M&G

Autumn Budget 2026.

This content is based on our understanding of current taxation, legislation and HM Revenue & Customs practice all of which are liable to change without notice. The impact of any taxation (and any tax reliefs) depends on individual circumstances.

Where content includes case studies or examples these are for illustration purposes and are not recommending a specific course of action.

Past performance is not a reliable indicator of future performance. The value of an investment can go down as well as up and your client may get back less than they've paid in.

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Learning objectives

By the end of this session, you will be able to:

Describe the impact of the Autumn Budget 2026 on your clients financial planning

Identify actions your clients' may wish to take in response to the Budget

Tax and spend

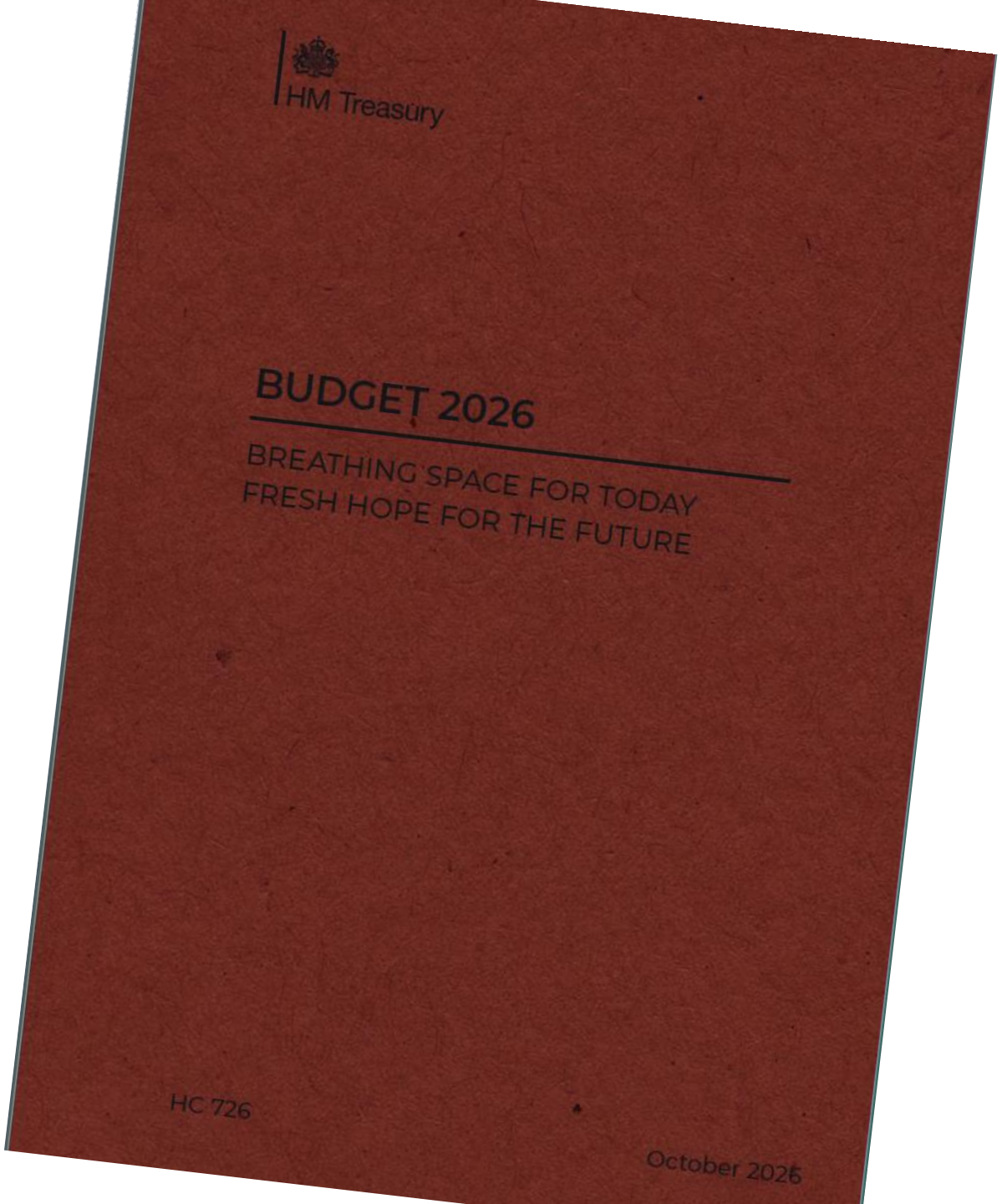
That’s what budgets are about

Tax Measures

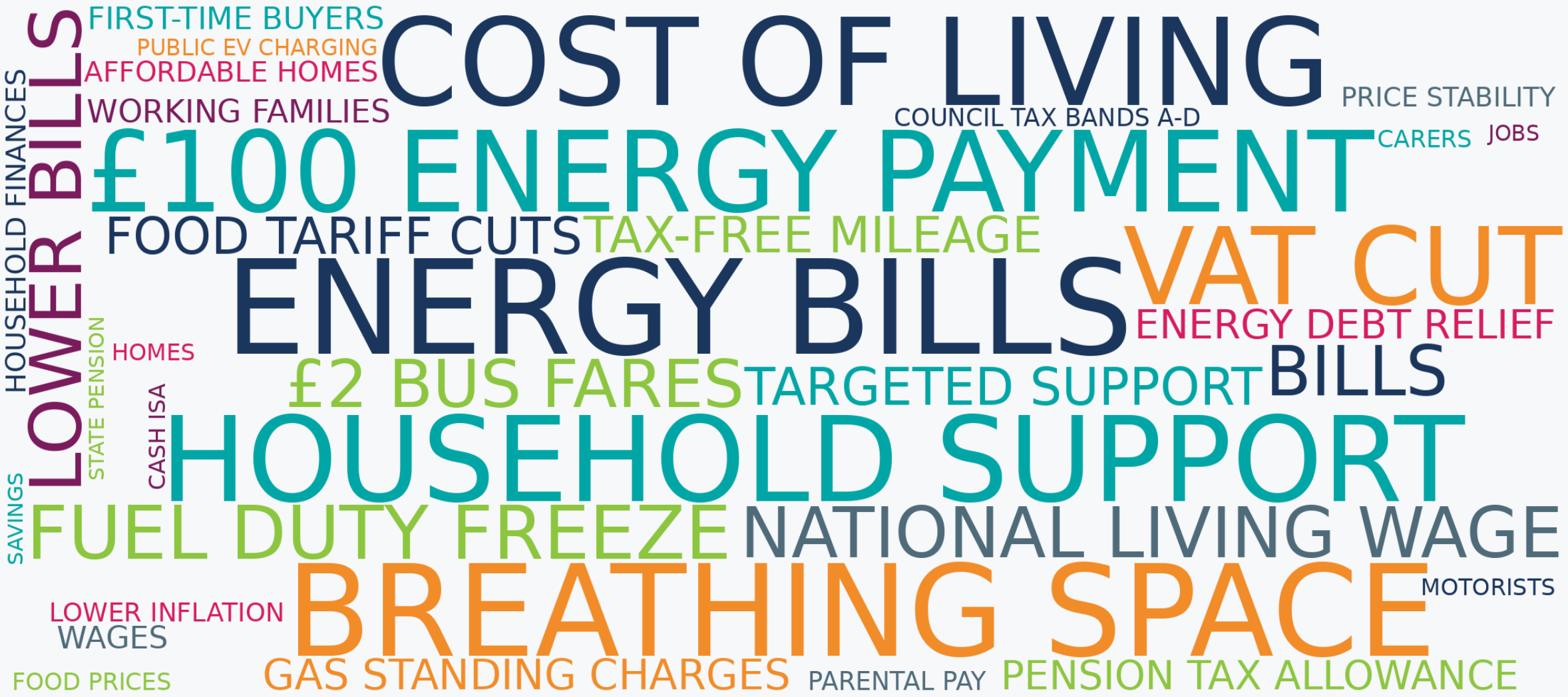
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Spending Measures

