



NEWSLETTER



Winter 2025



Welcome



We hope that you are set for the Christmas period ahead and hopefully some time to be with friends and family, some time to relax and time for reflection. Whatever you plan, we hope that you enjoy the season.

It is unusual for us to send a newsletter in December.

However, with the Budget taking place so late this year, we wanted to share this update following the announcements. We could call this edition a 'Budget Special' and I am sure you are aware that perhaps this year more than most, speculation was rife about what may or may not happen at this year's Budget on 26 November. Even the Speaker of the House of Commons termed it the 'hokey-cokey Budget', commenting, 'one minute it's in, next minute it's out', in reference to the numerous leaks as the government tip-toed around its past manifesto pledges. Perhaps the timing was a calculated move to hide difficult news for the taxpayer just as the Christmas tree goes up and the festive period starts.

In the lead up to the Budget announcements, there was much economic news and many updates in the UK that added to the numerous stormy clouds that seemed to have gathered around Number 11, Downing Street of late, including higher unemployment levels noted in November. The inflation rate fell slightly in November but remained stubbornly high. The Bank of England had little option but to hold bank base rates in November 2025, although it is anticipated they may slightly reduce this month.

On a more encouraging note, many investment markets have seen significant returns in the last few months that have offered more positive updates, although these are not guarantees of future performance.

The Prime Minister's new 'Budget Board' introduced in the late summer I am sure was designed to provide additional market and public confidence and the decisions that have been announced have been prepared carefully, with ministers needing to tread a skilful line to keep the financial markets on board. With UK borrowing costs maintaining elevated positions (admittedly off their peaks from the start of September), with a few unpopular economic moves, the known fiscal deficits could rise still further. Time will tell following the Budget as to how markets will react as they digest the devil in the details.

Most speculation was that additional taxes would need to be raised, and the question was if this was going to be through personal tax changes, including pensions, property taxes, via business, or a combination of all of the above. As expected, the combination process was selected and this might appease the markets as being a gentler approach to bad news, just before Christmas.

We have provided the main highlights from the Budget on page 5, with a few other relevant topics to consider throughout the rest of the newsletter. Perhaps some reading during the Christmas break.

We hope that you enjoy the festive season ahead and we look forward to the start of 2026 and the countdown to the end of the current tax year 2025/2026. If you have not used your various annual allowances this tax year, such as using your annual gift allowance, then now might be a good time to get these arranged.

We hope you all have a great start to the New Year.

Keith Churchouse



Scammers are busy! Are you aware of their sophistication?



Scams and frauds have come in many formats over the years and are to some extent nothing new. However, the sophistication in the ways they are deployed seems to be evolving. I am not sure if this is simply the ability of scammers to use AI technology to improve their screening or otherwise; however, a reminder to be very aware of scams is always worthwhile.

Most people are aware that connectivity has increased through the use of the internet, email, social media and the like. With many seeing their old home telephone numbers being switched off, and the transfer of calls and contact to mobile technology, the ability to receive unrequested contact and offers seems to have increased, rather than reduced. The old adage stands that if an offer looks too good to be true, it usually is.

Being cautious and aware at all times is important. Check where an email contact has really come from, or if a text is from a company or individual you know (and trust), rather than from a fraudulent source. As an example, a recent scam alert was highlighted by the Financial Conduct Authority (FCA) to note that a scam campaign had been uncovered where the rogues had been pretending to be the regulator itself. Alongside this, we have recently seen news coverage of large corporations experiencing significant cyber-attacks, with trading / production stalled for some time and employees told to stay at home.

As an additional point, we have even had some news from clients of Government Gateway login

details being hacked. Logging in to your Government Gateway (for example, to check your State Pension forecast) is sensible to ensure that all remains in order.

Making sure that the cyber-security protections that you maintain on your computer and other internet-enabled devices are up to date is very important, and updating your passwords on a regular basis is also usually recommended.

It's also worthwhile checking your credit records regularly to ensure that your identity and financial situation remain secure and that there are no unexpected entries such as loans or credit card applications. Your bank might offer some form of credit check facility or, alternatively, there are agencies which will offer this service. Further details may be found at www.moneyhelper.org.uk

As you might expect, the team at Chapters Financial takes cyber-security seriously and we update our systems on a regular basis. In addition, if we receive email communications from clients to make significant changes, or withdrawals from funds, you might well expect a call from the team to check in that the request is genuine and from the correct source.

Keeping your data safe is vital, especially as scammers seem in recent times to have upped their game. Please do check that you are protected and keep vigilant into the future.

Budget 2025

It is good to have the rumours of what may be announced in this year's late Budget brought to an end (somewhat earlier than expected, in fact, as the Office for Budget Responsibility (OBR) published details in error in advance of the Budget). With the outcomes now detailed by the Chancellor, Rachel Reeves MP, (and we are sure there is additional 'devil in the details' to emerge), we have listed below some of the headlines that may be relevant to your financial planning. It was estimated that the Chancellor needed to find an additional £30bn in tax revenues. So, what has Rachel Reeves changed?

