2025

Suckling Waddington & Partners

SWP
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Autumn Budget

OUR SUMMARY AND GUIDE

Introduction from MPA's Managing Director, **Phil McGovern FPFS**

This year's Budget introduces a range of tax and policy changes affecting savers, investors, homeowners and those planning for retirement. While the full Budget covers many areas of the economy, the purpose of this guide is to highlight the changes most relevant to SWP clients. These are the measures we believe will have a practical impact on personal tax planning, investment strategy and long-term financial arrangements.

At Suckling Waddington & Partners, our focus remains on helping you navigate these changes with confidence, ensuring your financial plans remain resilient, tax-efficient and aligned with your future goals. Your adviser will work with you to assess what the Budget means for your personal circumstances.

Warm regards,

Phil McGovern FPFS
Managing Director
MPA Financial Management

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Key Personal Finance Measures

THOSE KEY POINTS WHICH MOST AFFECT YOU

The Budget was wide-ranging, but the following sections highlight the changes that will matter most to many of our clients. These are not the only measures introduced, but they are the ones that directly influence wealth management, tax planning and long-term financial strategy.

- Dividend and Savings Tax
- ISA Reforms
- VCT Reforms
- Pensions Updates
- Property & Homeownership
- Cost of Living Support

DIVIDEND AND SAVINGS TAX

- Dividend taxation is rising for the first time since 2022, affecting anyone drawing income from shares or running a limited company.
- Tax on savings interest will rise across all bands.

New Dividend Tax Rates from April 2026

Tax Band	Current Rate	New Rate
Basic Rate	8.75%	**10.75%**
Higher Rate	33.75%	**35.75%**
Additional Rate	39.35%	**41.35%**

These increases will particularly affect:

- Company directors remunerating via dividends
- Investors holding unwrapped portfolios
- Retirees relying on dividend income

Savings Interest Tax Increase (from April 2027)
From April 2027, tax on savings interest will rise across all bands. Basic-rate taxpayers will see their rate increase from 20% to 22%, higher-rate taxpayers from 40% to 42%, and additional-rate taxpayers from 45% to 47%. This reduces the benefit of holding large cash balances outside tax-advantaged wrappers and makes efficient use of ISAs and other planning strategies increasingly important.

What this means:
Higher ongoing tax liabilities and an increased need for efficient structuring – e.g., maximising allowances, using ISAs and pensions effectively, and revisiting drawdown strategies.

ISA REFORMS

Cash ISA Allowance Reduced

- For adults under 65, the Cash ISA allowance will fall from £20,000 → £12,000.
- Those aged 65+ retain the full £20,000 cash limit.

Total ISA Allowance Remains £20,000
Clients wanting to use the full allowance will need to allocate more to Stocks & Shares ISAs or other investment-based ISAs.

LISAs (Lifetime ISAs) to Be Withdrawn
Although timings are not yet finalised, the Government intends to:

- Close LISAs to new applicants
- Modify withdrawal rules
- Ultimately phase out the product

This will affect younger savers and first-time buyers heavily reliant on the LISA bonus system.

Shift Toward Investment, Not Cash

- ISA eligibility will broaden to include more long-term asset funds (LTAFs).
- This reflects the Government's desire for more household money to be invested productively.

What this means:
Clients with large cash positions will need to consider whether investment-based ISAs now form a more suitable long-term strategy. Emergency cash remains important, but excess cash may become less efficient.

VCT REFORM – REDUCED TAX RELIEF

Venture Capital Trusts remain an important investment for some clients, but reliefs are being tightened.
Income tax relief reducing from 30% → 20%

This is a meaningful reduction and affects:

- Higher earners
- Those seeking tax-efficient income
- Clients previously using VCTs as part of year-end tax planning

What this means:
Future returns become more dependent on the underlying investment performance rather than upfront tax relief. Suitability will need reviewing.

PENSIONS, SALARY SACRIFICE & SCHEME UPDATES

- Salary Sacrifice Cap Introduced
- PPF & FAS – Inflation Increases for Pre-1997 Benefits

Salary Sacrifice Cap Introduced

A new approximate £2,000 annual cap on tax-efficient salary sacrifice limits how much higher earners can save via employer schemes with reduced NI. Contributions above £2,000 pa will be subject to National Insurance.

