May 2026

Money Talks

The newsletter for ongoing customers of Newcastle Financial Advisers

Newcastle Financial Advisers

Contents

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.

Your financial future

Looking ahead with confidence

We live in interesting times, with wider geopolitical events now regularly influencing our daily lives. Moments like these highlight the value of having a trusted Financial Adviser who is readily available to support you when and where you need it, helping you to achieve your future financial goals.

Much of what's happening in the financial world right now highlights just how valuable it is to be able to have proper conversations with your Financial Adviser about the future you're working towards.

In this newsletter, we're pleased to celebrate being recognised as a VouchedFor Top Rated Firm for the fifth year in a row. That's only possible through your honest feedback and trust in our advisers.

We also look at some of the key developments that could affect your financial plans, including proposed ISA changes, what the new inheritance tax rules could mean for you and the importance of talking openly about passing on wealth. And if retirement is on the horizon, our five-year countdown checklist offers practical steps to help you prepare with confidence.

If you'd like to explore any of these topics further, your Newcastle Financial Adviser is here to help. Just start the conversation.

What’s changing with ISAs?

In our November newsletter, we asked ‘Will ISA allowances change in the Budget?’ The answer was yes, although perhaps not in the way many expected. The UK Government has outlined proposed changes to ISA rules from April 2027, with the biggest shift affecting how much under 65-year-olds can save tax free in cash ISAs.

A reminder of the proposed ISA changes

- Right now, anyone aged over 18 and a UK resident can save up to £20,000 a year tax free in ISAs.
- From 6 April 2027, if you’re under 65, the overall tax-free ISA allowance will still be £20,000, but only £12,000 of this can go into a cash ISA.
- If you still wanted to use your full £20,000 tax-free allowance, the remaining £8,000 could go into a stocks and shares ISA, where it would remain tax free. Or you could use the full £20,000 to subscribe to a stocks and shares ISA.
- If you’re over 65 (or will be in 2027), you will still be able to save up to £20,000 a year tax free in a cash ISA.

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 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.

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.

The value of a proper conversation

Your savings goals, your circumstances and what you want your money to do are all personal and may be a bit less straightforward thanks to recent ISA changes. But you don't have to figure out what this means on your own; our Financial Advisers are here to talk it through.

Whether you're wondering how the proposed rules could affect your current ISA, or thinking about the best way to plan ahead, your adviser can help you explore your options and make confident decisions that fit your plans.

What does this mean for you right now?

For now, nothing changes about how you can save into an ISA.

- You can save up to £20,000 in ISAs each tax year, and your interest stays tax-free for as long as it remains inside an ISA.
- You can have more than one kind of ISA. The £20,000 allowance applies to your total ISA savings across the tax year.
- You can choose different types of ISAs depending on how much you want to save, your appetite for risk, and when you may need access to your money.
- The tax year runs from 6 April to 5 April each year.

Remember, any unused ISA allowance can't be carried forward. It's a 'use it or lose it' benefit, renewed each tax year. The current tax year runs until 5 April 2027, so there's still time to make the most of your tax-free allowance before any proposed changes take place.

Helping you prepare for any changes

Whatever happens with ISAs in future, tax-efficient saving remains a powerful way to make your money work harder. Your Financial Adviser can help make sure that you're making full use of the tax allowances available to you and understand how any changes might affect your plans.

We'll continue to keep you updated. And, as always, if you'd like to talk through how these proposals might change things for you, your adviser is only a conversation away.

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 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.

Intergenerational wealth

Why it's important to talk about money

Today, a large proportion of the UK's wealth rests with people who are already retired or getting close to it. It's often the benefit of lifetime saving, rising property values and more predictable career paths. At the same time, younger generations are facing higher living costs, more expensive housing, slower wage growth and less predictable careers. The financial landscape looks very different for these different generations.

Many customers tell us they want to pass on their hard-earned wealth in a way that genuinely helps their children and grandchildren but are concerned about doing that effectively.

Whether you want to support children getting onto the property ladder, help with education costs or encourage good savings habits, the most important thing you can do is start a conversation with your loved ones about your finances and your plans.

