SRC Wealth Matters

SRC Wealth Management

Monthly Financial Briefing – Edition #10

October 2026

Introduction

October has been dominated by speculation surrounding the Government's first Autumn Budget, delivered by Chancellor John Healey on 28 October.

With a new Prime Minister, continuing economic uncertainty and pressure on the public finances, there had been considerable discussion about potential changes to taxation, pensions and savings.

Now that the announcements have been made, we can begin to separate fact from speculation and consider what they may mean for our clients.

This month's briefing therefore takes a slightly different approach, concentrating on the principal Budget announcements and their potential implications for your financial planning.

Key Takeaway

The Budget contained some welcome news for savers and pensioners, alongside changes that will increase the importance of tax-efficient financial planning.

The retention of the full Cash ISA allowance is encouraging, while higher taxes on savings income and continued frozen Income Tax thresholds reinforce the value of reviewing how retirement income and investments are structured.

Importantly, there is no reason to make hurried decisions. The priority is to understand the changes and consider whether any adjustments are appropriate for your individual circumstances.

The Autumn Budget – What You Need to Know

1. ISAs – A Welcome Reversal

One of the more encouraging announcements was the Government's decision to abandon the previously proposed reduction in the Cash ISA allowance.

The full **£20,000 annual ISA allowance will remain available**, including for those who prefer to hold their savings in cash.

This is particularly relevant for retirees, many of whom value the security and accessibility of cash savings alongside their investment portfolios.

ISAs continue to offer valuable tax advantages, with income and investment gains generally free from UK Income Tax and Capital Gains Tax.

Our view: The decision provides welcome certainty and reinforces the importance of making appropriate use of ISA allowances as part of a long-term financial plan.

2. Savings Income – Higher Taxes Ahead

Less welcome was the announcement that Income Tax rates on savings income will increase by a further two percentage points from April 2027.

The changes will also apply to property income.

For those holding substantial savings outside ISAs, or receiving income from rental properties, this could mean a higher tax liability.

It is worth remembering that the impact will depend on your overall income, available allowances and how your assets are held.

Our view: This strengthens the case for reviewing the balance between cash savings, ISAs, pensions and other investments. Tax efficiency should remain an important consideration, although it should never be the sole reason for making an investment decision.

3. Income Tax – The Continuing Effect of Frozen Thresholds

Income Tax thresholds remain frozen, meaning that increases in income can gradually push more people into paying tax or into higher tax bands.

This process is sometimes described as *fiscal drag*.

For retirees, it can be particularly relevant as State Pensions and other retirement income increase over time.

Even where pension increases are intended to help maintain spending power, the tax system can reduce the amount of additional income ultimately received.

Our view: Managing the way retirement income is drawn from pensions, savings and investments remains an important part of financial planning. Small adjustments can sometimes make a meaningful difference over time.

4. State Pensioners – Some Additional Protection

The Budget introduced a new Pension Tax Allowance intended to protect those whose total income is no greater than the full new State Pension.

From April 2027, eligible pensioners will receive additional protection against Income Tax, with the Government estimating that approximately 500,000 people will benefit.

This is welcome news, particularly for those who rely primarily on their State Pension.

However, those receiving additional pension income, investment income or earnings may still find themselves affected by frozen tax thresholds.

Our view: The announcement offers useful protection for some pensioners, but it does not remove the need for careful retirement income planning.

5. Energy Bills and the Cost of Living

The Government also announced measures intended to provide some relief from higher household energy costs.

These include a £100 Household Energy Payment for eligible households in England during 2027, alongside an extension of the temporary reduction in VAT on domestic electricity.

With inflation remaining a concern, measures that help contain household expenditure are welcome.

However, the longer-term outlook for energy prices remains closely linked to international developments and the stability of global energy supplies.

What Does the Budget Mean for Your Financial Plan?

Although Budgets generate considerable attention, it is important to remember that not every announcement will affect every individual.

For many of our clients, the most relevant questions will be:

Are your savings held as tax-efficiently as possible?

With higher taxes on savings income approaching, the use of ISAs and other appropriate investment arrangements may become increasingly valuable.

Is your retirement income structured efficiently?

The combination of frozen Income Tax thresholds and changes to savings taxation means that the order and method of taking income can be important.

Does your estate planning remain appropriate?

Although this Budget did not introduce wholesale changes to Inheritance Tax, previously announced reforms affecting pensions and estates remain relevant. Reviewing wills, beneficiaries and estate planning arrangements continues to be worthwhile.

Should you take action now?

Not necessarily.

Some measures will not take effect until April 2027 or later, providing time to assess the details and make considered decisions.

As always, we would encourage clients to discuss potential changes with us before taking action.

Markets – A Brief Perspective

Financial markets have been closely watching the Budget, particularly for indications of how the Government intends to balance its spending commitments with the need to maintain confidence in the public finances.

For investors, the important issues extend beyond individual tax announcements.

Government borrowing, inflation, economic growth and the outlook for interest rates all influence investment markets.

The Chancellor has emphasised the importance of maintaining fiscal discipline while providing support for households and encouraging investment.

Whether these policies ultimately deliver stronger economic growth will become clearer over time.

In the meantime, our investment approach remains unchanged: maintaining diversification, managing risk appropriately and keeping portfolios aligned with long-term financial objectives.

Looking Beyond the Budget

While the Budget has understandably dominated the headlines, other developments remain important.

Geopolitical uncertainty continues to influence energy prices and inflation, while technological innovation, particularly artificial intelligence, remains a significant theme for global investment markets.

These developments will continue to create both opportunities and risks.

However, the most important factor for successful long-term investing remains the ability to maintain a disciplined approach rather than reacting to every new development.

Planning Considerations This Month

Review your ISA arrangements

The retention of the £20,000 annual allowance is welcome. Consider whether you are making appropriate use of this valuable tax-efficient opportunity.

Consider the impact of higher savings taxation

If you hold substantial cash savings or investments outside tax-efficient arrangements, it may be worth reviewing their structure ahead of April 2027.

Review your retirement income strategy

Frozen tax thresholds and rising pension income can have consequences for the amount of tax you pay. Reviewing the balance between different income sources may identify opportunities.

Don't rush into changes

Budget announcements often require further legislation and detailed guidance. Decisions should be based on confirmed rules and your personal circumstances rather than headlines.

A Steady Perspective

Every Budget brings a mixture of welcome announcements, less welcome changes and new questions.

This one is no exception.

While some of the measures announced will affect financial planning decisions, they do not fundamentally change the principles on which good retirement planning is based.

Maintaining an appropriate balance between income, growth, security and tax efficiency remains just as important as ever.

Our role is to help you navigate these changes, understand which are relevant to you and make informed decisions that support your long-term financial wellbeing.

If You'd Like to Talk

If the Budget has raised questions about your pensions, savings, investments or retirement income, please don't hesitate to get in touch.

Over the coming weeks, we will be reviewing the announcements in greater detail and considering any implications for our clients.

Where we identify changes that may require action, we will discuss these with you as part of our ongoing financial planning service.

As always, our priority is to ensure that your financial plan continues to work for you, whatever changes may come.