45



Help with the cost of living



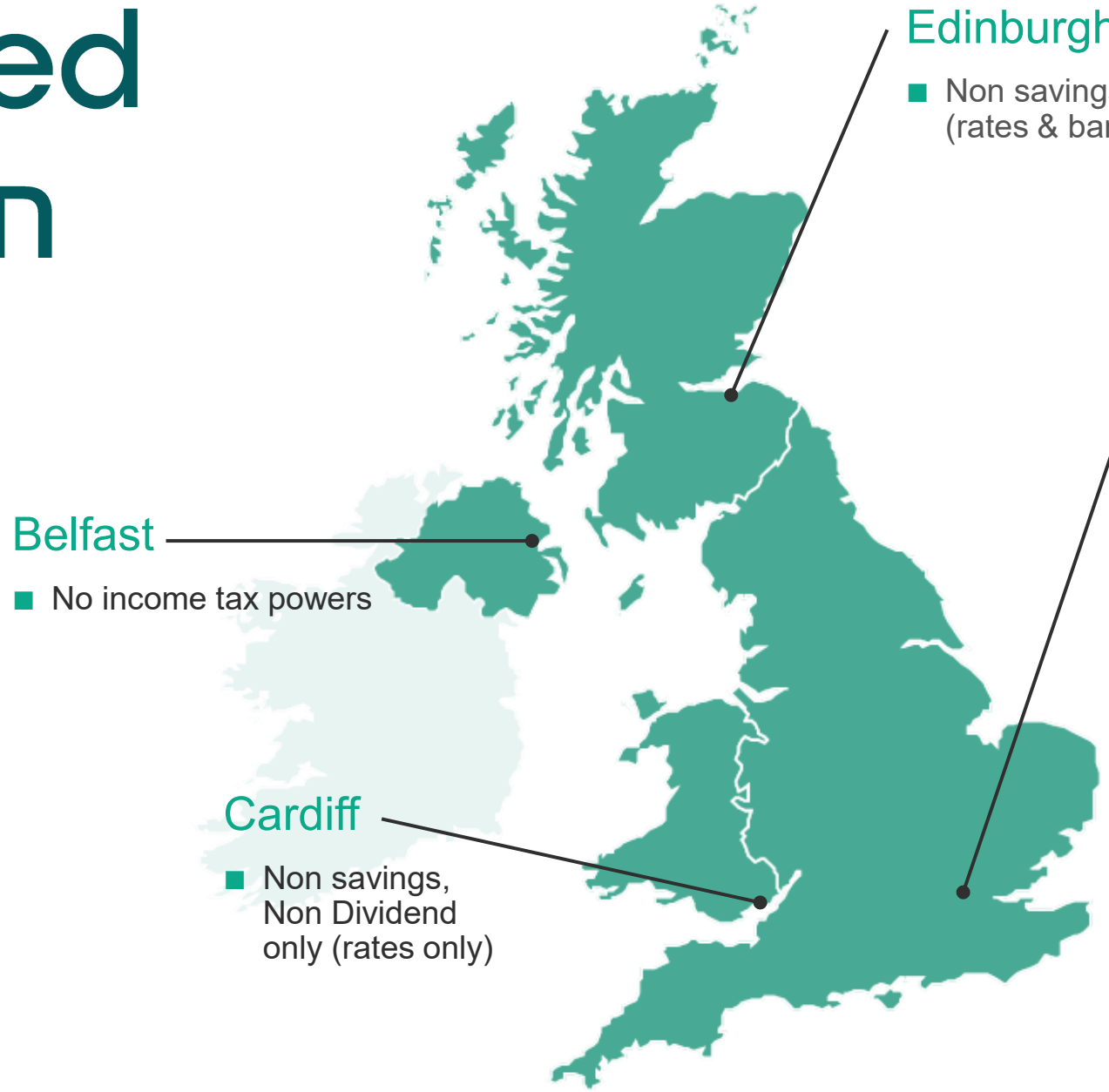
Source: HM Treasury, Budget 2026

Increasing entrepreneurship and economic growth



Source: HM Treasury, Budget 2026

Devolved Taxation



Edinburgh

- Non savings, Non Dividend only (rates & bands)

London

- Non savings, Non Dividend (Eng & NI)
- Savings
- Dividends
- Allowances
- National Insurance
- Capital Gains Tax
- Corporation Tax
- Inheritance Tax

