Gillinghams

Independent Financial Advisers

Winter Newsletter 2025/2026

How prepared are you for your retirement?

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Inside this issue

Are you prepared for retirement?

It's important to look ahead leading up to your retirement. It can be an exciting time, especially if it means you will be able to do the things you enjoy without worrying about affordability.

Maximise your ISA allowance

Did you know that the way you use your ISA allowance is up to you, there's no right or wrong way. You could either put everything into one ISA or split your total allowance between a number of different ISA accounts.

Your tax year checklist

It is essential to review all the tax savings available to you, especially with frozen tax thresholds and new inheritance tax measures.

One parking App

under new Government plans, you should soon be able to pay for parking across the UK using one App.

Autumn Budget at a glance

-Income tax thresholds frozen until 2031.
-Pension salary sacrifices capped at £2,000.
-'Mansion tax' on properties worth more than £2 million.
-Drivers of electric vehicles pay 3p per mile and 1.5p per mile for plug in hybrids.
-Two-child benefit cap scrapped.
-Fuel duty frozen. 5p cut extended.
-Train fares frozen.
-Annual cash ISA limit reduced from £20,000 to £12,000 (under 65s).

Welcome to the winter edition of our quarterly client newsletter, which provides topical financial articles.

These newsletters are intended to bring a few key topical issues to your attention. If you would like to discuss any of them (or any other aspect of your financial planning) in more depth, please contact us.

Please note: We may not necessarily advise on all the topics in each newsletter, but thought they may be of interest to you.

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Any information in this newsletter does not constitute advice and should not be acted upon without taking professional guidance.

The value of pensions and investments and the income they produce can fall as well as rise and you may not get back the full amount that you originally invested.

Are you getting ready for your retirement?

It's worth looking ahead

As you start to approach retirement, it can be crucial that your finances are in good shape. Knowing what that means will depend on the type of retirement you have in mind. Not only your retirement aspirations but how much savings and investments you have and whether or not you're going to stagger your retirement so that you can retire gradually.

Focusing on pension contributions

Pensions can be highly effective retirement savings vehicles, particularly if you start earlier, due to the tax relief on contributions. In the 2025/26 tax year, for basic-rate taxpayers, a £1,000 pension contribution effectively costs £800, while higher-rate taxpayers pay £600, and additional-rate taxpayers pay £550.

Most individuals can contribute up to 100% of their UK relevant earnings or £60,000 annually (2025/26 tax year) while benefiting from tax relief up to age 75. If your income is very high, your pension annual allowance might be lower, but unused allowances from the previous three years can be utilised under carry-forward rules.

Be aware of inheritance tax changes

Starting from 6 April 2027, most unused pension funds and death benefits will be included within your estate for inheritance tax (IHT) purposes. Which means your pension could be useful if you are going to use it as a form of income, but you would need to be more careful if you're planning to pass it on as you would be liable to an IHT rate of 40% on amounts exceeding the existing thresholds.

Maximise your tax allowances

Several tax allowances can enhance your investment strategy. You can invest up to £20,000 a year (2025/26 tax year) into Individual Savings Accounts (ISAs), securing tax-efficient growth and withdrawals.

Other allowances include the personal savings allowance, dividend allowance, and Capital Gains Tax exemption, allowing for tax-free interest, dividends, and gains within specific limits. We can help you in optimising these allowances to ensure your portfolio is structured for maximum tax efficiency.

Prioritise yourself

Retirement should be an exciting time in your life. A time when you can finally relax and enjoy spending your time how you wish. However, it can also be a time of uncertainty, especially if you haven't planned for it in advance. One of the most important things to consider when planning for retirement, is your overall well-being and quality of life.

The value of pensions and investments and the income they produce can fall as well as rise. You may get back less than originally invested.

The favourable tax treatment of ISAs may be subject to changes in legislation in the future.

Your ISA allowance - use it or lose it

This tax year's ISA allowance is available until 6 April 2026. Don't miss out!

The proceeds from Individual Savings Accounts (ISAs) are shielded from Income Tax, tax on dividends and Capital Gains Tax. The end of the 2025/26 tax year is Monday 6th April 2026, so if you're planning to use this year's ISA allowance, you need to do it by then.

