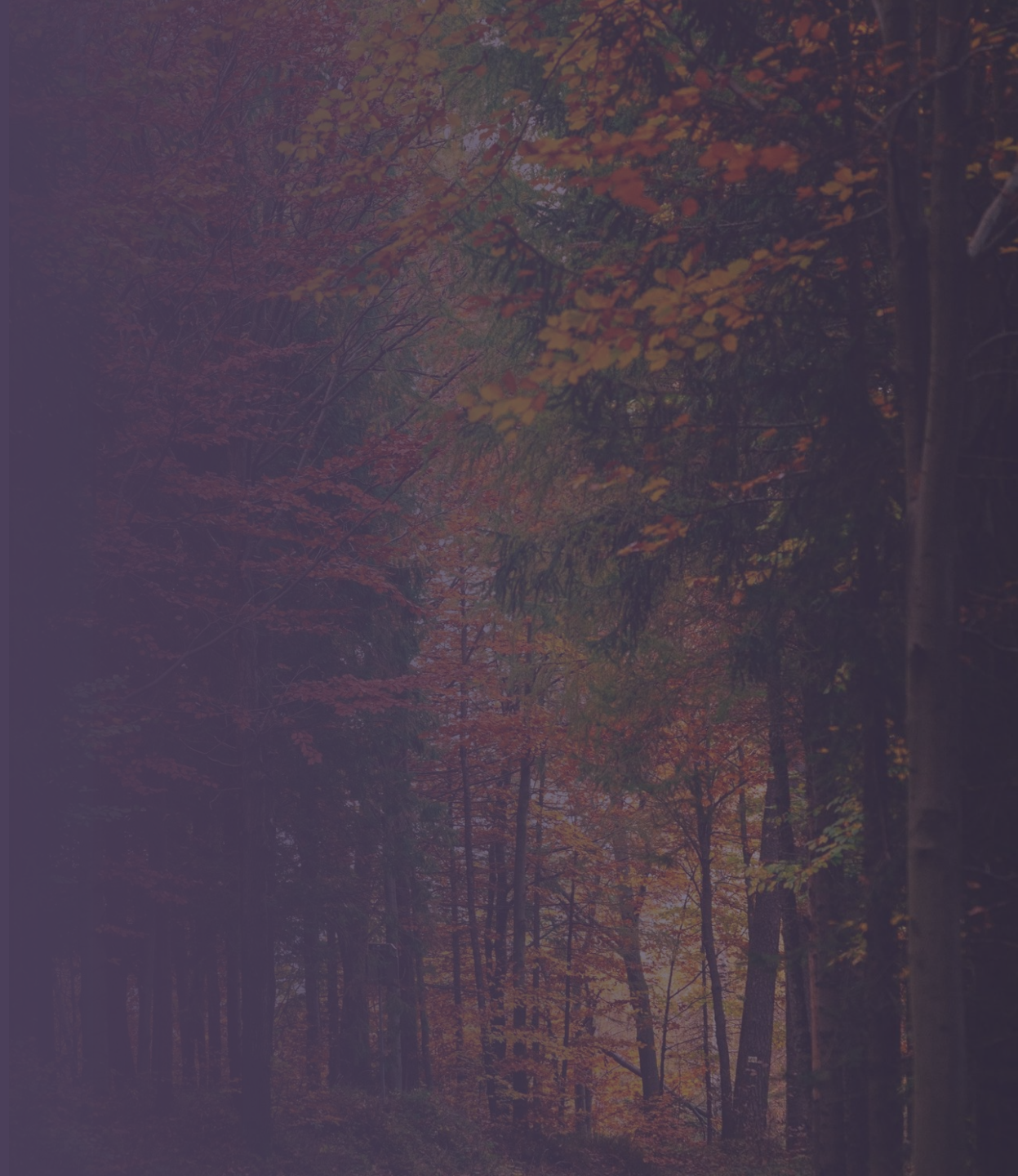
VERUM
FINANCIAL PLANNING

NAVIGATING THE

# 2026 Budget

What changed, what stayed the same, and what it may mean for your plan

29 October 2026



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# A Budget with time to plan

Most measures highlighted here take effect from April 2027 or later.

HEADLINE TAXES

## No rise

Income tax, National Insurance or VAT headline rates

KEY EXCEPTION

## Savings & property

Separate rates of 24%, 44% and 49% from 6 April 2027

PLANNING WINDOW

## Now to 2027+

Time to review calmly, not react hastily



### The planning message

A Budget changes some of the rules your financial plan is built on. The right response is to understand what is relevant to you, then make proportionate changes in the context of your personal hopes, dreams and aspirations.

**Calm perspective. Personal relevance. Deliberate action.**

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# What We Like

Useful protections remain, although frozen thresholds still matter.

CASH ISA ALLOWANCE

## £20,000

The planned reduction has been dropped; the annual cash ISA allowance continues.

DIVIDENDS & GAINS

## Unchanged

Dividend tax and capital gains tax rates are unchanged.

PENSION ALLOWANCES

## Unchanged

Tax-free cash and the annual contribution allowance on pensions both remain as they are.

INHERITANCE TAX GIFTING

## Unchanged

Inheritance tax gifting allowances remain as they are.

LIFETIME ISA

## 25% → 20%

Exit penalty reduced from 25% to 20%. Existing Lifetime ISAs continue.

NEW FIRST TIME BUYER ISA

## 25% bonus

£4,000 a year, planned from April 2029, with a £20,000 bonus cap paid on qualifying withdrawal towards a first home worth up to £450,000 and no upper age limit.