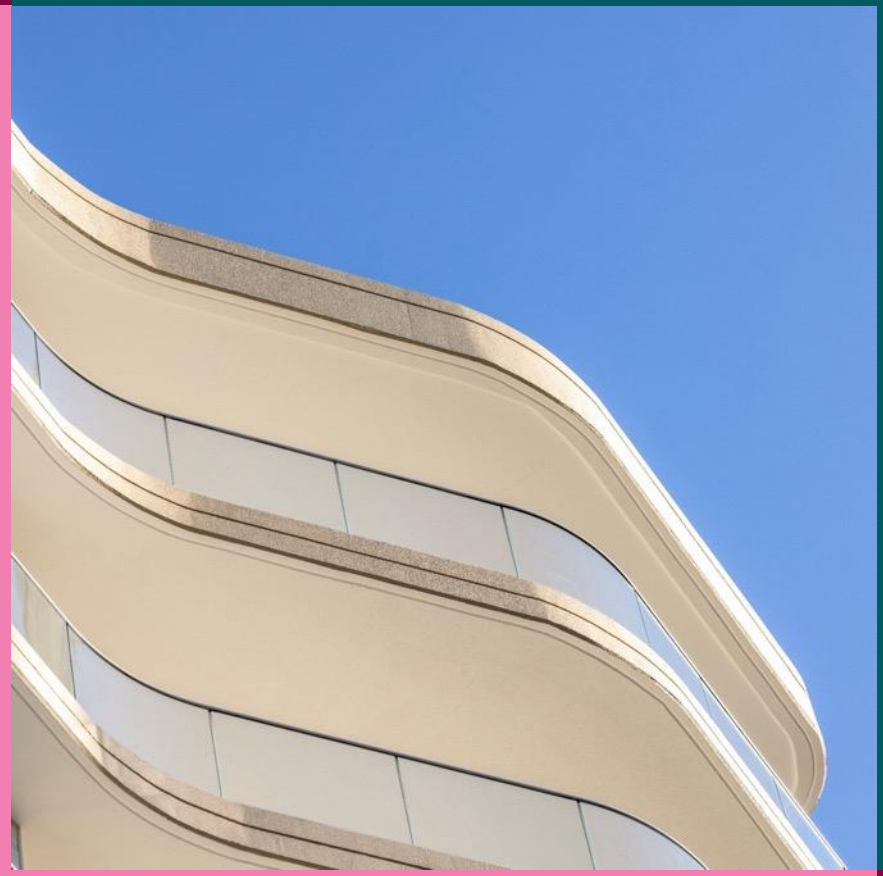
Belfast

- No income tax powers

Cardiff

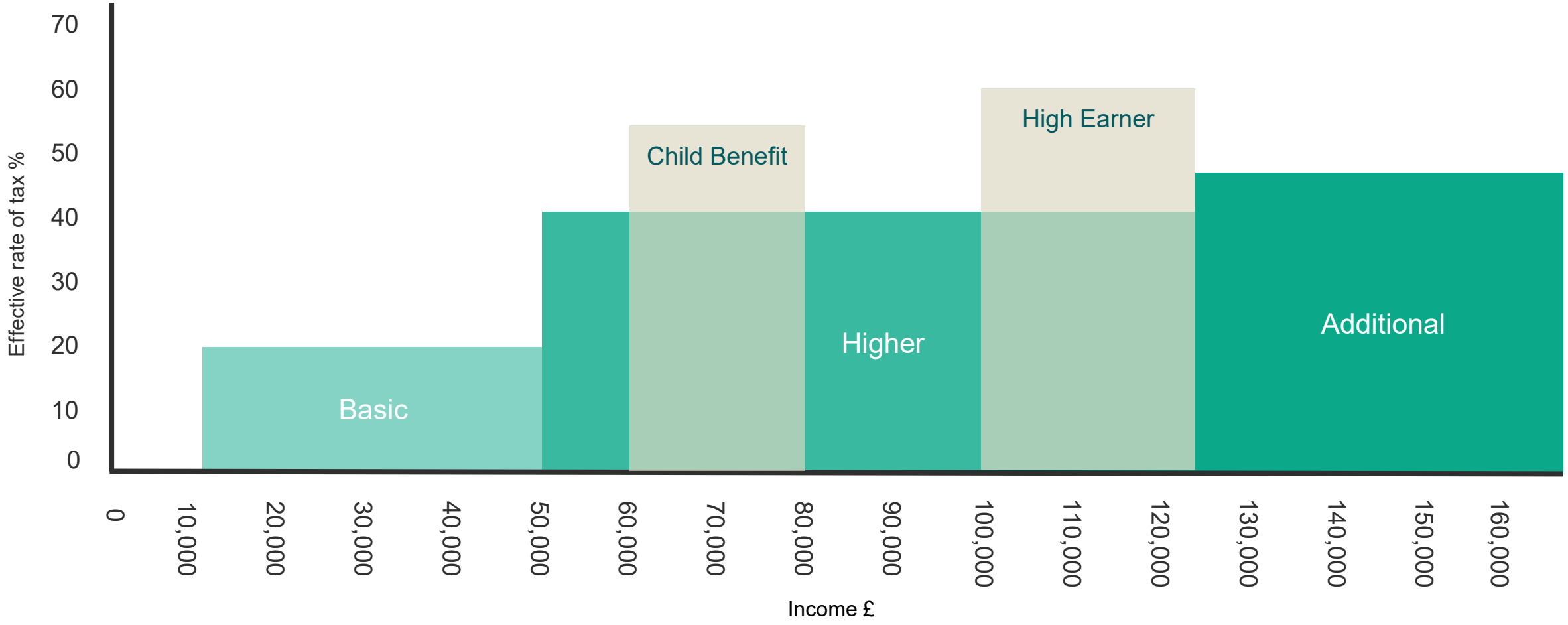
- Non savings, Non Dividend only (rates only)

Income Tax



UK Income Tax Landscape

Personal Allowance and bands unchanged – frozen to 2031



Tax Traps unchanged

National Insurance

To 2031

