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FINANCIAL

FREE GUIDE · BUDGET 2026

Your plain-English guide to Budget 2026

What changed, who it affects and the practical steps worth taking before April 2027.



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General information, not personal advice.
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Budget 2026 doesn't raise the main tax rates, but some changes, especially to savings, rental income and pensions, are worth planning for before April 2027.

I'm Gabriel Schmidt, an independent financial adviser at Riverwise Financial in Swindon. Read the summary below, then only the sections that apply to you. Short on time? Jump straight to the checklist near the end.

General information, not personal advice.

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Budget 2026 at a glance

The Chancellor announced the Budget on 28 October 2026. These are the changes most likely to touch everyday finances:

Change	Who it affects	When
No rise in income tax, National Insurance or VAT rates	Everyone	Now
The income levels where each tax rate starts stay frozen	Everyone who pays income tax	Until 2031
Tax on savings interest rises by 4 percentage points	Savers with interest above their tax-free allowance	6 April 2027
Tax on rental income rises by the same amount	Landlords (England, Wales and NI)	6 April 2027
Tax on dividends from shares unchanged	Investors	Now
Cash ISA limit stays at £20,000	Savers	No cut in April 2027

State Pension rules change	Everyone receiving or approaching State Pension age	Current rules until April 2029; new rule from April 2030
Unused pensions count for inheritance tax (announced earlier)	Anyone with a pension they may pass on	6 April 2027
£100 Household Energy Payment	Homes in council tax bands A–D in England	From January 2027
"Your First Home" equity loan	First-time buyers in England	First loans April 2027
Less tax relief when you sell a business	Business owners planning to sell	6 April 2027

1 If you have savings or investments

Most savers will pay little or nothing extra, because the first slice of interest you earn each year is already tax-free (your Personal Savings Allowance). The change only affects interest above that slice, held outside an ISA.

What's changing

From 6 April 2027, tax on taxable savings interest goes up:

Your income tax rate	Tax on savings interest today	From 6 April 2027
20% (basic rate)	20%	**24%**
40% (higher rate)	40%	**44%**
45% (additional rate)	45%	**49%**

The government says 84% of income tax payers won't be affected by the savings and property changes. It also says a basic-rate taxpayer would need over £25,000 in savings outside an ISA, at 4% interest, before paying any tax on it. Gains on investment bonds (a type of investment often sold by insurance companies) are taxed as savings income, so the new rates apply to them too.

What isn't changing

- **Tax-free interest.** You can still earn £1,000 of interest a year tax-free if you pay 20% tax, or £500 if you pay 40%. People on lower incomes may get up to £5,000 more tax-free.
- **ISAs.** You can still put £20,000 a year into ISAs, including cash ISAs, and the interest and growth are never taxed. The planned cut to £12,000 for cash ISAs has been scrapped.
- **Dividends.** Tax on dividends from shares stays the same, and the first £500 a year is tax-free.

- **Capital Gains Tax.** The first £3,000 of gains a year is tax-free, and the rates stay at 18% and 24%.

PRACTICAL STEPS WORTH THINKING ABOUT

- ✓ Many people find it worth using their ISA allowance first. The allowance resets each year on 6 April.
- ✓ If you're in a couple, check whose name your savings are in. Each of you has your own tax-free interest allowance.
- ✓ A common guide is to keep three to six months of spending in easy-access cash for emergencies.
- ✓ If you've built up more cash than you need, it may be worth reviewing where it's held. Investing carries risk, so it's worth discussing with an adviser before making changes.

2 If you've got a lump sum, such as an inheritance

A large sum sitting in cash is where the new savings tax rates are most likely to be felt, especially if you pay 40% tax and only £500 of your interest is tax-free.

Options people often ask about

- **There's usually no need to rush.** Many people feel they should decide quickly, especially after losing someone. It's fine to take time to think it through.
- **ISAs.** Each adult can put up to £20,000 a year into ISAs, so a couple can keep up to £40,000 a year free of tax on interest and growth.
- **Pensions.** Pension contributions usually get tax relief at your highest rate of income tax, up to limits. Most people can pay in up to £60,000 a year, limited to what they earn, and the limit is lower for some people.
- **Children.** You can save up to £9,000 a year per child in a Junior ISA. From April 2029, the new First Time Buyer ISA will help older children save for a first home.
- **Old pensions.** If you've lost track of pensions from past jobs, the government's free Pension Tracing Service can help you find them.

Investing carries risk, and the value of investments can go down as well as up. **This is exactly the kind of question the free half-hour call is for.**

3 If you're retired or approaching retirement

Your State Pension will keep rising every year. Some pensioners on modest incomes will also no longer pay income tax.

State Pension rises

Until April 2029, the State Pension rises each year by whichever is highest of earnings growth, inflation or 2.5%. The government expects the yearly amount of the full new State Pension to go up by more than £2,000 over this Parliament. From April 2030, it rises by whichever is highest of inflation, 2.5% or the amount needed to keep pace with earnings. Over time, it will broadly follow wages.

