

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](https://www.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 (September 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.

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



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Money Talks

The newsletter for ongoing 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**¹. Lines are open every weekday between 9am and 5pm.

Staying focused on what matters

Financial planning is rarely about reacting to recent headlines. It's about making informed decisions that support the future you want to achieve, whatever life may bring.

In this edition, we explore why staying invested during periods of market uncertainty can often be the most effective course of action, and how inflation continues to threaten the spending power of your money.

We also look at some of the financial challenges and opportunities facing different generations, from helping younger family members build financial confidence, to understanding how tax thresholds and inheritance tax changes could affect your financial future.

With financial scams becoming increasingly sophisticated, we've also included practical guidance on protecting yourself and your loved ones from fraud.

Whatever stage of life you're at, having regular conversations about your finances with your Newcastle Financial Adviser can help you make informed decisions and stay on track towards your goals. If any of the topics in this newsletter raise questions or you'd like to discuss your own circumstances in more detail, your Financial Adviser is here to help.

The future is rarely predictable, but with the right plan and support, you can approach it with greater confidence.



Britain's most disliked tax looks set to hit more families

It was forty years ago when Inheritance Tax (IHT) was introduced by then chancellor Nigel Lawson. It's also often described as Britain's "most hated" tax, despite it contributing less than 1% of the government's revenue¹.

Understandably, death isn't a favourite topic of conversation, especially when it comes to discussing our own mortality. But avoiding talking about IHT can have a big impact on the wealth that you pass on to your loved ones.

While IHT is often perceived as a tax for the very wealthy, that is increasingly no longer the case. IHT receipts reached a record £8.5 billion in the year to March 2026 and the average IHT bill now stands at £212,000².

The IHT tax-free threshold (or nil rate band) of £325,000 has been frozen since 2009 and will remain at that level until at least April 2031. That's the longest period without an increase in the history of UK death taxes. If the threshold had kept pace with inflation, it would be around £525,000 today³.

This is the main reason why so many more ordinary families are being dragged into paying a tax that was originally designed for the very wealthy.

Changes to the taxation of pensions on death, announced in the 2024 Budget and set to take effect from April 2027, could significantly increase IHT bills and affect families even more.

The 67% pension tax trap

Pensions have long been regarded as a safe and tax-efficient way to pass on wealth, as unused pension pots have traditionally remained outside of the IHT net.

But after April 2027, unused pension pots for those who die over age 75 will be subject to 40% IHT and up to 45% Income Tax when beneficiaries withdraw the funds. This creates a combined effective tax rate of up to 67%.

Example:

- Pension pot at death: £100,000
- IHT (at 40%): £40,000
- Remaining value: £60,000
- Income Tax on withdrawal (up to 45%): £27,000
- Net to beneficiaries: £33,000

Your family receives just £33,000 and £67,000 goes to HMRC.

This change could have major implications for estate planning. It's just one more reason why it's important to understand what impact IHT could have on your family.

There is still time to plan

The good news is that there are still opportunities to review your plans and make changes where needed.

Whether you're thinking about gifting, reviewing your estate plans or understanding how pension changes could affect your family, your Financial Adviser can help you explore the options available.

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.

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

¹ Office for Budget Responsibility, February 2026

² GOV.UK, April 2026

³ House of Commons Library, April 2026



When doing nothing is best

Markets may fall, but recovery is part of the process.

"History doesn't repeat itself, but it does often rhyme."