All main rates & thresholds

Government is currently considering voluntary NICs to ensure the system is fair and fit for purpose

Lower Earnings Limit (£6,916) and Small Profits Threshold (£7,355) for 2027/28

Taxed at Zero

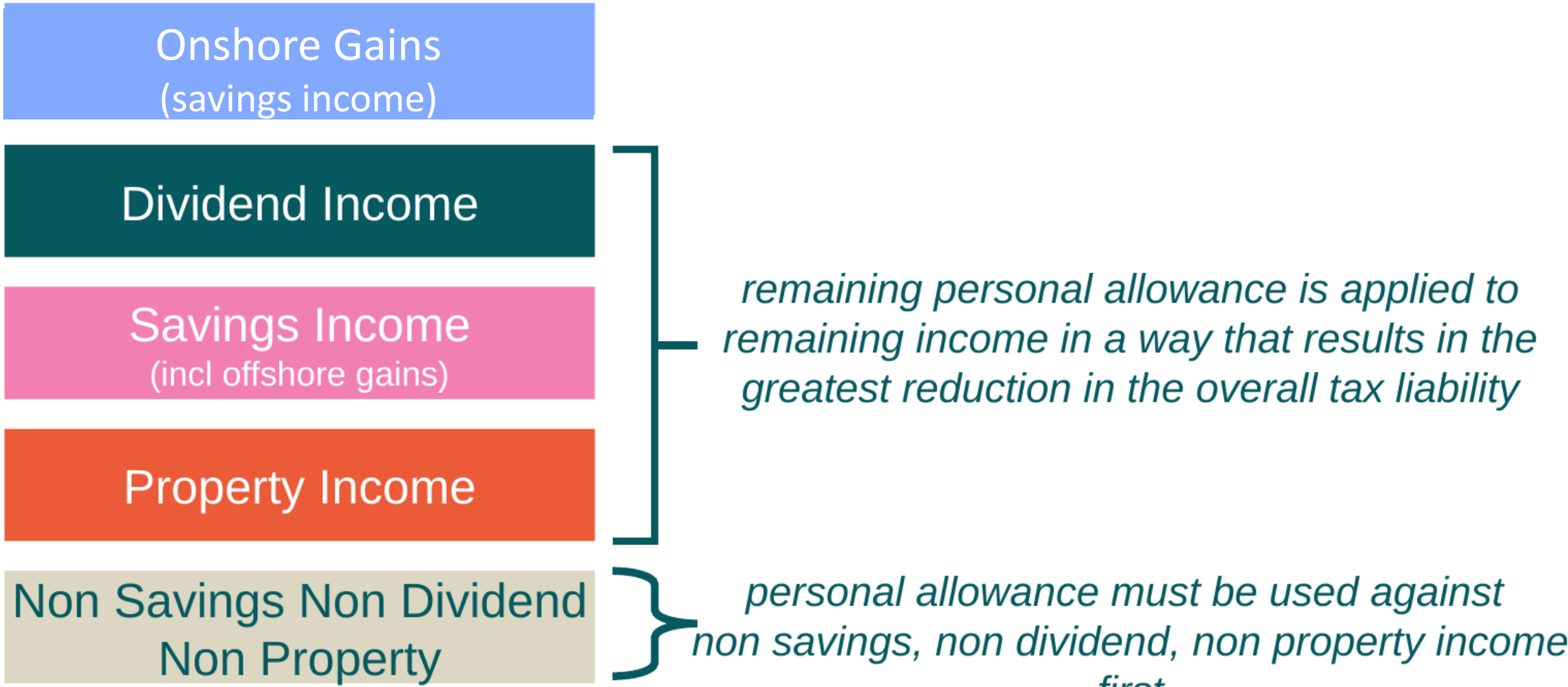
And there's still exempt and deferred on top