NEW STATE PENSION

## +3.9%

Set to rise in April 2027 to just over £13,000 a year.

NEW PENSION TAX ALLOWANCE

## 2027–2030

From April 2027 to April 2030, pensioners whose total income is no more than the full new State Pension will not pay income tax.

# What we don't like

Higher tax on savings and property income, and a lower BADR lifetime limit for business owners.

BUSINESS OWNERS

## BADR lifetime limit

**Reduced**

The BADR lifetime limit falls from £1m to £500k from 6 April 2027.

SAVERS AND LANDLORDS

## Savings interest and property income

**Increased**

**24% | 44% | 49%**

Rates from 6 April 2027, depending on tax band.

### Who should pay attention?

- People holding larger cash balances outside ISAs or pensions
- Landlords, particularly where mortgage costs affect net returns
- Anyone relying on taxable interest as part of regular income

**Income tax** — Thresholds and the Personal Allowance remain frozen.

**Inheritance tax** — Nil-rate bands allowances remain frozen.

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# What to watch

Measures still taking shape, or arriving later, worth keeping in view.

HIGH VALUE COUNCIL TAX SURCHARGE

## From April 2028

A new annual charge for owners of English homes worth £2m or more, paid on top of council tax. £2,500 to £7,500 a year depending on value, with a 100% premium on long-term empty homes.

PAYING YOUR TAX

## From April 2029

Self-Assessment taxpayers with PAYE income would pay towards their bill through regular PAYE payments. The timing changes, not the amount of tax. The detail is still under consultation.

FOUNDERS' RELIEF

## 10% rate

A proposed Founders' Relief would offer a 10% rate on up to £10m of lifetime gains for founders of qualifying high-growth companies. Eligibility details are still being developed.

UNUSED PENSIONS AND INHERITANCE TAX

## From April 2027

The impact of previously announced measures that mean most unused pensions and death benefits will form part of an individual's estate for inheritance tax purposes from April 2027.

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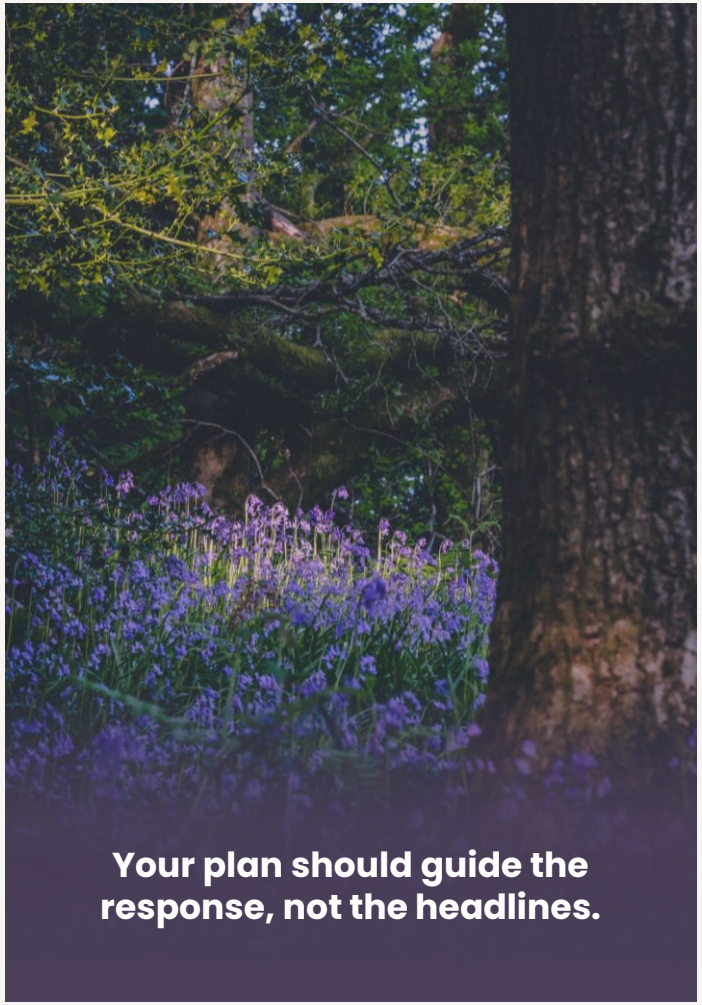
# Five practical review points

Not every change demands action, but each should be tested against your circumstances.

| | | |
|---|---|---|
| 01 | **Cash positioning** | Check how much cash sits outside tax-efficient wrappers and why. |
| 02 | **Income mix** | Review the balance of interest, pension, dividend and property income. |
| 03 | **Property returns** | Reassess net returns after tax, interest and running costs. |
| 04 | **Business exit planning** | Revisit timing and relief assumptions well before a sale. |
| 05 | **Estate strategy** | Keep the April 2027 pension inheritance tax change in view. |





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# Planning beyond the Budget

Tax rules are only one part of your financial plan. What matters is how the changes interact with your income, savings, property, business interests and goals.

**We will raise anything relevant at your next planning workshop. If something feels urgent, please contact the Verum team.**

The proposals are in any event subject to amendment before the Finance Act. You are recommended to seek competent professional advice before taking any action on the basis of the contents of this publication.

The Financial Conduct Authority does not regulate estate planning or tax planning.

Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. For guidance, seek professional advice.

Approved by Best Practice IFA Group Ltd on 29th October 2026.

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