We have detailed the headlines below as we understand them at the time of writing (26/11/2025)

- Continuation for a further three years of the income tax threshold freezes (to April 2031 rather than April 2028), meaning that more people will fall into tax, or higher rates of tax. The standard current limits are £12,570 pa gross for nil rate taxpayers, £50,270 pa gross for basic rate taxpayers, and £125,140 pa gross for additional rate taxpayers. Remember that the income tax personal allowance is reduced by £1 for every £2 over £100,000 pa gross, an effective tax rate of 60%
- National Insurance contribution levels will also be frozen to April 2031
- The minimum wage will increase across all working ages from next tax year
- Cash ISA limit to be reduced from £20,000 to £12,000 from the tax year 2027/2028 for those aged below 65. The overall limit of £20,000 to ISA investment has been maintained; however, £8,000 of the allowance will be directed to stocks and shares investment only. Those over age 65 will retain the full £20,000 cash ISA allowance
- National Insurance exemption on salary sacrifice pension arrangements to be limited to total contributions of £2,000 pa gross from April 2029
- The basic and higher rate of tax on property income, savings income and dividend income will be increased by 2 percentage points:
 - For dividend income: a 2-percentage point increase to the basic and higher rates of tax on dividends, from April 2026, raising them to 10.75% and 35.75% respectively

- For property and savings income: a 2-percentage point increase to the basic, higher and additional rates of savings income tax, from April 2027, increasing them to 22%, 42% and 47% respectively
- A 'mansion tax' (high value council tax surcharge) on properties in England worth over £2M from 2028 – an annual £2,500 charge, rising to £7,500 for properties worth more than £5M
- The removal of the two-child benefit cap within Universal Credit from April 2026
- New mileage tax on electric vehicles (EVs) and plug-in hybrid vehicles from April 2028
- The £1M allowance for the 100% rate of agricultural property relief and business property relief will be transferable between spouses / civil partners
- Reiteration of the commitment to a single fiscal event a year (the annual autumn Budget). There will continue to be a second forecast in the spring to provide an interim update on the economy and public finances

Other points

- The State Pension triple lock uplift for next April 2026 (4.8%) will see the full new State Pension income increase to £241.30 per week / £12,547 per annum (paid gross but taxable)
- The next Bank of England base rate decision is due on 18 December. The current bank rate is 4.0% and the speculation is that we may see a small cut (0.25 bps), although there are no guarantees

This is not an exhaustive list, and it is important that you take your own individual advice regarding your own arrangements as we look forward to the end of this current tax year and the start of the 2026/2027 tax year, from 06 April 2026.



Have you ever checked your pension?



It might sound at first like a silly question – of course everyone keeps an eye on their retirement savings, right? Wrong, in fact, according to recent research from Standard Life, which indicates that one in seven adults have never checked their pension, despite reviewing other financial arrangements more often.

Breaking this down, the research reveals that 17% - nearly a fifth – of those aged over 55 have never looked at their pension arrangements. This compares to 12% of those aged 18-34 and 8% of 35-54-year-olds.

In contrast, around 35% of adults review their cash savings at least every seven days, and around 18% check on their investment accounts on a weekly basis.

It's not necessary to check on a pension every day, or even every week or month, particularly in the early years, as pensions are intended to be long-term arrangements. However, it's sensible to review your pension savings at least once a year and make changes if needed. Some points to consider might be as follows (examples only and not an exhaustive list):

- Value: how much are your pension savings worth and how does any projected value tie in with your expectations / needs for income in retirement? You should receive a yearly statement from your pension provider(s) – have a read, rather than just filing it.
- Contributions: would it be sensible to contribute more, if affordable, and within annual limits?

If it's a workplace pension plan to which your employer is also contributing, will they up their contributions if you increase yours?

- Investment funds: is the value of the plan invested in line with your attitude to investment risk? Do you have any ethical / environmental / social / governance views on investment and, if so, what investment funds or strategies are offered by your pension provider to take account of these views?
- Nomination of death benefits: have you told your pension provider(s) who you would like to receive the death benefits of your pension plans on your death? And if you have, are the nominations still up to date?
- Personal details: do your pension providers have the correct contact details for you? Have you moved and need to update your address?
- Lost pensions: if you think you've lost track of a pension, try the government's Pension Tracing Service at www.gov.uk/find-pension-contact-details.

On a positive note, the research from Standard Life indicates that among those who did review their pension savings over the last year, 20% checked their forecasted retirement balance, 14% increased their contributions, 11% made changes to investment risk levels and 10% made a one-off payment into their pension.

If you would like to review your pension planning to check whether you're on track for the retirement you would like, please do contact the team at Chapters Financial.



Summary & Review

Please do pass our details on to contacts you may have that may benefit from our service.
We are always pleased to receive referrals.

Please contact the team at Chapters Financial; Keith, Vicky, Esther, Catherine or Suzanne on 01483 578800 or by email at info@chaptersfinancial.com to discuss your requirements and to book a meeting or financial planning review.

If you would like to receive this information in email format, please let us know.



www.chaptersfinancial.com

Shaw House, 2-3 Tunsgate, Guildford, Surrey GU1 3QT

Tel: 01483 578800

email: info@chaptersfinancial.com

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