£12,570 Personal Allowance	**£1,000 / £500** Personal Savings Allowance **£5,000** Savings Starting Rate	**£500** Dividend Allowance	**£3,000** Annual Exempt Amount	£22,070 + Original Capital
Interest, Dividends and Bond Gains	**Interest and Bond Gains**	**Dividends only**	**Capital gains only**	

Trading Allowance (an exemption) increased from £1,000 to £3,000

Beneficial Ordering

How to use the personal allowance



NEW Pension Tax Allowance

For those over state pension age or in the tax year they reach state pension age
Applies to **any type of income** not only pension income
Confirmed for next 3 tax years only

£0 – 12,570	£12,570 - £13,037	£13,037 to £13,319	£13,319+
Personal allowance covers any income	Any income is tax free under Pension Tax Allowance	Lose £1 of your credit for every £3 of income (possibly 53% tax)	No Pension Tax Allowance

Taper creates a new tax trap in low income land

Tax Rates

Spirit or letter

Savings Interest

- From April 2027
- **Additional** 2% increase for all tax bands
- 24% / 44% / 49%

Dividends

- No change
- 10.75% / 35.75% / 39.35%
- From April 2026

Property Income

- From April 2027
- **Additional** 2% increase for all tax bands
- Income for letting land or buildings
- Devolved tax
- 24% / 44% / 49%

Bond Matters



Insurance bonds

Aren’t they linked to savings tax?

Internal Taxation

Onshore Tax Credit

Top Slicing Relief

Already legislatively linked to “savings basic rate”

Where you read 20% and were preparing for 22% read 24%!

Overall tax on return – onshore bond

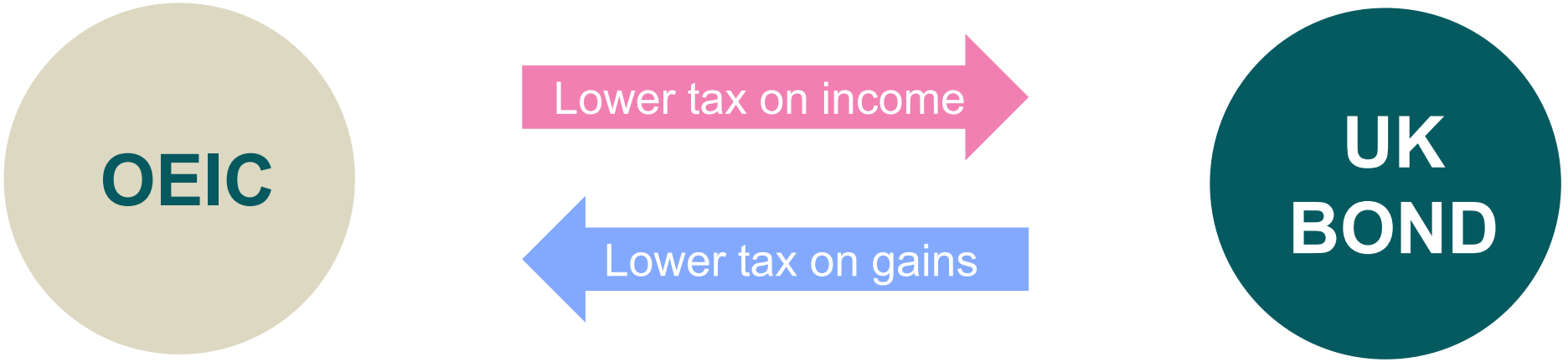
	2026/2027		2027/2028	
	Non dividend	Dividend	Non dividend	Dividend
Gross Return	£100	£100	£100	£100
Tax within fund	20%	0%	24%	0%
Net Return	£80.00	£100.00	£76.00	£100.00
Additional Tax				
Basic Rate	£0.00	£0.00	£0.00	£0.00
Higher Rate	£16.00	£20.00	£15.20	£20.00
Additional Rate	£20.00	£25.00	£19.00	£25.00
Net Gain				
Basic Rate	£80.00	£100.00	£76.00	£100.00
Higher Rate	£64.00	£80.00	£60.80	£80.00
Additional Rate	£60.00	£75.00	£57.00	£75.00
Maximum Tax Rate				
Basic Rate	20%	0%	24%	0%
Higher Rate	36% - 4%	20%	39% - 5%	20%
Additional Rate	40% - 5%	25%	43% - 6%	25%

Overall tax on return – onshore bond

	2026/2027	2027/2028
Gross Return	£100	£100
Tax within fund (25% dividend component)	15%	18%
Net Return	£85.00	£82.00
Additional Tax		
Basic Rate	£0.00	£0.00
Higher Rate	£17.00	£16.40
Additional Rate	£21.25	£20.50
Net Gain		
Basic Rate	£85.00	£82.00
Higher Rate	£68.00	£65.60
Additional Rate	£63.75	£61.50
Maximum Tax Rate		
Basic Rate	15%	18%
Higher Rate	32% - 8%	34% - 10%
Additional Rate	36% - 9%	39% - 10%

Wrapping Matters

Balancing tax, inter alia



CGT advantage increased

Bond income tax advantages rising further

Offshore Matters

Things to ponder

Tax 101 - future rate rise

- Bring forward planned withdrawals to before rate rise
- Consider rebasing?

