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Budget Special 2026

What the Autumn Budget could mean for your savings, investments, pensions, estate and business.



“The Autumn Budget contained a mixture of future tax increases, targeted reliefs and welcome continuity.

Not every announcement will affect you, and a change in tax rules does not automatically mean your financial plan should change.

In this Budget Special, we concentrate on the areas most likely to be relevant to our clients and the questions it may be worth discussing with your financial planner.”

The key message

Higher tax on savings, changes affecting business sales and the planned inheritance-tax treatment of pensions make forward planning increasingly important. The appropriate response will depend on your objectives, access requirements, family circumstances and attitude to risk.

Budget at a glance

Higher savings tax from 6 April 2027

Scheduled rates of 24%, 44% and 49% apply across the UK, including Scotland.

Cash ISA capacity retained

Up to £20,000 can go into a Cash Individual Savings Account (ISA), within the overall annual ISA allowance, not in addition to it.

Business-sale relief reduced

The Business Asset Disposal Relief lifetime limit is due to fall from £1 million to £500,000 from 6 April 2027.

Pensions and inheritance tax

Most unused pension funds and death benefits are due to enter estates for inheritance tax from April 2027. Principal pension allowances remain unchanged.

Support for first-time buyers

A First Time Buyer ISA is planned for April 2029.

Different measures take effect on different dates. Some remain subject to legislation, consultation or further implementation details.

More tax on savings from April 2027

24%	44%	49%
Basic rate	Higher rate	Additional rate

The Personal Savings Allowance is expected to remain £1,000 for basic-rate taxpayers, £500 for higher-rate taxpayers and nil for additional-rate taxpayers.

What could the increase cost?

From 6 April 2027, savings income tax rates will increase to 24%, 44% and 49%. These represent an overall four-percentage-point increase compared with 2026/27, including a further two-percentage-point increase announced in this Budget.

For someone with £5,000 of taxable savings interest, the overall increase could mean approximately £200 more tax each year, depending on their circumstances.

Cash ISA limit retained

The proposed £12,000 restriction has been withdrawn. Adults can continue to put up to £20,000 a year into a Cash ISA, within the overall ISA limit. Review unused allowance before 5 April; it normally cannot be carried forward. Consider inflation and access when deciding how much to hold in cash.

How much cash do you genuinely need?

Consider emergencies, planned expenditure and when access is needed. Is long-term money held through inertia? Have you used your ISA allowance? Is ownership appropriate between spouses or civil partners? Could some money be invested long term?

Emergency funds and money required for short-term expenditure should generally remain accessible. Tax should not be the sole reason for taking investment risk.

Could an investment bond be appropriate for excess cash?

An investment bond can offer control over the timing of a taxable gain, but its suitability depends on the wider plan. Investment bonds may offer valuable tax-planning opportunities, particularly where an investor expects their tax position to change. However, the tax treatment of chargeable-event gains differs from that of conventional savings interest, and onshore and offshore bonds have different tax characteristics. Individual calculations are essential.

Deferring a taxable gain

Growth can be deferred until a chargeable event. Potential features include segmentation, assignment, trusts and top-slicing relief when conditions are met.

The 5% withdrawal facility

Up to 5% of the original investment can be withdrawn cumulatively each year without an immediate chargeable-event gain.

The 5% facility is tax-deferred, not tax-free. Any deferred gain may be assessed when the bond is eventually surrendered or another chargeable event occurs.

Compare the alternatives

Onshore and offshore bonds differ. Consider charges, investment choice, access, future tax rates and personal circumstances. Bonds are not automatically better than ISAs, pensions or conventional investments.

When might a discussion help?

Consider discussing a bond if you hold substantial taxable cash or investments, need trust planning or expect your tax position to change.

Could gilts help with tax-efficient cash-flow planning?

Directly held UK government gilts are generally exempt from Capital Gains Tax for individuals, but coupon interest is taxable savings income. A low-coupon gilt bought below redemption value may produce part of its return as a tax-exempt capital uplift.



Match maturity to the spending need

Consider coupon, purchase price, redemption value, dealing costs and tax. Gilts may help with a known future liability where an appropriate security can be held to maturity.

Gilts are investments, not deposits; prices can rise or fall before maturity and longer maturities can be sensitive to interest rates.

Holding to maturity does not remove inflation risk.

They should not be selected solely because they are issued by the UK Government.

Planning to sell your business?

The Business Asset Disposal Relief (BADR) lifetime limit is due to fall from £1 million to £500,000 per individual from 6 April 2027. The BADR rate for qualifying disposals from 6 April 2026 is 18%.

A simplified £1 million qualifying gain

BEFORE 6 APRIL 2027

£180,000

£1 million at 18%.

FROM 6 APRIL 2027

£210,000

£500,000 at 18% plus £500,000 at 24%.

£30,000 difference in indicative Capital Gains Tax (CGT).

Assumes no previous BADR. Ignores base costs, transaction expenses, prior claims, other reliefs and personal circumstances.

