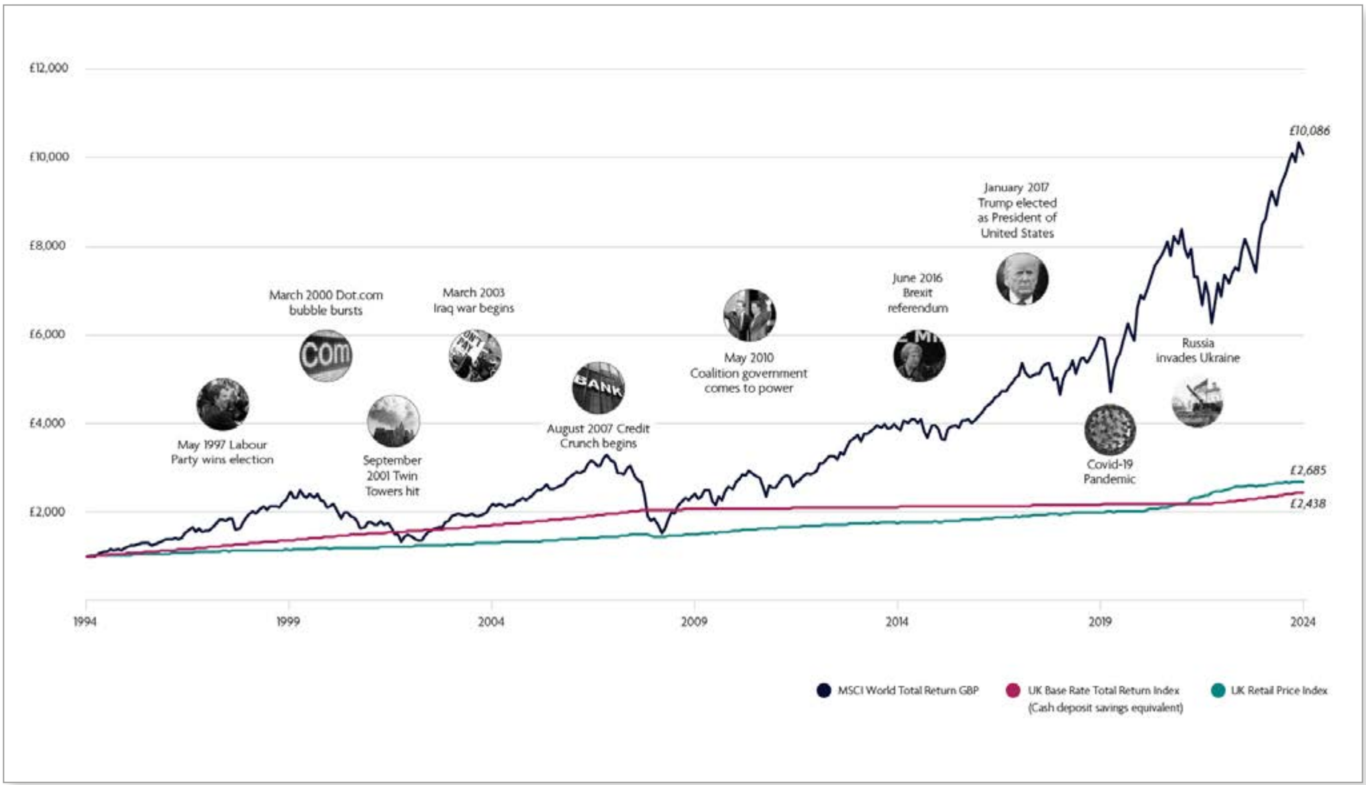
They have also historically performed better than most other types of asset classes and investment types.

Because equities are linked to how companies' earnings perform, they can be volatile in the short-term and especially when there's uncertainty around the economy. But in the long-term, they tend to perform well.

What can we learn from market performance over time?

This chart 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 crashes, equities have outperformed significantly over the long-term.

Having a combined portfolio of cash and equity can complement and support your differing financial goals. A cash portfolio allows you to plan for the short to medium needs, and equities can support you in your longer-term objectives whereby you have time to ride out short term market fluctuations.



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

We are always here to help

Market swings can feel unsettling. But they also reinforce an important truth – recoveries often come when they are least expected. That's why it's so important to stay focused on your long-term goals.

As always, 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. If you have any questions or concerns, speak to your Newcastle Financial Adviser - available at every Newcastle Building Society branch, over the telephone or by video.