	Higher rate at surrender		Basic rate at surrender	
Now	**Rebased**	**Not Rebased**	**Rebased**	**Not Rebased**
Premium	£150,000	£150,000	£150,000	£150,000
Surrender Value	£250,000	£250,000	£250,000	£250,000
Gain	£100,000	£100,000	£100,000	£100,000
Tax	40%	0%	40%	0%
Tax Due	£40,000	£0	£40,000	£0
Invested	£210,000	£250,000	£210,000	£250,000
Future				
Surrender value	£420,000	£500,000	£420,000	£500,000
Gain	£210,000	£350,000	£210,000	£350,000
Tax	44%	44%	24%	24%
Tax due	£92,400	£154,000	£50,400	£84,000
Net return	£327,600	£346,000	£369,600	£416,000

And...

Offshore or onshore?

Onshore or offshore?

Slightly more tax efficient income means gross roll up crossover later

Savings Allowances

More valuable

Offshore is no brainer if savings allowances on exit

Poll 1

If the increased tax on savings income encourages people to move money from cash into tax wrappers, which one do you think is most likely?

a) ISA
b) Offshore bond
c) Onshore bond
d) Pension
e) I don’t think it will encourage people to move money out of bank accounts

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Pensions



Pension Tax Lock

Not to be confused with triple lock



Pensions changes

Small but need to know

Triple Lock to Revised Triple Lock

Next parliament

2 year income tax rule on death gone

Payments wef 28th Oct

Serious Ill Health Lump Sum rule change

Payments wef Royal Assent

Tax on LSDBA excesses

Pensions changes

Small but need to know

Tax on LSDBA excesses

- Change from pension income to standalone tax charge:
  - Still marginal rate
  - But not included in adjusted net income
  - Retrospective to April 2024
- Consequential amendments to IHT and pension rules wef April 2027
- Technical tweaks to ensure certain protections work as intended

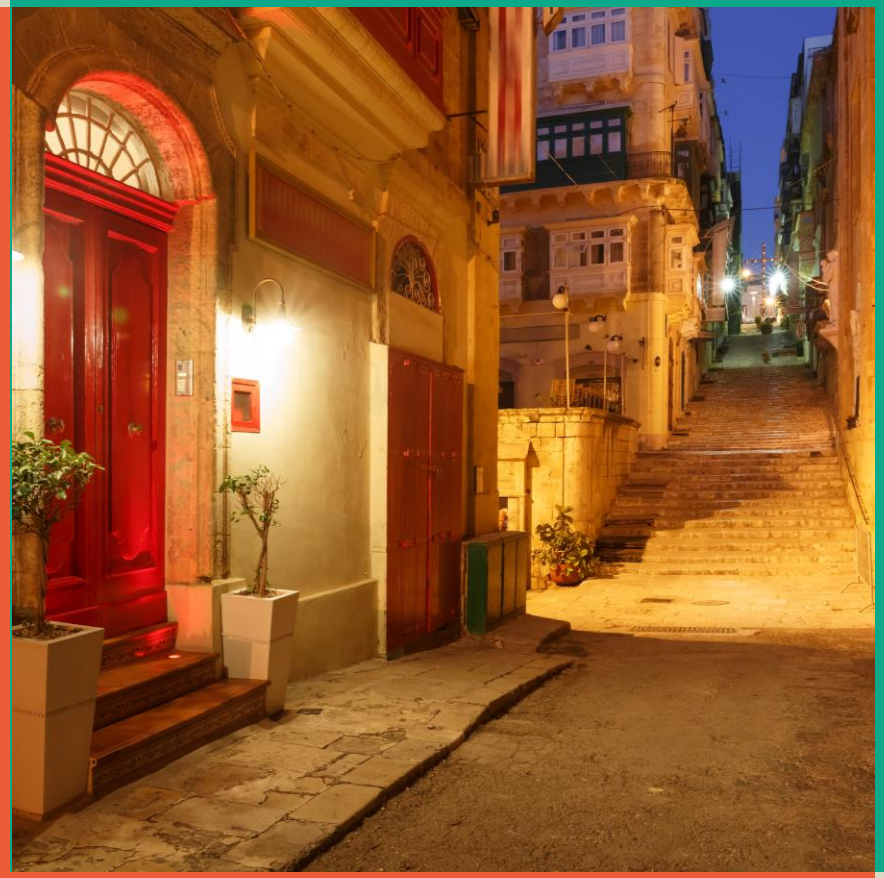
Pensions and IHT

Technical Amendments

Prospective Personal Representatives will be able to serve payment notices

Notional Pension Property can be a separate component of estate

ISA changes



Individual Savings Accounts

Perhaps simplification in order?

Under 65 cash cap of £12,000

SCRAPPED

April 2027

With ancillary measures?