Individual Savings Accounts

An ISA is a 'tax-efficient wrapper' for an investment. There are many different types of Individual Savings Accounts (ISAs):

- Cash ISA - you can invest cash in bank and building society accounts
- Stocks and shares ISA - used to invest in stocks and shares (often via collective investments such as unit trusts and OEICs).
- Lifetime ISA - £4,000 a year (which forms part of the overall £20K allowance) into a Lifetime ISA and receive 25% government funded bonus
- Junior ISA - under 18s (in the 2025-2026 tax year, the savings limit is £9,000).

Since 6 April 2024, the minimum age for opening a new adult cash ISA has been 18. However, those who already had one before this date or are aged 16/17 under the transitional rules can continue contributing.

How do ISAs work?

You have a tax-efficient allowance of £20,000 for this tax year. The tax year runs from 6 April to 5 April.
This means that the sum of money you invest across all your ISAs this tax year cannot exceed £20,000.

You do have the flexibility to split your tax-free allowance across as many ISAs and ISA types as you want.

Based on current government proposals, from April 2027 the Cash ISA limit will be reduced to £12,000 if you're below 65.

Lifetime ISA

You must be 18 or over but under 40 to open a Lifetime ISA (and you can only pay into one Lifetime ISA in a tax year). You can put in up to £4,000 each year, until you're 50. The government will add a 25% bonus to your savings, up to a maximum of £1,000 per year. After your 60th birthday you can take out all the savings from your LISA tax-free.

You can withdraw the money at any time before you turn 60, but you will lose the Government bonus (of 25%) if you are not using it to purchase a first home (and any interest or growth on this).

Transferring from previous years

You can transfer money saved in ISAs from previous tax years to a new provider at any time, and this does not affect your current year's ISA allowance. This is useful for consolidating multiple old ISAs into one account to get a better interest rate. The key rule is that you must use the official ISA transfer process and never withdraw the money yourself.

The main benefits of an ISA are tax-free growth on your savings and investments and flexibility in how you save and invest.

The favourable tax treatment of ISAs may be subject to changes in legislation in the future.

The value of investments and income from them may go down. You may not get back the original amount invested.

Your tax year checklist

Make sure you're keeping up

It's important to make sure you keep up with any changes to savings and estate planning rules. We can help you take action to make sure your finances are as tax-efficient as possible.

This checklist shows how some of these changes may affect your finances.

What's changed with Income Tax

The Personal Allowance (PA) and basic rate limit are to be fixed at their current levels up to and including 2030 to 2031 tax year. It will set the PA at £12,570, and the basic rate limit at £37,700 for the same period. With these changes it will mean that more people will be dragged into taxation or paying a higher rate of tax.

Personal tax thresholds being frozen since does mean that inflation erodes their real value.

What's changed with the Savings Allowance?

The Personal Savings Allowance also remains unchanged for 2025/26. Basic-rate taxpayers can still earn £1,000 interest on savings before tax. For higher-rate taxpayers, the allowance is £500, and for additional-rate taxpayers, it's zero. But if you do pay tax on savings interest, what you pay will rise by 2 percentage points from April 2027.

ISAs remain unchanged (this year)

Your tax-efficient ISA allowance is still £20,000 for 2025/26, both Stocks & Shares ISAs and Cash ISAs. Topping up before tax year-end is always a good option. From April 2027 the Cash ISA limit will be reduced to £12,000 if you're below 65.

The Junior ISA annual allowance also remains unchanged at £9,000. Alongside children's pensions, Junior ISAs are a great way to give your children or grandchildren a financial head start.

If you're saving into a mixture of cash savings accounts and ISAs, now could be a good time to review which ones are performing better.

Personal pensions - much has changed

From April 2027 unspent pension pots will no longer sit outside your estate – and could potentially be liable for 40% Inheritance Tax (IHT).

Farmers and landowners were also affected with any agricultural land and qualifying assets worth over £1m potentially liable for IHT for the first time.

Pensions continue to be a tax-efficient, long-term savings option and paying into a pension can still be a great way to save for your retirement. The good news is eligible pension contributions continue to get a cash boost from the government in the form of tax relief.