That can feel a little uncomfortable. Most of us are not used to talking about money with anyone, even family, but helping your loved ones understand your intentions can make a huge difference. You don't have to manage these conversations alone. **Your Newcastle Financial Adviser can help to educate and inform your loved ones about the basics of financial planning, and explain how things work in simple terms.**

You might be thinking, 'that's all very well, but what will that cost?'. Some guidance and support comes at no charge. For example, an initial conversation about the difference between putting money into a pension or an ISA could be free. It's only when your adviser does work for you and/or your loved ones, that they would charge for that, and they would be up front and transparent about those charges before they went ahead.

Any wealth you pass on is likely to be taxed in some form (see our article about gifting on page 7), so a little planning now can help make sure that more of what you've gained goes to the people you care about. A simple, early conversation with your loved ones can remove any uncertainty and encourage good financial habits for the future.

If you'd like support in starting that conversation, or want to involve your family in your planning, your Newcastle Financial Adviser is here to help guide you every step of the way.

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.

Inheritance Tax changes

How to prepare

In our last newsletter, we shared that pensions will become subject to Inheritance Tax (IHT) from April 2027. This is one of the most significant changes announced in the Autumn 2024 Budget, so it's worth revisiting what it could mean for you and your family.

What's changing with pensions and IHT?

From April 2027, the value of your pension will be counted as part of your estate for inheritance tax purposes. Traditionally, pensions have been a tax-efficient way to pass on wealth to loved ones, as they sat outside of IHT calculations. That is set to change.

Remember, there's currently no IHT to pay on the first £325,000 of your estate. But once you include pension savings alongside the value of your home and other assets, more estates may be liable for the 40% IHT rate.

If you were planning to rely on your pension to pass money on tax efficiently, this new rule could have a real impact on your plans.

How can you still pass on your wealth tax efficiently?

The good news is that there is still time to plan and there are plenty of options to pass on your hard-earned money. Your regular financial review is an ideal opportunity to talk these through with your adviser.

You might want to:

- Review how much you draw from your pension versus other income sources
- Make gifts to family members while you're alive to see the benefits
- Make full use of all your available tax-efficient allowances
- Think about how your estate is structured and how you want it distributed.

Gifting – making use of the 'normal expenditure out of income' exemption

One powerful, and often underused, option is gifting. While some gifts fall under IHT rules, you can give money away immediately and completely free of inheritance tax under the 'normal expenditure out of income' exemption.

For a gift to qualify under this exemption, it must meet three key conditions:

1. **It must be part of your normal, regular spending.** The gift may include things like helping with school fees, rent or mortgage payments or giving regular financial support to family members. The key is that it's part of your regular spending, not a one-off lump sum.
2. **It must come from your income, not your capital.** This includes your salary, dividends, pension income, rental income and bank account interest. It cannot come from capital like savings or investments.
3. **It must not reduce your standard of living.** You need to be able to show that you can maintain your usual lifestyle after making the gift. If giving the money away would mean that you have to cut back, the exemption wouldn't apply.

No limits and immediate IHT benefits

If all these conditions are met, there's no limit to how much you can gift under this exemption. Gifts are immediately outside your estate for IHT purposes, so can help reduce your taxable estate quickly. And, perhaps most importantly, by gifting, you can support loved ones now and enjoy seeing the difference it makes.

There is one important thing to bear in mind though, and that's keeping good records of your gifting, as HMRC may ask for evidence. You need to keep records of your income and the gifts you make and document your intention stating that the payments were meant to be regular. This is particularly important if you pass away after making only one or two payments.

Get your plans in place now

2027 may feel a long way off, but changes like these can come around quickly. Reviewing your financial plans now gives you time to make changes with confidence.

Your Financial Adviser is here to help guide you through what the changes mean for you and help you plan with confidence.

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.

Five years to retirement

Your countdown checklist

When you're around five years away from retirement, stopping work is no longer a distant idea, it's a real, tangible goal. This is the time to start thinking seriously about the financial decisions that will shape your life after work.

As you approach retirement, the focus is on protecting your wealth, making smart choices about your pension, and boosting your savings while you're still earning. Your Newcastle Financial Adviser can guide you through all of this, but this checklist is a helpful place to start.