Government will work with the investment industry to **explore a new ISA incentive for people investing in a Stocks & Shares ISA for the first time**

All limits frozen to 2031

Individual Savings Accounts

Perhaps simplification in order?

LISA

Exit charge for ineligible home purchases reduced to 20%

Midnight Oct 29th

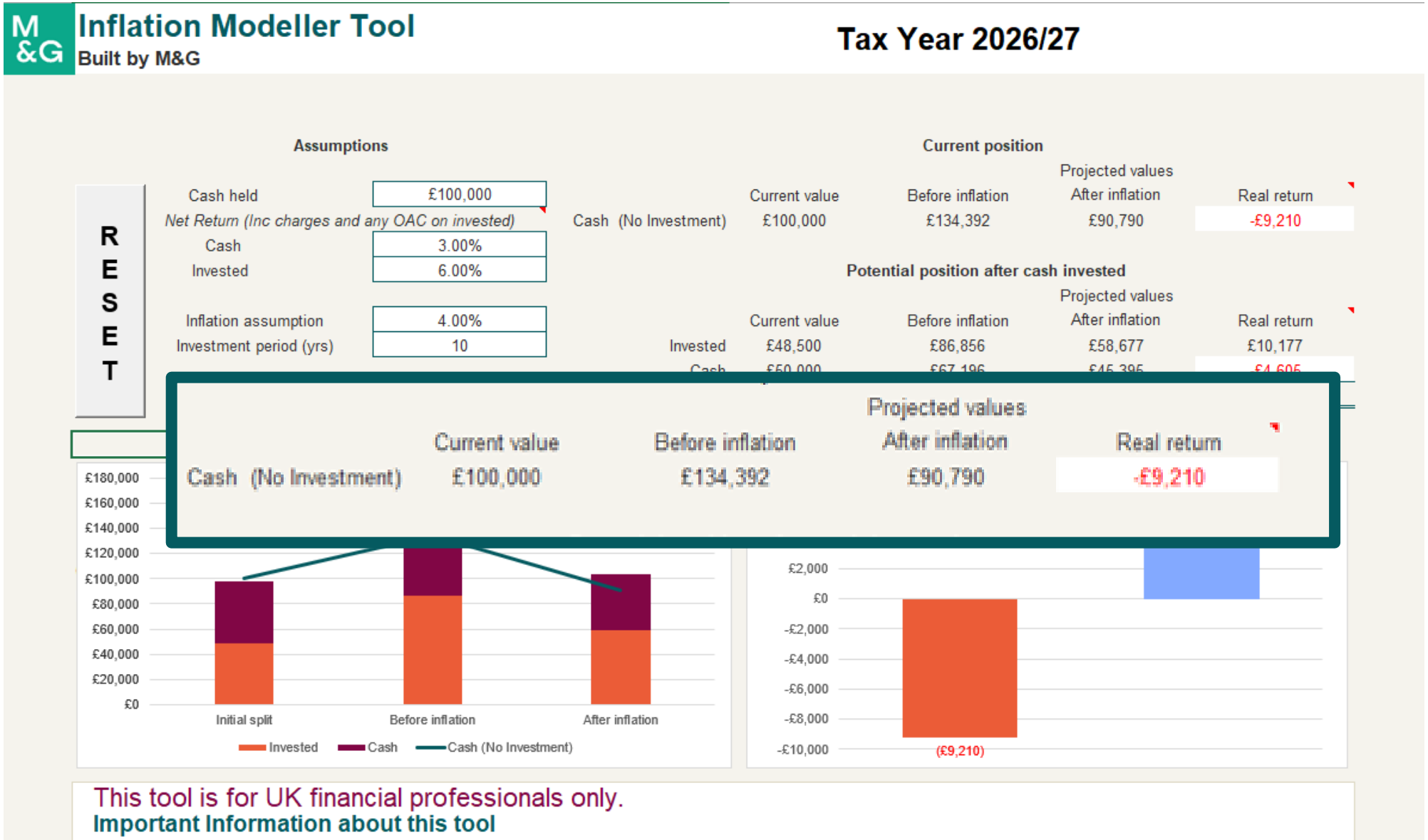
NEW First Time Buyers ISA

- Similar Limits to LISA
- Bonus at end (£20,000 cap)
- HtB can transfer in NOT LISA

New government equity plan for first time buyers of new builds – 20% equity loan

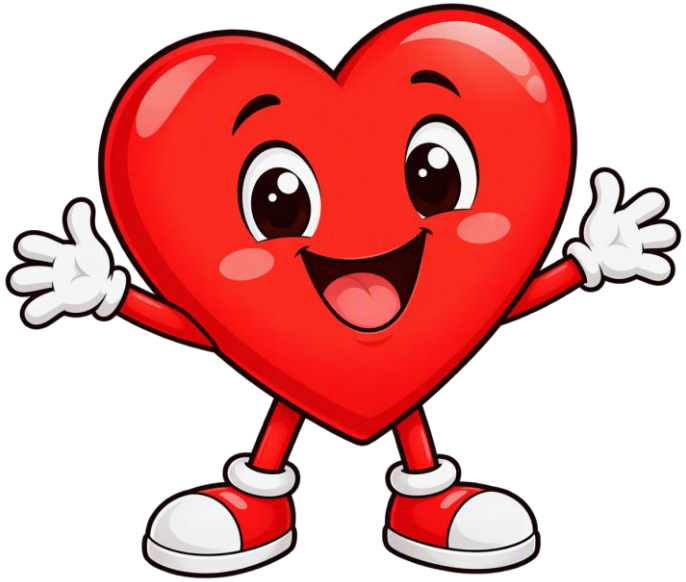
Cash

Where your wealth goes to die?