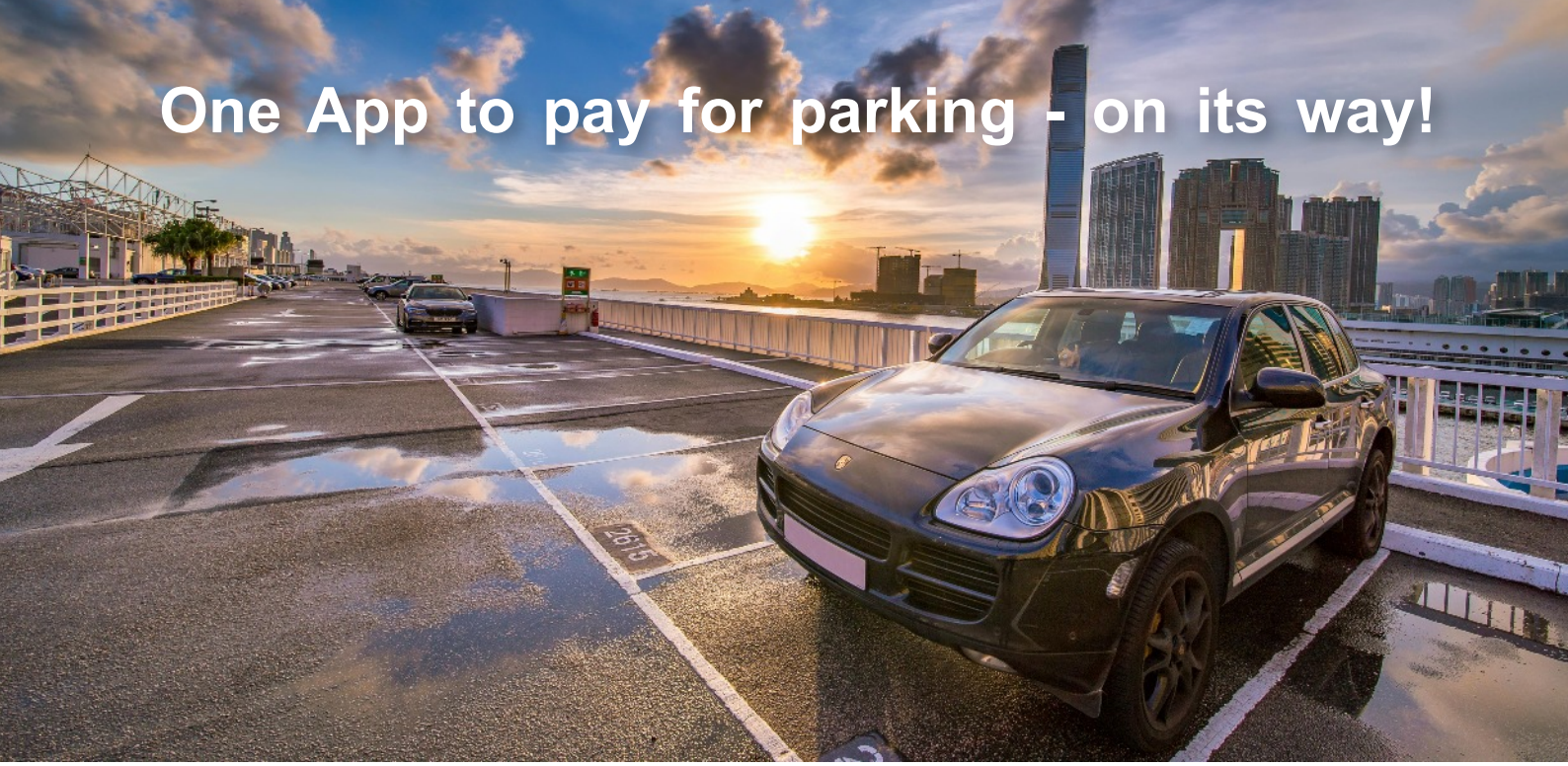
The standard annual allowance for pension contributions (the maximum total pension contribution you, your employer or a third party, can make and receive the full benefits of tax relief in a year) remains at £60,000. Tax relief on personal pension contributions in the UK is primarily limited to the higher of 100% of your relevant UK earnings or £3,600 gross per tax year if you have no earnings.