If you may sell, transfer or pass on a business in the next 12–24 months, early coordination with your accountant, solicitor and financial planner may help. Tax alone should not force a commercially unsuitable transaction or timetable.

Founders' Relief

A new Founders' Relief is proposed from 6 April 2027, offering a 10% Capital Gains Tax rate on up to £10 million of qualifying lifetime gains. However, this is designed for founders and significant early investors in qualifying high-growth, innovative businesses. Strict ownership, holding-period and company eligibility requirements are proposed, and the final conditions remain subject to consultation and legislation. It should not be assumed that ordinary business sales will qualify.

Pensions remain a valuable planning wrapper

Principal allowances remain unchanged

£60,000 Annual Allowance	**£10,000** Money Purchase Annual Allowance
£268,275 Lump Sum Allowance	**£1,073,100** Lump Sum and Death Benefit Allowance

Pensions support retirement provision, income-tax planning, employer contributions, business-owner remuneration, adjusted net income planning around £100,000 and long-term investment. Check earnings, contribution limits, carry forward, tapering and previous pension access before contributing.

Important pension inheritance tax changes approaching in April 2027

Although not a new announcement in this Budget, previously announced and legislated changes will bring most unused pension funds and pension death benefits into the inheritance tax calculation for deaths from 6 April 2027.

This is a significant change for estate planning, particularly for clients who have preserved pension assets to pass wealth to the next generation. Death-in-service benefits from registered pension schemes are excluded.

Reviewing the order in which pension and non-pension assets are used may be appropriate, although taking pension benefits earlier will not necessarily produce a better overall tax outcome.

Review may be relevant for large pension funds, wealth above available IHT allowances, estates above £2 million with possible Residence Nil-Rate Band tapering, unmarried couples, second marriages, adult-child beneficiaries and pension-rich, cash-poor estates.

Consider asset order, gifting, spending, assurance, trusts, charity, nominations, wills and executry planning.

These changes do not automatically mean pensions should be spent first. The right strategy depends on income needs, longevity, tax, investment risk and family objectives.

Pension benefits and supporting the next generation



Pension death benefits

For relevant payments from 28 October 2026, otherwise tax-free pension and lump-sum death benefits no longer become taxable solely because they are paid more than two years after the scheme knew or could reasonably have known of the death. Efficient estate administration remains important.

State Pension

Due to rise 3.9% from April 2027. A temporary Pension Tax Allowance is planned for 2027/28–2029/30, principally to prevent a small charge where income is around the full new State Pension; it is not for all pensioners and tapers as income rises. An adjusted Triple Lock is intended from April 2030.

Children and grandchildren

A First Time Buyer ISA is planned from April 2029: up to £4,000 annual contributions, 25% qualifying-purchase bonus up to £20,000, £450,000 property limit and no proposed upper age restriction.

Existing Lifetime ISA holders may continue; from 29 October 2026 the charge on withdrawal for a purchase above the cap is due to fall from 25% to 20%. A separate incentive for first-time Stocks and Shares ISA investors is being explored; details are not yet available.

What applies in Scotland?

The tax treatment depends on the type of income or asset. Rest-of-UK examples do not always apply.

Savings income

The proposed 24%, 44% and 49% rates apply across the UK, including Scotland.

Employment and pension income

The Scottish Parliament sets rates and bands for employment, pension and other non-savings income. Do not rely on rest-of-UK examples.

Property income and purchases

The announced property-income rates apply in England, Wales and Northern Ireland; Scotland's position must be confirmed separately. Scottish property purchases use Land and Buildings Transaction Tax.

Capital gains, pensions and estates

CGT is UK-wide; BADR and Founders' Relief changes are relevant in Scotland. Pensions and IHT are UK-wide tax matters; Scottish succession law and executry practice may affect administration.

Pension contribution relief

Relief may reflect Scottish earned-income rates. Check the contribution method and any additional HMRC reclaim individually.

Five questions to ask after the Budget

1. Do I hold more cash than I genuinely need?
2. Am I making full use of available tax wrappers?
3. Am I considering selling or passing on a business?
4. Could my pensions increase my family's future inheritance-tax exposure?
5. Does my existing retirement-income strategy still use assets in the right order?

What should you do following the Budget?

There is rarely any merit in changing a carefully constructed financial plan simply because the Chancellor has delivered another Budget.

However, with higher taxes on savings, changes to business-sale reliefs and significant inheritance tax changes affecting pensions approaching in April 2027, there are good reasons to ensure your existing arrangements remain appropriate.

For some clients, that may mean reviewing cash holdings or the tax efficiency of investments. For others, it could involve revisiting retirement income, pension withdrawals, inheritance tax planning or the timing of a business disposal.

Our approach remains the same: sound financial planning should be driven by your circumstances and long-term objectives, not by Budget headlines.

Where any of these developments are relevant to you, we can incorporate them into your ongoing financial planning and annual review discussions.

In the meantime, if something announced in the Budget has raised a particular concern, please don't hesitate to get in touch.

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