Please note that the opinions provided are for information only and must not be treated as advice. Past Performance is not a guide to future performance and should not be relied upon.

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

A Q&A with one of our Financial Advisers:

We caught up with Liv Vickers, one of our Financial Advisers to ask her some questions that many of our customers are asking.

Liv Vickers
Financial Adviser -
Newcastle Financial Advisers

Liv Vickers, a Financial Adviser at Newcastle Financial Advisers, covers some of the key conversations she has been having with her customers.

"I've heard a lot about inheritance tax lately — should I be worried?"

Inheritance Tax (IHT) is something more and more people are thinking about, and for good reason. The IHT threshold has been frozen until 2030, which means as house prices rise, more estates will end up being taxed.

At the moment, the basic IHT threshold is £325,000 per person. Anything above that is taxed at 40%—unless you're passing your home to children or grandchildren, in which case the threshold could be higher.

But as more people find themselves creeping over the limit, the tax bill can be significant. That's why planning ahead is key. There are ways to reduce how much inheritance tax your estate will pay, and the sooner you start, the better.

A simple one: Gifting money while you're still around to enjoy seeing your family benefit. You can gift £3,000 a year tax-free—and if you didn't use your allowance last year, you can carry it forward, meaning a couple could pass on £12,000 this year without it being counted towards IHT.

But there's more to it than just the allowances. If you have surplus income—perhaps a generous pension that you don't actually need all of, you can instead make regular gifts to your family without it being included in your estate for IHT purposes. It's a great way to help your loved ones while reducing a potential tax bill later.

And don't forget about pensions, which brings me onto another big question...

"I want to pass money on to my family, but I don't want to run out of savings. What should I do?"

This is a really common concern. You want to help your family financially, but you don't want to leave yourself short later on. This is where pensions come in. Unlike other assets, pensions aren't at the moment usually subject to inheritance tax, so currently they can be a tax-efficient way to pass on wealth.

If you're in a strong financial position and don't need to take all your pension, leaving it invested means it can be passed on to your beneficiaries, often without IHT.

That said, inheritance tax rules on pensions are changing in 2027, so it's worth checking whether your current plans are still the best option. We cover these changes on page 8 within this Newsletter.

But if you do need your pension to fund your retirement, it's all about balance. That's where a Financial Adviser can help make sure you've got enough for yourself, while looking at ways to pass on wealth efficiently.

I'm not sure I'm using my pension properly — what should I be doing?

Pensions can seem complicated, but the most important thing is making sure that yours is working for you. If you're still working, the key thing to think about is contributions.

Even if you're only putting in small amounts, pensions are incredibly tax-efficient because of the relief you get on contributions. If you've got spare cash, topping up your pension could be a great way to reduce your tax bill now while boosting your retirement pot for later.

A lot of people don't realise they can carry forward any unused pension allowance from the last three years—so if you've got a bonus or lump sum coming in, you might be able to contribute more than this year's limit and still get tax relief. For those closer to retirement, the focus shifts to how you take your pension.

Some people take large lump sums and end up paying more tax than they need to. Others take too little and don't enjoy their money as much as they could. Getting the balance right is key.

It's also worth checking your workplace pension investments. Many schemes automatically switch to lower-risk investments at 50, which might not be what you want if you're planning to work until 65.

These are the kind of things I help my customers think through. A pension isn't just about saving, it's about making sure it's doing what you need it to do at the right time.

How can I make sure I'm not paying more tax than I need to?

This is a great question because there are lots of small things you can do that add up over time. One of the easiest places to start is your ISA allowance.

You can save up to £20,000 a year in an ISA, completely tax-free. If you're a couple, that's £40,000 between you. The important thing is, if you don't use it, you lose it, so it's worth making the most of it before the end of the tax year.

If you're saving for a child or grandchild, a Junior ISA (JISA) lets you save up to £9,000 a year tax-free for them. It's a great way to build up a lump sum for their future.

Pensions are another big one. Making sure you're maximising your contributions and using any available allowances can make a huge difference in the long run.

The key takeaway: A bit of planning now can mean big savings over time.

I'm thinking about retiring in the next few years — what should I be doing now?

If retirement is on the horizon, now is the time to get clear on what you need.

Checking how much you have in your pension and how much income you'll need in retirement is the first step. A lot of people are unsure what they can actually afford to take out. Getting that right is really important.