1. Maximise your savings while you're still earning

Your final working years are often the most powerful for saving. Here's how to make them count:

- Make the most of tax-efficient savings such as pensions and ISAs. You can currently save up to £20,000 a year in ISAs.
- Most people can save up to £60,000 tax free into a pension each year, or the equivalent of your annual salary if this is lower.
- If you want to boost your pension, you may be able to carry forward unused pension allowance from the last three years. This can be especially valuable for higher-rate and additional-rate taxpayers.
- If you have a workplace pension, don't forget the added benefit of employer contributions.

There are some restrictions for higher earners, so it's worth checking your available allowances. Your adviser can help you make the most of what's available to you.

2. Explore how you'll take an income when you retire

Start thinking about how you'll use your pension and investments to provide the kind of lifestyle you want to enjoy once you stop working.

You might choose to:

- Buy an annuity for a regular income
- Use drawdown, keeping funds invested and taking income flexibly
- Take cash lump sums as and when you need them

There's no single 'right' approach and you may choose to do a mix and match of these. It depends on your circumstances and what kind of income you need to fund your lifestyle.

Don't forget to include the State Pension when working out how much income you'll need for day-to-day spending. The UK State Pension age will start to increase incrementally between April 2026 and April 2028. This change affects anyone born on or after April 6, 1960, who will see their pension age rise gradually based on their date of birth.

You don't need a final decision right now, but exploring these options early helps shape your investment decisions over the next few years

3. Look at your investment strategy

Usually as you approach retirement, you'll want to protect wealth that you've built up over time. No one wants a sudden market downturn to upset their plans. The problem is that there's no telling when or if investments will go up or down. And moving everything into low-risk cash can mean your money won't grow enough to keep pace with inflation.

Most people benefit from a balanced, diversified mix of investments including equities, bonds and some cash. You may also have property or business assets that could provide an income.

It's a good time to talk to your adviser about your investments to check that they suit your timeframe for retirement, your goals and your comfort with risk.

4. Understand your tax position at retirement

The choices you make at retirement can affect how much tax you pay.

Some key points to keep in mind:

- Most people can take up to 25% from their pension tax free.
- Any further withdrawals are usually taxed as income.
- Money taken from ISAs is free from income tax, which makes them useful for topping up your retirement income without pushing you into a higher tax band.

Your Newcastle Financial Adviser is here to help

A good retirement plan looks at all your savings and pensions together. Your Adviser can help you understand the most tax-efficient way to turn your savings into a regular income so that you can look forward to your retirement with confidence.

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 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.

Protecting your wealth today and for the future

When we think about securing our financial future, most of us focus on growing our savings, enjoying the lifestyle we've worked hard for, and planning the legacy we want to leave behind. But one thing that's easy to overlook is how we'd cope financially if life took an unexpected turn; for example, if illness or injury made it difficult, or even impossible, to work.

As we get older, protecting the wealth we've built becomes even more important. The good news is that there are practical, effective ways to safeguard your financial security and ensure your plans for your family remain on track.

Why protection matters

Two types of cover can make a real difference: income protection and critical illness cover. Together, they act as a financial safety net, giving you confidence that your lifestyle, your plans, and your long-term goals can continue even during challenging times.

Income protection

Income protection pays you a proportion of your earnings (usually around 60–70%) if you're unable to work due to illness or injury. That means you still have a reliable income coming in to support your lifestyle and keep your financial plans on track.

Critical illness cover

Critical illness cover pays out a tax free lump sum if you're diagnosed with a specified serious illness. It's designed to take away some of the immediate financial pressure during a difficult time, so you can focus on treatment and recovery.

Helping you maintain your lifestyle

Both forms of protection can give you the financial breathing space you need if your health changes unexpectedly. With the right cover you can keep up with mortgage payments, household bills, day to day spending, and pension or investment contributions.

Safeguarding your savings and investments

Without protection, many people would need to dip into savings, cash in investments, or reduce pension contributions to fill any income gaps. But that can disrupt your long term plans and reduce the inheritance you hope to pass on.

With income protection or critical illness cover in place, you can avoid accessing long term savings before you really want to. Your retirement pots continue to grow and your investments remain intact for future goals.

Protecting your legacy

You want to be able to support the people and causes that matter to you, even when you're no longer around. By protecting your income and long term plans, you help to ensure that illness or injury doesn't reduce what you can leave behind.