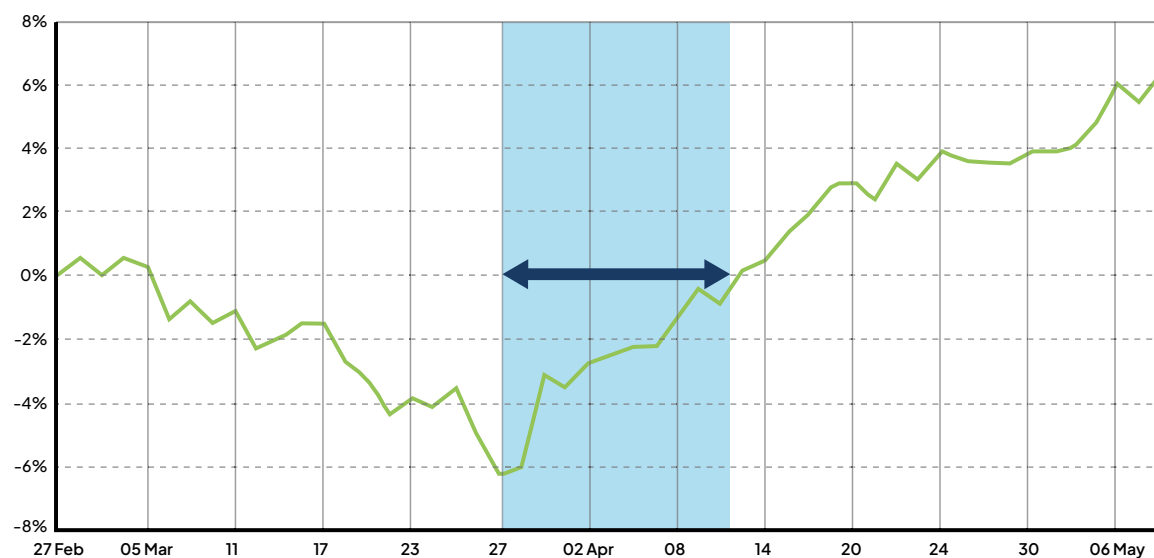
There is some doubt over whether Mark Twain actually said that, but market events this year certainly reinforce the sentiment.

Seeing market values fall can be unsettling, particularly when headlines are dominated by conflict and economic uncertainty. Most recently, of course, investors have had to contend with the fallout from the Middle East conflict.

In times like these, markets sell first and ask questions later. The US S&P500 index fell nearly 10% in the first weeks of the war but fully recovered in just 11 trading sessions. The speed of the rebound was remarkably swift, especially as there had been no resolution to the conflict at that time.

While these movements can seem concerning, they are also a reminder that markets don't like uncertainty and that short-term volatility is a normal part of investing.

Middle East Crisis – S&P 500 Index Recovery



Source: FE Fundinfo. Data from 27/02/2026 – 08/05/2026. S&P 500 Index in GBP terms.

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

Don't panic

So, what should investors do when the going gets tough? Instead of making uninformed decisions, taking a more measured approach usually helps to achieve a much better outcome. Rather than focusing on where markets may move next week or next month, it's often more helpful to focus on the goals you're investing for.

Have your objectives or timescales changed? If you're saving for retirement, supporting your future lifestyle or planning to leave wealth to your loved ones, you're unlikely to need the money next week, next month, or even next year.

The value of a conversation

It's not always easy to tune out to the noise when markets experience a drop. However, history clearly shows us that they recover. That's when financial advice really demonstrates its value. Your investments will have been built around your individual goals and attitude to risk.

If any future events raise any concerns about your investments, or if your circumstances have changed, then it is always a good time to speak to your Newcastle Financial Adviser.

A conversation can help you assess whether your financial plans are still aligned with your goals and your Financial Adviser can advise on the right approach for your circumstances.

Remember: your financial plan should be driven by your future goals, not today's or future headlines.

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.

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.



Financial advice: not just for older generations

Helping the next generation build financial confidence

Many of our customers tell us they're thinking about more than just their own finances. Whether it's supporting children onto the property ladder, helping grandchildren understand the value of saving or making sure loved ones make informed decisions, passing on financial knowledge can be just as important as passing on wealth.

Younger people are often told to save, budget and plan, but not always shown where advice fits in. Parents and grandparents can help change that by talking openly about money and encouraging younger family members to get guidance sooner, rather than later.

So, is financial advice really worth it?

A lot of people in the UK still don't seem convinced. In a survey carried out in May 2024, fewer than one in ten adults said they'd taken advice on investments, pensions or retirement planning in the previous year¹.

Why is that? It could be that some people think advice is only for the wealthy, or that it costs too much, or that they simply don't trust it. Others may feel confident enough to manage things on their own.

With so many online tools, apps and low-cost platforms now available, it's easy to see why DIY financial planning has become more popular. On the surface, doing it yourself can look like a good way to save on fees. But it can also come with risks that may do real damage to your finances over time.