This affects:

- Senior employees
- Directors
- Those making large late-career contributions

State Pension & Triple Lock

It was confirmed that the Triple Lock remains in place, meaning the State Pension will continue to rise by the highest of earnings growth, inflation or 2.5%. As a result, in April 2026 the State Pension will increase by 4.8%, giving pensioners around £575 a year more.

What this means:

If you regularly sacrifice more than £2,000 a year into your pension - or make larger end-of-year contributions - this change will increase the cost of saving and may require a new approach to how and when you contribute.

PPF & FAS - Inflation Increases for Pre-1997 Benefits

For the first time, pre-97 benefits - which traditionally receive no inflation protection - will receive limited inflation increases under both the:

- Pension Protection Fund (PPF), and
- Financial Assistance Scheme (FAS)

This is a welcome improvement for members of schemes under PPF/FAS rules.

What this means:

If you hold PPF or FAS benefits, this provides a welcome uplift to long-term income. We can calculate the impact for you as soon as the final figures are released.

PROPERTY & HOMEOWNERSHIP

- Property surcharge for properties over £2m
- Extra 2% tax on rental income

High-Value Property Surcharge

Owners of properties worth over £2 million will face a new annual high-value property surcharge, operating via council tax bands. An extra £2,500 council tax for properties over £2M and extra £7500 on properties over £5M.

This will particularly impact:

- Clients with high-value homes (especially in the South East)
- Some landlords holding premium residential property

Wider Direction for Landlords

Rental income will have extra 2% income tax

While no single dramatic change was announced, the long-term trend continues:

- Reduced reliefs
- Higher taxation
- Squeezed net rental yields

What this means:

Clients with property portfolios should consider structural reviews, including ownership, gearing, and long-term investment strategy.

COST OF LIVING & HOUSEHOLD SUPPORT

Several support measures were announced, mainly benefitting lower-income households, state pensioners and those facing cost pressures. While many SWP clients may not directly rely on these changes, they are relevant for those supporting parents, children or other dependants.

Key measures include:

- **£150 reduction in energy bills** from April
- **National Living Wage increase**, boosting lower incomes
- **Prescription charges** frozen
- **Free school meal and childcare expansions**
- These do not directly change wealth planning, but may influence family budgeting and intergenerational support.

What this means:
Clients with property portfolios should consider structural reviews, including ownership, gearing, and long-term investment strategy.

Winners & Losers

As with all Budget annoucnement and changes to policy, there are "Winners" and "Losers".

Winners

- **State pensioners** – Triple Lock maintained
- **Benefit recipients** – Above-inflation increases
- **Low-paid workers** – Higher minimum wage
- **Energy bill payers** – £150 reduction
- **PPF/FAS members** – Inflation increases on pre-97 benefits
- **Train passengers** – Regulated fares frozen
- **Prescription users** – Cost freeze

Losers

- **Earners** – Frozen thresholds = higher tax bills
- **Investors** – Dividend tax increases
- **Savers** – Cash ISA allowance reduced under 65
- **Salary sacrifice users** – New contribution cap
- **VCT investors** – Reduced upfront relief
- **Homeowners £2m+** – New annual surcharge
- **Landlords** – Ongoing pressure on profitability
- **Drivers** – New mileage-based EV tax and rising motoring costs
- **Students** – Higher debt burdens
- **Holidaymakers** – Higher air passenger duty
- **Gambling companies** – Higher duties

How SWP Will Support You

As always, our role is to help ensure your financial arrangements remain aligned with your goals despite changes in legislation.

SWP will:

- Review your financial plan in the context of new tax rules
- Assess the impact of the Budget on your pensions, savings and investments
- Highlight opportunities to remain tax-efficient
- Support you in adjusting strategies such as ISA usage, dividend planning and property decisions
- Ensure you remain on track through ongoing, personalised advice

We will contact clients individually where changes require immediate or specific action.

Summary

This Budget continues the trend of increasing the tax burden on wealth, investment income and property, while offering additional support to lower-income households and pensioners.

For SWP clients, the most significant changes include:

- Higher dividend taxation
- Reduced Cash ISA allowance
- The phasing out of LISAs
- Salary sacrifice restrictions
- Reduced VCT tax relief
- Inflationary increases to PPF/FAS pre-97 benefits
- New property surcharge for homes over £2 million

The overall direction is clear: a shift toward taxing accumulated wealth rather than earned income, and an encouragement to move savings from cash to long-term investment.

SWP will continue to guide you through these changes and ensure your financial strategy remains robust, efficient and focused on your long-term objectives.

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