

| A guide for the Autumn Budget

Be prepared for the Budget



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Introduction

The Autumn Budget is the government's major fiscal event, during which the Chancellor sets out key economic decisions for the coming years. From taxes and pensions to school fees and dividends, the announcements can make a dramatic impact on your everyday spending and saving plans.

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A renewed push for fiscal prudence is widely predicted to be one of the main themes of the 2025 Autumn Budget. Chancellor Rachel Reeves has set a Stability Rule, which states that revenues must cover government spending by the 2029–30 fiscal year, yet independent forecasts show that the government is on track to fall short of that target.

This means that changes to Income Tax bands, reforms to dividend allowances and tweaks to tax-efficient saving could all be on the cards to raise more money. “Substantial adjustments in the Autumn Budget will be needed if the Chancellor is to remain compliant with her fiscal rules,” according to the National Institute of Economic and Social Research.

Whether taxes rise and dividend allowances fall, or the Chancellor uses other levers to raise funds, the best way to approach the Budget is with a cool head and a strategy for long-term success. In this guide, we look at the big decisions facing the Chancellor and explain how you can Get Budget Ready.

What could change in the Autumn Budget?

While we can't predict the exact policy announcements that the Autumn Budget will bring, we have a fairly solid idea of likely focus areas, based on historical Budget trends.

These include:

- Tax reliefs and thresholds (especially for pensions and capital gains)
- Inheritance tax (IHT) and generational wealth
- Dividend Tax or business owner rules
- School fees or education-related tax perks
- Income Tax bands or National Insurance changes
- Business owner tax planning or entrepreneur's relief

Key Budget questions

Will we see fresh tax rises?

Although the government has pledged not to ‘increase taxes on working people’, this year's Autumn Budget could test that promise. Higher-than-expected inflation and a slowdown in economic growth mean that the government is contending with a spending gap that is on course to reach more than £40bn by 2029–30.

Will IHT rules change again?

Several IHT proposals have been floated that may increase revenues for the government, from tightening asset reliefs to reforming lifetime gifting rules. These changes could further impact those who will be handing over succession plans.

Will the Dividend Allowance be reformed?

Reforms to the Dividend Allowance could result in the current £500 allowance being removed, while the top Income Tax rate for dividends might also be considered for an increase from its current rate of 39.35%.

Will Income Tax bands stay frozen?

A freeze on Income Tax thresholds increases the number of people who fall into a new tax band and the amount of tax paid without altering rates. For many, this could mean a higher overall tax burden despite unchanged tax rates.

Will school fees be targeted again?

After adding VAT onto private school fees, reports suggest that the government could try to claw back some revenue from parents who paid into ‘fee in advance’ schemes by depositing a lump sum with the school to be deducted for each year's fees.

Six ways the Budget could affect you

Here are some scenarios to help you Get Budget Ready.

If you are...

Planning to draw down your pension soon?

Changes to pension tax-free cash, lifetime allowances, or Income Tax bands could affect how and when you should access your pension. Look out for any changes but remember that retirement planning is a long-term strategy. Announcements are not implemented immediately, so you'll have time to think things through after the Budget.

Thinking about gifting money to children or grandchildren?

It is possible that the Chancellor will use the Autumn Budget to tweak IHT rules, especially in relation to gift allowances. To Get Budget Ready, consider whether you could make gifts sooner than previously planned. It is worth revisiting your estate plan to check it still aligns with your long-term goals, whatever the Chancellor decides.

A business owner considering retirement or sale?

The Budget may target Business Asset Disposal Relief (Entrepreneurs' Relief) or Capital Gains Tax rates, which could affect your sale proceeds and exit timing. A business succession plan requires years of planning – be aware of what might change but it is often best to stick to the long-term strategy, rather than putting the rest of your plans into jeopardy based on one announcement.

Heavily invested in dividend-paying shares?

Watch out for changes to the Dividend Allowance or to tax rates on dividends, as these have previously been targeted by Chancellors looking for quick revenue. If your portfolio is made up of dividend-paying shares, you may want to consider diversifying into more growth options – as part of a full investment review.

Paying private school fees for your children or grandchildren?

Any Budget that restricts tax-efficient fee planning strategies, like trusts or Individual Savings Accounts (ISAs) could impact how you fund education – so whatever the Chancellor announces will need to be considered as part of a wider strategy on managing your financial strategy. Additionally, the government may try to get back some money from parents who paid into 'fee in advance' schemes.

A holder of significant assets in ISAs?

Potential tweaks to ISA allowances have been touted for a while, as the government considers ways to boost Britain's stock market and encourage people to swap cash ISAs for stocks and shares. Tax-efficient saving plays a vital role in long-term financial planning, so being aware of any updates to ISA rules is crucial to achieving your financial goals.

A high net worth individual with over £250,000 in pensions or savings?

To protect your hard-earned wealth, you need a financial strategy that works for you. Possible changes to Income Tax thresholds, National Insurance, or pension tax relief could call for an update in how you manage your optimal withdrawal strategy from a pension and how you build your savings and investment portfolio.

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The months and weeks before any budget are filled with people speculating about – or claiming to know – what tax and spend decisions I will take or what the Office for Budget Responsibility [OBR] will conclude. This Budget is no different – I get that. I will set out the decisions I take in the responsible manner.

Rachel Reeves, Chancellor

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We're here to help

We're only a phone call away, so if you have any questions or would like to discuss the Autumn Budget, please do get in touch

| Plan ahead and skip the stress

When the Chancellor delivers her Budget this Autumn, it is important to remember that changes are rarely immediate on Budget Day.

In fact, most announcements will probably take effect from April 2026 at the earliest. It is therefore not advisable to make knee-jerk reactions before knowing the full facts. **Whatever the Autumn Budget brings, the best thing to be is prepared.** At S4 Financial, we specialise in long-term planning through our bespoke financial planning solutions centred on cashflow modelling.

We can't predict the Autumn Budget – but we can make sure you're ready for it. Get in touch today for a comprehensive review of your financial plan.



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The information provided in this guide is for general guidance only and does not constitute personal financial advice. Tax and financial planning rules are subject to change and may vary depending on individual circumstances. Past trends in government budgets are not a reliable indicator of future policy changes. You should seek advice from a qualified financial adviser before making any financial decisions.

Accurate at the time of writing (August 2025).



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