Autumn Budget 2025 Review Summary

LONDON & COLONIAL
A Global Pension Corporation Company

Fiscal Measure	Change	Effective	Impact Analysis
Inheritance Tax: Pension Funds and Death Benefits	**Following on from Autumn Budget 2024:** Most unused pension funds and death benefits will be included within the value of a person's estate for IHT purposes.	Apr-27	Creates an opportunity for individuals whose assets, including pension funds, exceed the IHT nil-rate band. The FPA will enable them to lift their pension assets out of their estate. Should they die prematurely, having purchased a Preference Share, any residual funds in their Cell will pass to their taxable estate and those funds may qualify for Business Relief (BR).
Inheritance Tax: Agricultural Property Relief and Business Relief	**Following on from Autumn Budget 2024:** Reduction in the rate of business property relief available from 100% to 50% in all circumstances for shares designated as "not listed" on the markets of recognised stock exchanges, such as AIM. **Autumn Budget 2025:** Maintain the allowance for 100% rate of Agricultural Property Relief and Business Relief for a further year, from April 2030 until April 2031	April 2030 to April 2031	The Business Relief changes are going ahead but the 100% BR cap of £1m combined agricultural business property and business property will be maintained until 2031. This is positive as LCA's flexible annuities address the shortcomings in the annuity space whereby when an annuitant dies, unless there is capital protection, any used annuity funds are retained by the insurer as profit. LCA's Preference Share/ Protected Cell Structure allows any unused funds to pass to the annuitant's estate. The Preference Share qualifies for 100% BR and will continue to qualify for 100% on the first £1m when the changes take effect from 2026. **NB**. The BR advantage is tangential and LCA is not in the business of trading BR assets. Therefore, as reiterated in King's Counsel's Updated Opinion (October 2025), no attempt should be made to inflate the value of the Preference Share by taking a low or no annuity payment in order to preserve a lumpsum for the annuitant's estate.
	Allow any unused allowance for the 100% rate of relief to be transferable between spouses and civil partners from 6 April 2026	Apr 26	This will be beneficial to annuitants in the event that they do not use the 100% rate of relief as their spouse will inherit the unused allowance.
Inheritance Tax: Nil-Rate Bands	Maintain the nil-rate band, residence nil-rate band from April 2030 until April 2031	April 2030 to April 2031	While the NRB and RNRB remain fixed until 2031, a higher number of estates (which matches LCA's target customers) may be drawn into a higher IHT liability if their homes increase in value at an accelerated pace (as is the case in the SE of England).
Personal Tax:	Maintain the personal income tax and equivalent national insurance thresholds at current levels for a further three years until April 2031	April 2026 to April 2031	The flexibility of LCA's annuities will be recognised as a **Key Selling Point** as annuitants, with their financial advisers, will be able to better manage cashflow and tailor their financial plans, factoring their marginal rate of income tax into the payment plan. In the guaranteed annuity space, with the exception of Escalation, annuity payments are fixed/inflexible and may restrict the annuitant's ability to manage their tax and income arrangements.
Enhancing HMRC's powers and sanctions against tax adviser facilitated non-compliance	The government will introduce enhanced powers and sanctions to tackle tax advisers who facilitate non-compliance from 1 April 2026. This will be legislated for in Finance Bill 2025-26.	1 Apr-26	HMRC are acutely aware, given the Pension IHT changes, the changes to BR and increases in taxes on savings and investments, that individuals will be looking for ways to reduce their IHT liability. Emphasis is being placed on the quality of tax advice. Given the Key Selling Points of LCA's annuities including the BR associated with the Preference Share, the flexibility of payments, the unit-linked open architecture, there is the risk that LCAs annuities may be seen as a way to preserve a lump sum in a IHT tax-mitigation manner. This is likely to draw scrutiny from HMRC if a trend of sizeable BR applications develops post 2026. As per legal counsel, this is likely to have a negative impact on the annuitant's estate, the financial and tax adviser, and LCA. Nevertheless, as also reaffirmed in the updated KC opinion, should LCA annuities be utilised in the manner and for the purpose for which they were designed, they remain a viable and valuable retirement solution- in fact, their value has been enhanced by the Budget announcements.

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Dividend Income:	Increase tax rates on dividend income by 2ppts at the ordinary and upper rate from 6 April 2026	Apr-26	A rise in this these taxes, especially as they will affect LCA's target market and current cohort of mid to high-net worth customers, will mean a greater need to manage income and tax liabilities. LCA's flexible annuities and Offshore Bond will continue address these challenges given the jurisdictional advantages of operating out of Gibraltar, including the tax favourability, and LCA's unit-linked open architecture approach.
Savings Income Tax:	Increase tax rates on savings income by 2ppts at the basic, higher and additional rate from 6 April 2027	Apr-27	
Savings Income Tax:	Maintain the Starting Rate of Savings limit at £5000 from April 2026 to April 2031	April 2026 to April 2031	
High Value Council Tax Surcharge:	Introduce a surcharge on owners of residential properties valued over £2 million in England from 1 April 2028	1-Apr-28	