No income tax on a State Pension-level income

From 6 April 2027 to 5 April 2030, if you're over State Pension age and your total income from all sources is no more than the full new State Pension (£13,037 in 2027/28), you won't pay income tax. Just above that level the help reduces gradually, and it stops once your income reaches £13,319.

What isn't changing

You can still pay up to £60,000 a year into pensions with tax relief, and take up to £268,275 as tax-free cash over your lifetime.

PRACTICAL STEPS WORTH THINKING ABOUT

- ✓ Get your State Pension forecast at gov.uk/check-state-pension. It shows what you're on track for and any gaps in your National Insurance record.
- ✓ If you're still working, check whether you're making the most of employer pension contributions.
- ✓ If you're taking money from pensions or savings, the order you take it in can change how much tax you pay.

4 Passing money on to your family

The biggest change for families wasn't new in this Budget, but it's now only months away. From 6 April 2027, most unused pension savings will count as part of your estate (everything you leave behind) for inheritance tax.

Why it matters

Until now, many people left their pension untouched because it usually fell outside inheritance tax. From April 2027, a pension you don't spend could add to the bill your family pays.

What else to know

- Inheritance tax is still 40%.
- The first £325,000 of an estate is still free of inheritance tax, plus up to £175,000 more when you leave your home to children or grandchildren.
- Pension payouts after a death are no longer taxed just because they're paid more than two years later (from 28 October 2026).

PRACTICAL STEPS WORTH THINKING ABOUT

- ✓ Check who you've named to receive each pension. Pension schemes usually call this a nomination or "expression of wish" form, and many people haven't updated theirs in years.
- ✓ Make sure your will is up to date and works alongside your pensions.
- ✓ Think about whether your plan for which savings to spend first, and which to leave, still makes sense from April 2027.
- ✓ There are rules that let you give money away while you're alive. It's worth getting advice before you do.

Questions about any of this so far? Book online at riverwisefinancial.co.uk/contact or call 01793 286434. If I sent you this guide, you can also just reply to my message.

5 Household bills

Most households will get some help with energy and fuel costs over the next year.

Help	Who gets it	When
£100 Household Energy Payment, paid through the council tax system	Homes in council tax bands A–D in England (Scotland, Wales and NI get funding for similar support)	From January 2027
No VAT on household electricity, around £50 off a typical yearly bill	Almost all UK households	Until 1 July 2027
5p cut in fuel duty (the tax on petrol and diesel) kept	Drivers	Until 1 July 2027
National Living Wage up 3.9% to £13.21 an hour	Workers aged 21 and over on the minimum	1 April 2027

Not sure of your council tax band? It's on your council tax bill.

6 Buying your first home

A new government scheme means first-time buyers in England could buy with a deposit of just 2.5%.

The "Your First Home" scheme

You put down a deposit, the government lends you 20% of the price, and your mortgage covers the rest. The government's share is interest-free for the first five years, after which interest is added gradually.

Detail	What it means
Deposit	From 2.5% to a maximum of 15%
Government loan	20% of the price
Household income limit	£110,000 (£140,000 in London)
Price limit	Set by local area; £500,000 in outer London and £650,000 in inner London
Where	England
Registration opens	By the end of December 2026
Full applications	From February 2027
First loans	From April 2027

Funding is capped each year.

Saving for a deposit

From April 2029, a new First Time Buyer ISA replaces the Lifetime ISA for new savers. You'll be able to save up to £4,000 a year, and the government adds 25% (up to £20,000) when you buy a first home worth up to £450,000. There's no upper age limit. If you already have a Lifetime ISA, you can keep using it as now. From 29 October 2026, if you use one to buy a first home over £450,000, the charge for taking the money out falls from 25% to 20%.

PRACTICAL STEPS WORTH THINKING ABOUT

- ✓ Check your credit file well before you apply.
- ✓ Work out what you could comfortably pay each month, including once the government's share starts charging interest after five years.
- ✓ Talk to a mortgage adviser early about whether the scheme suits you.

Helping a son or daughter buy?

Gifts, loans and joint mortgages each have pros and cons, including for your own retirement plans. I offer a free half-hour call to talk the options through. Book online at riverwisefinancial.co.uk/contact or call 01793 286434. If I sent you this guide, you can also just reply to my message.

Your home may be repossessed if you do not keep up repayments on your mortgage. Buy to Let mortgages and Commercial Lending are not usually regulated by the Financial Conduct Authority.

7 Landlords, the self-employed and business owners

If you're planning to sell your business, the timing of the sale now matters more than it did.

If you rent out property

From 6 April 2027, tax on rental income rises to 24% if you pay 20% income tax, 44% if you pay 40% and 49% if you pay 45%. This applies in England, Wales and Northern Ireland.