The dangers of a little knowledge and overconfidence

Many DIY investors believe that reading a few articles or watching online videos gives them enough knowledge to make the same decisions as a professional. But good financial planning is about more than picking investments. It also means understanding tax rules, risk, behavioural bias, timing and how everything fits together over the long term.

Most UK adults don't take regulated financial advice, which means many are making important decisions on their own. But that doesn't always mean they're making the right ones. The same research found that among people with more than £10,000 in investible assets, 61% kept all or at least three-quarters of it in cash².

That fits with other research into people who aren't actively engaged with financial services. While 90% had cash savings, only around a third had investments. And among adults paying into a workplace pension, 38% didn't know how much they or their employer were contributing³.

Getting emotional

One of the biggest benefits of a financial adviser is having someone to keep you grounded. They can help you avoid knee-jerk decisions, especially when markets are volatile, and give you the confidence to stay focused on the bigger picture. Without that support, it's much easier to react emotionally and make changes that can knock your plans off course.

Ignoring the big picture

Financial planning is about much more than just investments, but that's often where DIY investors focus their attention. Important areas like estate planning, tax allowances and wrappers, pensions, protection and long-term care are all subjects that your Financial Adviser can help with. Missing these pieces can have a serious impact on your finances and on the people who depend on you.

Good financial advice helps you step back and see the bigger picture. It can give you clarity about the future you want, help you build healthy habits around saving and reviewing your plans, and give you reassurance that you're making informed decisions about your future.

One of the most important things you can do is start a conversation with your loved ones about your finances and your plans. 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.

Sound advice for the younger generation is to get financial advice.

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.

^{1 2 3} FCA Financial Lives 2024 survey, published in 2025.



The silent tax

Why the spending power of your money is under threat

So-called stealth taxes have contributed to the UK tax burden hitting its highest level since the Second World War. Frozen tax thresholds and reduced allowances are pulling more of us into paying more tax, with working people and pensioners all feeling the pain.

But there's another threat to your wealth that can creep up without you noticing. Often called the silent tax, inflation can quietly erode the spending power of your money, even when your savings and investments appear to be growing.

Instead of an unwelcome tax bill, inflation steadily reduces the real value of your money, meaning that every pound buys less over time.

It is one of the most persistent and underestimated threats to long-term financial security.

How can we measure the impact of inflation over the longer term?

If you divide your forecast inflation rate into 72, that will give you an idea of how long it would take to halve the spending power of your money.

Although it peaked at over 11% in 2022 – a 41-year high – annual inflation has averaged 2.8% for the last 15 years¹. At that rate, based on this rule, the real value of your money would halve in 25 years.

It sounds like a long time, but if you are retired or approaching retirement, this is particularly important. Retirement can last 20, 30 or even more years, so protecting the long-term value of your money matters just as much as protecting the balance itself.

Practical steps to protect your wealth from inflation

1. Hold cash for short-term needs

It's easy to fall into the trap of holding a lot of your wealth in cash, because it feels safe and it's easily accessible. Cash is the right home for your short-term or emergency money needs. But keeping too much in low-paying savings accounts exposes more of your wealth to the risk of inflation.

2. Plan your investments

To protect wealth from inflation you need to invest in assets that can outpace rising prices. Equities, property, bonds, infrastructure and commodities are some of the investment options that historically keep pace with or exceed inflation. Combining these investments with tax-efficient wrappers such as ISAs and pensions can also help your money to grow faster in real terms. Your Financial Adviser can explain all these options and how they can help you achieve your financial goals.

3. Spread your money

Investing comes with risk, which is why diversification is so important. Having a portfolio that is well spread across different assets helps protect and grow your wealth.

Protecting your wealth from inflation

The right approach will be different for everyone and will depend on your goals, timescales and attitude to risk.

Your Financial Adviser can help you review how your savings and investments are working together and whether your plans remain on track to help maintain your spending power over the long term.

An 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.

¹ Bank of England Inflation Calculator



Making the most of your income before and during retirement

Your late 40s through to your 70s cover a long and varied stage of life that can bring a complex set of financial challenges.