Another big thing to think about is tax efficiency.

How you take your pension makes a big difference to how much tax you pay. Some people take lump sums and pay more tax than necessary, while others don't take enough and don't enjoy their money as much as they could.

A Newcastle Financial Adviser can help you find the right balance, whether that's looking at pension options, making sure your investments are still working for you, or even just checking that you're making the most of your allowances before you stop working.

Final Thought:

Your Newcastle Financial Adviser is here to help you make the most of your money, whether that's planning for retirement, passing on wealth efficiently, or simply making sure you're not missing any opportunities.

If you'd like to have a chat, pop into your local branch and speak to your local Adviser. We're always happy to help.

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.

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

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

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

Pensions subject to Inheritance Tax from April 2027

Pensions will be subject to Inheritance Tax (IHT) from April 2027, the Chancellor announced in the Autumn Budget.

Why are pensions becoming subject to IHT?

It was widely expected that the Chancellor would target both IHT and pensions in the run up to the Autumn 2024 budget, as part of the Government's measures to bolster public finances. Favourable tax treatment for pensions has meant that they have become a popular estate planning tool. Many more affluent retirees have been able to live off other assets and investments and preserve their pensions to pass tax efficiently down to loved ones after their death.

In addition to being free of IHT prior to 2027 (unlike other investment accounts, including ISAs), pensions can also be paid to beneficiaries free of income tax, if the account holder dies before the age of 75. However, in its consultation, the Government has said that it would continue to incentivise pension savings for their intended purpose of funding retirement.

What currently happens to your pension when you die?

Currently, pensions are generally not included when working out the total value of your estate (property, savings, assets, investments, personal items) for IHT purposes. This means pensions are not normally subject to IHT. Instead, a different type of tax regime applies. How much tax your loved ones will pay on your pension depends on how old you are when you die, though the rules, as ever with pensions are complicated. Generally:

- If you die before age 75: your pension can be inherited tax-free.
- If you die aged 75 or over: your loved ones will pay income tax on what they inherit at their personal tax rate (for example 20%, 40% or 45%).

How will this impact you?

Whether or not you will be affected by the proposals will depend on the size of your estate and whether you have any unused pension funds in your estate when you die.

Currently it's possible to pass on £325,000 without paying IHT (the Nil Rate Band). However, that can be boosted by a further £175,000 called the Residential Nil Rate Band if you are passing a family home on to family members.

These allowances will now also remain at this level until 2030 and will not increase in 2028, as originally scheduled meaning further estates may be subject to IHT. After April 2027, if your total estate (including remaining pensions) is worth more than the nil rate band when you die (and the residential nil rate band if you are passing on a family home to children or grandchildren), IHT will be payable.

Bear in mind though, that transfers between spouses (and civil partners) remain tax free. This means that if you are married, IHT will only become payable on the second death. The impact of the change will be compounded by an extension to the freeze on both the nil rate band and the residential nil rate band.

What should you do now?

The decision to make pensions subject to IHT could have a significant impact on retirement income planning. Once the final rules and guidance has been introduced it is expected that affected individuals are likely to increase their spending in retirement and/or give more money away during their lifetime.

One thing that has not changed is that the overall tax efficiencies and allowances for pensions means that these remain a critical part of any plans when saving for retirement.

It is important to note that the proposal to bring pensions within the reach of IHT is currently under consultation and we do not know exactly what the full process will be yet.

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.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

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

Exclusive webinar available for you to view now

One of the benefits of receiving our ongoing service is access to exclusive webinars. In these we share insight into recent events, market updates and highlight key areas you may need to think about as part of your overall financial planning.

In our latest webinar we discuss and reflect on what has been a volatile couple of months with financial markets and addressing potential concerns some of our customers may have had. Looking at what has happened and important things our customers should always consider at times like these.

newcastle.co.uk/july-webinar

The webinar is hosted by Steven Johnson - Divisional Manager, Newcastle Financial Advisers who is joined by two of our Financial Advisers Alex Turnbull and Tom Parkin. In this webinar they cover some key areas including:

- What has been happening with markets recently and the subsequent impacts.
- Key things that we have been talking to customers about at times like this.
- What can we take away from all the recent activity.
- How we should remain focused on long-term goals and not on short-term market impacts.

Use the following link to access the webinar:

newcastle.co.uk/july-webinar

The information shared in this webinar is not intended as financial advice. If you have any specific questions about your personal financial situation, please contact your Newcastle financial Adviser or contact our Financial Advice Support Team on 0345 600 4330.