If you're self-employed or run a business

Change	What it means	When
Less tax relief when you sell a business	The lifetime profit on selling a business that can be taxed at 18%, rather than up to 24%, halves from £1m to £500,000	Sales from 6 April 2027
Side income	Earn up to £3,000 a year from side work tax-free (up from £1,000)	From 6 April 2027
Driving for work	The approved mileage rate is 55p a mile for the first 10,000 miles, then 35p (up from 25p)	35p rate from 6 April 2027

PRACTICAL STEPS WORTH THINKING ABOUT

- ✓ If you're planning to sell or pass on your business in the next year or two, speak to your accountant about whether timing makes a difference.
- ✓ Think about how a sale fits with your pension and retirement plans, not just the tax.
- ✓ If you have rental income, check how the higher rates affect your returns. Questions about how the property is owned are best taken to your accountant or tax adviser.

Want to talk through what this means for you? Book online at riverwisefinancial.co.uk/contact or call 01793 286434. If I sent you this guide, you can also just reply to my message.

Your Budget checklist

Work through the questions that apply to you before 6 April 2027, when most of these changes start. Each one you can't answer confidently is worth a conversation.

Send me the numbers of any you're unsure about, by message, online or on 01793 286434, and I'll come back to you.

1. Do I know how much interest my savings earn each year, and whether it's above my tax-free allowance? ☐
2. Have I used this year's ISA allowance, and is my partner using theirs? ☐
3. Do I have more in cash than I need for emergencies and short-term plans? ☐
4. Have I checked my State Pension forecast and National Insurance record? ☐
5. Do I know who I've named to receive each of my pensions, and is it still right? ☐
6. Is my will up to date, and does it work alongside my pensions from April 2027? ☐
7. Would I like to help a child or grandchild with a first home, and how? ☐
8. If I own rental property, do I know how the higher tax rates affect my returns? ☐
9. If I plan to sell my business, have I thought about timing before 6 April 2027? ☐

NEXT STEPS

Let's talk it through on a free half-hour call

We'll look at where you stand, which changes affect you and whether there's anything worth doing before April 2027. You don't need your paperwork sorted first. The call is free, and I'll explain any costs before you decide anything. No jargon and no pressure.

Book your call online →

Or	reply to my message, if this guide came from me
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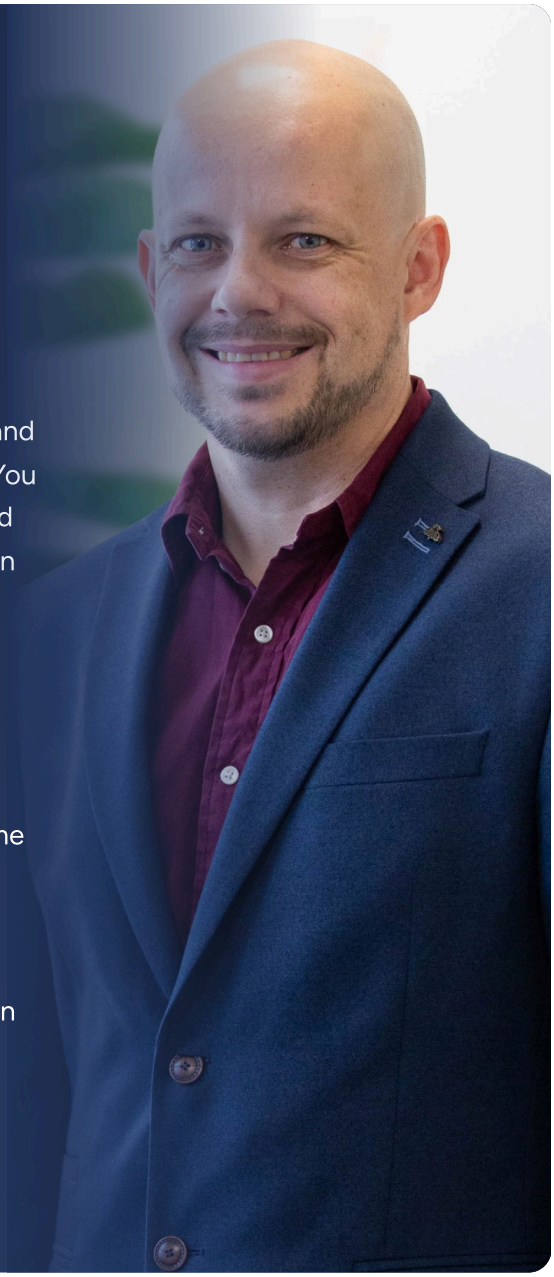

Important information

This guide is based on the Budget 2026 report published by HM Treasury on 28 October 2026. Some measures are still subject to consultation and legislation, and may change. It is general information, not personal advice. Tax treatment depends on your individual circumstances and may change in the future.

Our services relate to certain investments whose prices are dependent on fluctuations in the financial markets beyond our control. Investments and the income from them may go down as well as up and you may get back less than the amount invested. Past performance cannot be used as a reliable prediction of future performance.

Your home may be repossessed if you do not keep up repayments on your mortgage. Buy to Let mortgages and Commercial Lending are not usually regulated by the Financial Conduct Authority.

Sources: Budget 2026, HM Treasury (HC 726); Royal London Technical Central: 2026 Autumn Budget; Aegon, Autumn Budget 2026 overview (October 2026); GOV.UK (Junior ISA limits and the Pension Tracing Service).