You may be at your peak earning potential, supporting older children, preparing for retirement, or already drawing from multiple income sources. At this stage, tax thresholds can have a significant impact on how much of your income you keep, so understanding them can help you make smarter, more efficient decisions.

The point where your Personal Allowance disappears

One of the most important thresholds is the £100,000 income level, where your Personal Allowance begins to taper. For every £2 you earn above £100,000, you lose £1 of your tax-free allowance. By the time your income reaches £125,140, the allowance disappears entirely.

This creates a very high effective tax rate, often over 60%, because you're not only paying higher-rate tax but also losing tax-free income at the same time. For those in their peak earning years, understanding this threshold is essential, especially when bonuses, promotions or investment income could push you into this zone.

Retirement income and tax bands: How withdrawals affect your rate

As you approach or enter retirement, your income may come from several places: pensions, ISAs, part-time work, rental income or investments. Pension withdrawals can significantly affect your tax rate.

Taking too much from your pension in a single year can push you into a higher tax band, meaning you pay more tax than necessary. Even drawing from multiple pensions at once can unintentionally increase your taxable income. Understanding how each withdrawal affects your tax position helps you avoid tipping into higher bands and ensures your retirement savings last longer.

Tax-efficient retirement planning

Good retirement planning isn't just about how much you withdraw: it's about where you withdraw it from. Structuring your withdrawals can make a meaningful difference to your long-term tax bill.

Using ISAs for tax-free income, combining them with taxable pension withdrawals, and managing the order in which you access different pots can help you stay within the most favourable tax bands. Balancing taxable and non-taxable income sources gives you more control and flexibility, especially in the early years of retirement.



Dividends, savings and rental income: What's still tax-free?

Many people in the 45–70 age group have diversified income streams. Even as a higher-rate taxpayer, you may still benefit from certain allowances:

- A reduced savings allowance
- A dividend allowance
- A property allowance for small amounts of rental income

These allowances may be smaller than earlier in life, but they still play an important role in reducing your overall tax bill. Knowing what remains tax-free helps you structure your income more efficiently.

Why it's worth reviewing your tax position

Tax rules can have a significant impact on how much income you keep, particularly if your circumstances change.

Whether you're receiving a bonus, considering retirement, drawing income from a pension or managing multiple sources of income, a small adjustment can sometimes produce a meaningful tax benefit.

A yearly review of your tax position can help you avoid unexpected charges, make the most of allowances, and adjust your withdrawal strategy as your needs change.

Ultimately, financial planning is about making your money work harder, last longer and support the lifestyle you want. Your Financial Adviser can help you understand how tax thresholds may affect your circumstances and build a clear plan for the years ahead.

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

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

Living the dream

How to create the retirement lifestyle you imagine

How much money will you need to make your retirement dreams a reality? The short answer is: more than you might think.

One reason why is that we're living longer, which is great news. But it means 35–40 years of work have got to pay for a retirement that could last nearly as long. Most of us need to start saving earlier and start saving more.

Early on in our working life, retirement can feel like a distant event, so planning for it is easy to postpone. And that can be where the problem starts. According to the Office for National Statistics, as of March 2022, over half of adults (56%) were not saving towards a pension¹. So, it's not surprising that nearly three-quarters of 45–60-year-olds are worried about their financial situation in retirement².

Retirement reset?

It's natural for us to want financial freedom and security in retirement, rather than a lifestyle where we're 'just getting by'. But what will it cost?

Figures from the Pension and Lifetime Savings Association suggest that a couple need an income of £60,600 a year to enjoy a comfortable retirement lifestyle³. But what does 'comfortable' look like? Things like having a fortnight's foreign holiday, three UK weekend breaks, changing the car every five years, £75 a week on groceries and £54 a week on hobbies and activities.

After taking into account the full annual state pension of around £12,500 each, a couple need a combined pension pot of about £778,000 in today's terms to make up the shortfall and achieve that comfortable lifestyle⁴.

When you consider that the average pension savings for 55–64-year-olds is around £138,000⁵, it's clear there's a big gap between many people's hopes for retirement and the reality.

Despite this disparity, 60 is reported as the preferred retirement age among the working population⁶. Unless something changes, a huge number of people will need to rethink their retirement aspirations. And dreams of an early retirement will remain just that.