The value of pensions and investments and the income they produce can fall as well as rise and you may not get back the full amount that you originally invested.

The favourable tax treatment of ISAs may be subject to changes in legislation in the future.

Levels and bases of, and reliefs from, taxation are subject to change and their value will depend upon personal circumstances. Taxation and pension legislation may change in the future.

One App to pay for parking - on its way!



Pay for parking using ONE app

You should soon be able to pay for parking across the UK using just one app under new Government plans. The initiative is designed to end "the scramble" to download multiple apps for use at different car parks.

The government confirmed that, following successful collaboration with the sector, the British Parking Association will now take forward the development and running of the National Parking Platform (NPP).

The platform will enable drivers to pay for parking in all participating car parks on their preferred app – ending the scramble to download multiple apps and encouraging a more flexible parking experience.

The government intervened to make sure it can be delivered by a consortium of industry leaders, including Ring Go, JustPark and PayByPhone and led by the British Parking Association (BPA).

Currently, drivers face inconsistent parking rules, clunky user experiences and unnecessary barriers to something that should be simple. The National Parking Platform fixes this, connecting participating car parks to a shared platform, through which drivers can pay using any approved app – cutting confusion, reducing the chance of fines and opening up the parking market to fairer competition.

The good news is that the new system **will work in both private and council car parks.**

Key features of the National Parking Platform:

- **Unified Payment System:**

  Drivers will be able to use their preferred parking app to pay for parking at any **participating** car park, regardless of the app's current provider.

- **No extra cost to taxpayers:**

  The British Parking Association is developing and running the platform at no cost to the government.

- **Participating car parks:**

  Car parks run by companies like Ringo, JustPark, and PayByPhone will be part of the network, allowing drivers to use their preferred app at those locations.

- **Government-backed:**

  The Department for Transport (DfT) has been involved in the development and roll-out of the platform.

The platform is already operational in a number of local authorities. While a precise rollout timeline still hasn't been given, the government and the consortium aim to onboard more local authorities as quickly as possible.

Autumn Budget Highlights

Personal Tax Thresholds

The government announced it will extend the freeze to personal tax thresholds (income tax and National Insurance contributions) for three further years, from April 2028 to 2031.

Taxation on Property and Savings

The rate of tax on property and savings income will also increase by two percentage points across all tax bands to 22%, 42%, and 47% respectively.

Cash ISA Limit Cut

How much you can save into your cash ISA each year will be reduced from £20,000 to £12,000 from April 2027, though only if you're under 65.

The overall annual ISA contribution limit will remain at £20,000, regardless of age. So you'll continue to be able to contribute £20,000 across different ISAs in one tax year.

Pension Salary-Sacrifice (from 2029)

From April 2029 only the first £2,000 of pension contributions made by each employee through a salary sacrifice scheme will be exempt from National Insurance contributions (NICs).

Currently no cap exists. Employer and employee NICs will be due for pension contributions made through salary sacrifice schemes exceeding that cap.

Owners of property worth £2m or more

The government will introduce a High Value Council Tax Charge from April 2028. It will apply at a flat rate of £2,500 per year on properties valued between £2 million and £2.5 million, rising to £7,500 a year for properties valued at over £5 million in value.

Two child limit on Universal Credit

The two-child limit on Universal Credit will be removed from April 2026.

Fuel Duty

Fuel duty will be frozen again, but only for five months until September 2026.

Electric Vehicle Excise Duty (eVED)

The additional electric vehicle excise duty (VED) will be payable with existing VED or road tax at 3p a mile for fully electric cars or 1.5p for plug-in hybrids. Reeves said it would help “double road maintenance funding in England over the course of this parliament”.

NHS

All NHS efficiency savings reinvested into frontline services.
£300m for NHS digital improvements.
250 Neighbourhood Health Centres, with 100 open by 2030.

Cost-of-Living Measures

Annual household energy bills will fall by £150 from April 2026 through removal of legacy policy costs (including the ECO scheme in its current form).

Rail fares frozen for the first time in 30 years.
Prescription charges frozen.
State pension rises 4.8% under the triple lock from April 2026.

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