ISAs

Cash or otherwise



Great while you're alive

Tax-free growth and income



Not so good on death

Value counts towards your estate for Inheritance Tax

Poll 2

What do you think is the biggest barrier stopping more clients from investing for the long term?

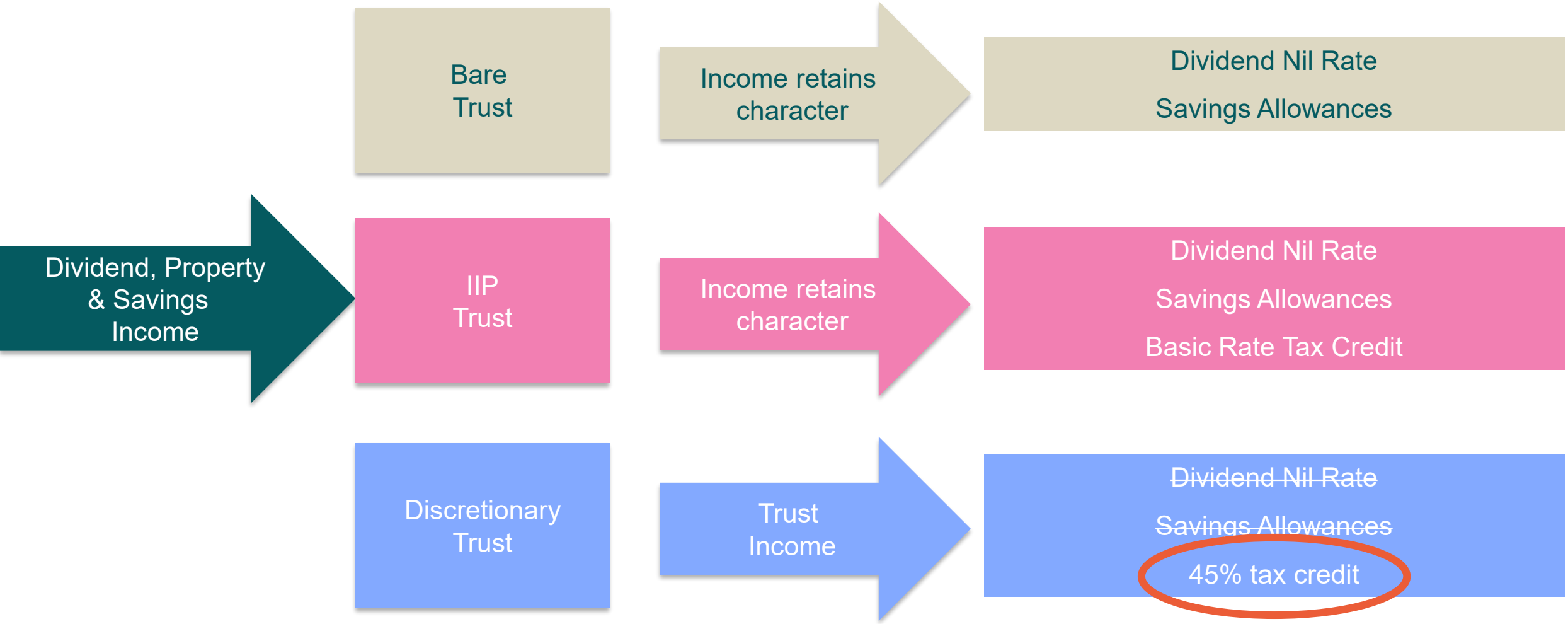
a) Lack of confidence or understanding of investing
b) Believing they can’t afford to invest
c) Fear of market volatility
d) Believing cash is the safe option
e) Being able to access money easily

Trust changes



Increased savings and property income rates

BAU and we don't know



Increased savings and property income rates

The tax pool



	Interest	Property Income	Dividends
Received	£10,000	£10,000	£10,000
Rate	49%	49%	39.35%
Tax	£4,900	£4,900	£3,935
Tax Pool		£13,735	
Trust income		£30,000	
Tax credit		45% - £13,500*	

Where does the £235 go?

*simplified example – it's harder than this!

Other trust matters

One for the tax advisers

Exit charge

Prevent non-UK resident trusts paying a CGT exit charge where non-UK trustee is resident in only for a short period

IHT amendment

To prevent certain liabilities relating to trust property from reduce asset values for IHT purposes

Capital Gains Tax Changes



Capital Gains Tax

Not rates alignment, the uplift survived but…

Business Asset Disposal Relief

- Got worse
- £500k reduction
- Up to £30k extra tax
- From April 2027

Founders Relief

- 10% CGT on up to £10m
- For high growth innovative companies
- Various conditions

As predicted!

Kind of…

Tax Wrapper Optimisation

IHT Planning

Retirement Income

Poll 3

How do you think the majority of your clients will be feeling about their financial plans following the Budget?

a) Significantly more positive
b) Slightly more positive
c) The same
d) Slightly more negative
e) Significantly more negative

Learning objectives

By the end of this session, you will be able to:

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Identify actions your clients' may wish to take in response to the Budget

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QnA



Thank You!

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