Alex Turnbull
Financial Adviser -
Newcastle Financial Advisers

Tom Parkin
Financial Adviser -
Newcastle Financial Advisers

ISAs – are they still a smart way to save?

It's always a good time to think about making the most of your tax-free savings.

We asked **Chris Brown, Head of Savings Product Propositions** at Newcastle Building Society to share his insights on this savings option. Individual savings accounts, (ISAs) have been around since 1999, and Chris remains a big fan of the tax-free benefits that they offer to smart savers. "As interest rates have risen, more people are being dragged into paying tax on their savings," he explains. "Personal savings allowances haven't been increased since they were introduced in 2016, so ISAs are still the best way to protect your savings from tax. Any interest you make in an ISA goes straight to you, the saver."

More options and more flexibility

ISAs have changed a lot in the last 25 years and savers now have more options to help make their tax-free savings work harder. This is something that Chris applauds: "For me one of the key improvements over the past few years is increased flexibility. ISAs have improved significantly over the last few years, offering savers more choice about the types of accounts they save into, and the ability to withdraw money from their account and redeposit it in the same tax year."

Chris says greater flexibility means that ISAs can offer benefits to all types of savers. "You can take a pick and mix approach," he explains. "You might put some of your savings into an instant access account and some into a longer-term savings account. That gives more choice and options for people thinking long-term or short-term about their savings and investments."

ISAs are for everyone

Chris also challenges any misconception that ISAs are only for the well off, older people or those who can afford to lock their money away for a long period of time: "ISAs are great for everyone," he says. "They cross generations. Parents and grandparents can save for a child's future through a Junior ISA. There are ISAs that help first-time buyers move into their first home. And if you don't have a pension, you can save for later life with a lifetime ISA."

"Newcastle Building Society provides all these types of options, either through local branches on the high street or online," he adds.

Don't forget - as an existing ongoing service customer with Newcastle Financial Advisers, Newcastle Building Society offer you an exclusive Newcastle Limited Access Account which currently offers 4.05% Gross PA/AER provided you make three withdrawals or less each anniversary year. 2.25% Gross PA/AER with 4 withdrawals or more. *For more information, please visit: **newcastle.co.uk/limited-access**

The future of ISAs

As for the future of ISAs, he remains confident that they will remain an important way for people to save money in a tax efficient way. With the Government considering some potential changes to ISAs we will be monitoring developments very closely.

So, if he was invited to the House of Commons, what would Chris say to Chancellor Rachel Reeves about the future of ISAs? "I hope the chancellor listens to the Building Societies Association and supports ISAs. I genuinely believe that we need to continue to find new ways to encourage savings and reward our nation of savers."

'Gross interest is the contractual rate of interest, without the deduction of tax. AER stands for Annual Equivalent Rate and shows what the interest rate would be if interest was paid and added to your account each year. Reduced rate effective from the date of the fourth withdrawal until the day prior to your account opening annual anniversary date'.

Tax-free refers to the contractual rate of interest payable, where interest is exempt from income tax. The tax information provided is based on the current law and HM Revenue & Customs practice, both of which may change.

Our Community Recommend and Reward Scheme

Financial advice to power our communities

Appreciate our advice and ongoing support?

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.

The partnership with the Community Foundation stretches back over 30 years and has helped hundreds of charities and projects across our region.

Delivering impact that matters

Through our community grants programme, we prioritise local charities and projects working to tackle issues linked to our strategic community priorities:

- **Food poverty**
- **Work and opportunity**
- **Debt management**
- **Homelessness**
- **Sustainability and the environment**

These priorities are a response to the key needs of our region and are guided by the work we do with the Foundation and the findings of Vital Signs North East 2024.

How it works:

Recommend – Share the good news about your experience with your friends and family.

Reach out – They contact one of our Advisers and have a no obligation chat in their local branch, over the phone or by video.

Reward – Once the discussion is complete, we will donate £25* to The Community Foundation to help and support local causes.

We are very committed to the people and places that make up our heartland. We remain committed to focusing on building and deepening the relationships we have in our communities and associated charities.

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. But don't forget, we can also help with the review of your current products, discuss planning for the future and help with tax efficient ways to pass on your money.

0345 600 4330

financialadvice@newcastle.co.uk

newcastle.co.uk

Or speak to your Financial Adviser directly.

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