Fortis Connect



Autumn Budget 2025

What It Means for Your Clients

The Autumn Budget 2025 doesn’t deliver huge headline tax shocks - but it does introduce a tide of changes that will gradually reshape the financial landscape for many UK households. Much of the Chancellor’s approach hinges on the idea of raising revenue quietly, over time, through frozen thresholds, increasing taxes on investment-related income, and adjustments to the rules that govern pensions, property and wealth transfer.

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Step 1: Understand Your Financial Independence Number

For advisers, this Budget creates an environment where proactive planning becomes essential, and where conversations around tax efficiency, structuring and long-term strategy are going to grow in importance. Your clients may not feel these changes today - but the cumulative effect will be significant.

Below is a refreshed, narrative-led breakdown of what matters, why it matters, and how to turn this Budget into constructive planning conversations.

Big Themes at a Glance

Before unpacking each measure, here's the overarching direction of travel:

- A continued shift towards taxing wealth, property and passive income rather than work.
- Frozen thresholds acting as stealth tax rises across income tax, NI and IHT.
- Increased pressure on landlords, investors and business owners.
- Less generosity around salary sacrifice pensions and cash ISAs.
- A new ongoing cost for clients with high-value homes.

All of this makes 2025 a "review year" - arguably the most important in recent memory for forward-looking financial planning.



Key Measures

1. Income Tax & NIC Thresholds Frozen Until 2031

Even though the tax rates haven't changed, the thresholds staying frozen for six more years means many clients will drift into higher tax bands naturally.
Think of it as "inflation-based tax creep".

What it means for clients

- More of their income will be taxed at 40% or 45% in the years ahead.
- Pay rises won't feel as rewarding.
- Younger clients could feel squeezed the most due to student loans and NI interactions.

Your talking points

- "Even small salary increases may push you further into the higher rate band."
- "Let's review pension contributions, salary structure, and wrapper use to counteract this drag."

2. Higher Tax on Dividends, Savings & Rental Income

Many clients - particularly landlords, business owners and portfolio investors - will feel the impact of enhanced tax rates on non-salary income from 2026–2027.

Why advisers should care

Clients who rely on passive income will see net yields shrink, which affects retirement planning, portfolio structuring and cashflow projections.

Talking points

- "Investment structure matters more now than ever - wrappers can offset these new rates."
- "Let's review rental yield viability under the new regime."
- "Business owners should check if their salary/dividend split still works."

3. Cash ISA Allowance Cut for Under-65s

With the cash element dropping to £12,000, the Budget encourages savers to reconsider how they allocate their annual ISA allowance.

Talking points

- "A blended ISA strategy (cash + investments) is now more important."
- "If you're risk-averse, let's explore other tax-efficient ways to hold cash."

4. Pension Salary-Sacrifice NIC Relief Cap (from 2029)

Salary sacrifice remains beneficial, but only up to £2,000 NIC-free each year. High earners and generous employer schemes will be most affected.

Implications

- Large sacrifice-based contributions lose their NIC edge.
- High earners may need recalibration of retirement contributions.

Talking points

- "Let's model your pension strategy beyond 2029 - especially if you regularly sacrifice above £2,000."
- "Personal contributions may become more attractive in some cases."

5. High-Value Council Tax Surcharge for £2m+ Homes

From 2028, homes worth £2m or more attract an annual surcharge.

Why it matters

- Wealthy, property-heavy clients - especially in the Southeast - will face a new ongoing cost.
- It may prompt conversations around downsizing or gifting strategies.

Talking points

- "Your property may cross the £2m threshold sooner than expected - let's plan ahead."
- "This could influence your estate planning decisions."

6. Inheritance Tax: Threshold Freeze & Trust Tweaks

While there were no headline IHT shocks, freezing thresholds until 2031 means many estates will drift into tax naturally.

Implications

- More "ordinary" families will face IHT due to rising property values.
- Existing trust arrangements may need updating.

Talking points

- “Now is a perfect time to review wills, trusts and gifting.”
- “We should reassess your exposure under today’s asset values, not old ones.”



Smart Planning Moves to Raise With Clients Now

This year presents a window of opportunity. Small adjustments today can offset years of built-in tax rises.

Before diving into practical steps, it's worth framing the conversation:

> This Budget is less about big shocks and more about slow-burn erosion of take-home income and long-term wealth. Your clients will benefit most from early, incremental planning rather than last-minute reactions.

Practical steps to discuss

- **Full ISA optimisation** – especially shifting more into stocks & shares ISAs.
- **Wrapper review** – GIAs vs ISAs vs pensions vs bonds.
- I**ncome-source audit** – particularly for landlords and directors.
- **Pension strategy refresh** – ahead of the 2029 NIC relief cap.
- **Estate planning check-up** – focusing on frozen thresholds and updated trust rules.
- **Property planning** – including surcharge modelling and equity-release / downsizing discussions.

This creates natural touchpoints for your annual or mid-year reviews.

Client Contact Plan

The Autumn Budget introduces a series of changes that won't all take effect immediately, but will shape clients' financial outcomes over the coming years. This creates a valuable window - particularly between January and March, ahead of the tax year-end to re-engage clients, assess their exposure, and ensure their plans are still optimised.

Below is a practical, adviser-focused plan to help structure outreach, reviews and targeted campaigns.

1) Core Outreach: Jan–Mar Review Push

Goal: Book pre–tax year-end reviews for all clients.

Why: Threshold freezes, higher dividend/property taxes, ISA and pension changes all require forward planning.

Actions:

- Email all clients inviting Jan–Mar reviews.
- Prioritise calls to high earners, landlords, business owners and near-retirees.
- Share booking links & promote year-end planning.

2) Landlord / BTL Campaign

Goal: Prepare landlords for higher property income tax from 2027.

Actions:

- Send targeted email on new rates and yield impact.
- Offer rental portfolio reviews.
- Discuss structure changes, gearing, or long-term strategy.

3) Business Owners & Dividend-Dependent Clients

Goal: Adjust income strategies ahead of dividend tax rises and 2029 salary-sacrifice cap.

Actions:

- Email campaign explaining dividend rate increases.
- Review salary vs dividend mix.
- Discuss pension funding alternatives pre-2029.

4) High-Value Homeowners (£2m+)

Goal: Prepare clients for 2028 council tax surcharge.

Actions:
- Identify affected clients & send tailored message.
- Review cashflow impact, downsizing, gifting or ownership structure.

5) ISA Strategy Review (Under 65s)

Goal: Adjust savings mix before cash ISA cap drops to £12k.

Actions:
- Encourage blended ISA approach (cash + investments).
- Review tax efficiency of larger cash holdings.

6) Estate Planning Review

Goal: Reassess IHT exposure with thresholds frozen until 2031.

Actions:
- Send “Do you need an estate review?” message.
- Update wills, gifting plans, trusts & IHT modelling.

7) Internal Preparation

Goal: Equip the team to deliver consistent advice.

Actions:
- Prepare templates for dividend tax, rental yield & NIC modelling.
- Refresh suitability templates to reflect Budget updates.
- Schedule quick internal training briefing.


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