Three important questions to consider

As retirement becomes more of a focus, it can help to think about three key questions:

- When would I like to retire?
- What kind of lifestyle do I want to enjoy?
- Am I currently saving enough to support those plans?

The earlier you begin answering those questions, the more options you're likely to have later.

Turning retirement goals into a plan

Retirement planning is designed to support the lifestyle you want to enjoy.

Your Financial Adviser can help you understand whether you're on track, identify any gaps that may need addressing and create a plan to help you achieve your retirement goals.

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.

¹ Office for National Statistics, Pension Wealth in Great Britain, January

² MoneyPlus, May 2025

³ Pension and Lifetime Savings Association, Retirement Living Standards, 2024

⁴ Trustnet.com news article, Quilter: Pension savers now need almost £700k for a comfortable retirement, 3 June 2026

⁵ Standard Life, Are your pension savings 'average' for your age.

⁶ DWP, Planning and Preparing for Later Life, August 2025

Staying one step ahead of financial scams

Protecting your finances isn't just about growing your wealth. It's also about protecting what you've worked hard to build.

Unfortunately, financial scams are becoming increasingly sophisticated. Criminals are often highly convincing and may pretend to represent trusted organisations, including banks, investment companies, or even HMRC.

The good news is that understanding the warning signs can help you protect both yourself and your loved ones.

Some of the most common scams include:

- Investment scams that promise high returns with little or no risk.
- Pension scams that encourage people to transfer savings into unsuitable or fraudulent schemes.
- Impersonation scams, where criminals pretend to be legitimate firms or trusted contacts.
- APP (Authorised Push Payment) fraud, where people are persuaded to send money themselves.
- Romance scams, where emotional manipulation can lead to financial loss.

UK Finance reports that criminals stole over £1 billion through fraud last year, which highlights just how important it is to stay alert and informed.





How to help protect yourself

There are a few simple habits that can make a big difference:

1. Pause before acting

Scammers often rely on creating a sense of urgency. If someone is pressuring you to make a quick decision, transfer money or share personal information, it is worth taking a step back and treating it as a warning sign.

2. Verify independently

If you receive a call, text or email claiming to be from a bank or adviser, contact the organisation yourself using a trusted phone number or website, rather than the details provided in the message.

3. Be cautious with unexpected investment opportunities

If something sounds too good to be true, it usually is. Genuine financial advice will not come through cold calls or unexpected messages out of the blue.

4. Protect your personal information

Never share passwords, PINs or security codes. A genuine organisation will never ask you to reveal them.

5. Speak to your Financial Adviser or colleagues at Newcastle Building Society

If something does not feel right, we are here to help. A quick conversation can often prevent a costly mistake and give you peace of mind.

Newcastle Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Looking after vulnerable family members

Scammers often target people they believe may be more vulnerable.

Having regular conversations with older relatives, parents or other family members about financial scams can help reduce the risk of someone being caught out.

A quick conversation today could prevent significant financial loss tomorrow.

We're here to support you

If you are worried about being scammed or simply need reassurance about a financial decision, we are here to support you with clear, confidential guidance you can trust.

If you would like to talk through anything mentioned in this article, please do not hesitate to get in touch. Your safety and peace of mind will always come first.

Stay more connected with important updates

Share your email address so we can keep you informed as part of your Ongoing Service

Over the past year, events around the world — from ongoing conflict in Ukraine and the Middle East to political changes closer to home — have continued to affect markets, the economy and everyday life.

Helping you stay informed

As part of our Ongoing Service, we regularly email customers with timely updates on important developments, what they may mean for markets, and how they could affect your investment plans. These updates are designed to keep you informed, provide reassurance and help you feel confident about your financial plans.

We'd like to keep you updated too

We do not currently have an email address on record for you, which means we cannot send you these updates by email. If you share your email address with us, we'll be able to contact you quickly when there is important information about your investments or service.

- Receive important updates quickly about key changes that may affect your future financial plans.
- Get future newsletters like this by email, helping reduce paper and support a more environmentally friendly service.

We'll only use your email address for service communications, not for marketing. We will not overload your inbox, and we'll only get in touch when we have relevant information to share. And you can opt out at any time.

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