Long term peace of mind

Because everyone's circumstances are different, the right cover for you should reflect your lifestyle, your priorities and your goals for the future.

If you'd like to talk through how protection could support financial wellbeing for you and your loved ones, now and for the years ahead, your Newcastle Financial Adviser is here to help.

Advice to power our communities

At Newcastle Financial Advisers we want to help more people access financial advice. 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 through our Community Recommend and Reward Scheme.

How our Community Recommend and Reward scheme works

- Tell someone you think could benefit from financial advice about us.
- They get in touch for an initial, no-obligation appointment 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 at the 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

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.

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.

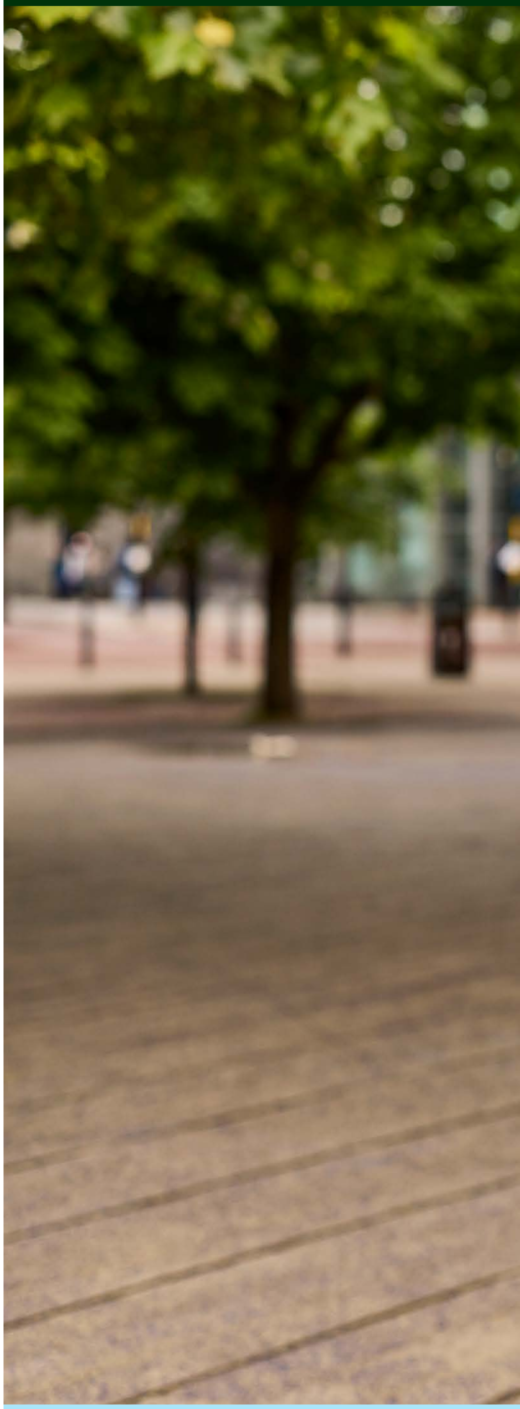
The Community Recommend and Reward scheme is available up to four weeks after the recommended person has completed their first discussion. The donation of £25 will be made from Newcastle Financial Advisers Limited to the Newcastle Building Society Community Fund at the Community Foundation North East, once the recommended customer has completed their first discussion with a Newcastle Financial Adviser and confirmed that they have been recommended by an existing Newcastle Financial Advisers customer.

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.

*Lines are open every weekday between 9am and 5pm. Calls to 0345 numbers cost the same as calls to standard '01' or '02' landline numbers, even when calling from a mobile. The actual cost you are charged will depend on your landline or mobile provider.



The contents of this newsletter are believed to be correct at the date of publication (07 May 2026).

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.

Newcastle Financial Advisers

Newcastle Building Society introduces to Newcastle Financial Advisers Limited for advice on investments, pensions, life and protection insurance, and inheritance tax planning. Aspects of inheritance tax planning are not regulated by the Prudential Regulation Authority nor the Financial Conduct Authority. Newcastle Financial Advisers is a trade name of Newcastle Financial Advisers Limited which is an appointed representative of The Openwork Partnership a trading style of Openwork Limited which is authorised and regulated by the Financial Conduct Authority.

Approved by The Openwork Partnership on 07/05/2026. NFA 00123