



Why you should look to maximise your savings potential

Making the most of your new tax allowances for the 2025/26 year

As we are now a few months into a new tax year, in this article, we look at why you should consider maximising your savings potential. With new tax allowances available and another year to benefit from tax-efficient savings, now is the ideal time to organise your finances. Acting early can help you maximise your returns throughout the year and ensure you make the best financial decisions.

Here's why taking action and seeking professional financial advice is essential.

YOUR NEW TAX-EXEMPT ISA ALLOWANCE

One of the most valuable benefits of a new tax year is the reset of your Individual Savings Account (ISA) allowance. For the 2025/26 tax year, you can save or invest up to £20,000 in ISAs. Whether you prefer a Cash ISA, a Stocks & Shares ISA or a combination of the two, ISAs remain among the most tax-efficient options for growing your wealth. Any interest, dividends or capital gains earned within an ISA are tax-efficient.

By taking action early in the tax year, you give your contributions more time to grow. This allows you to fully enjoy the benefits of compound interest or investment returns throughout the year. Delaying this action until the end of the tax year may result in missing out on months of potential growth.

THE BENEFITS OF INVESTING EARLY

Many people wait until March of the following year to fully utilise their tax allowances; however, starting early presents distinct advantages. Firstly, it may help maximise tax-efficient growth, allowing your money more time to work effectively for you.

Secondly, it mitigates the stress of last-minute decisions that may not align with your long-term objectives. Lastly, as inflation continues to diminish the real value of cash savings, investing early can prove beneficial and may generate returns that counterbalance rising costs.

If you are uncertain about where to begin, professional guidance will assist you in developing a strategy tailored to your financial goals while effectively managing risk.

OTHER TAX ALLOWANCES TO OPTIMISE FURTHER

While ISAs are a popular choice, they are just one aspect of the financial landscape. The 2025/26 tax year presents additional allowances to consider when planning your financial strategy.

- **Pensions:** The annual pension allowance remains at £60,000 (or 100% of your income, whichever is lower) or £3,600 if you have no relevant earnings, assuming the MPAA (Money Purchase Annual Allowance) has not been triggered and no tapering applies. Making contributions early may ensure you benefit from both tax relief and longer-term investment gains.
- **Capital Gains Tax (CGT)**
Allowance: With the CGT allowance now reduced to £3,000, strategic planning is crucial to avoid unnecessary tax liabilities.
- **Dividend Allowance:** The tax-free threshold for dividends has been lowered to just £500. Structuring your investments efficiently could help you reduce your tax burden and increase your net returns.

By combining these allowances with thoughtful planning, you can significantly reduce the taxes you pay while growing your wealth.

THE IMPORTANCE OF PROFESSIONAL FINANCIAL ADVICE

Starting afresh with the new tax year presents an opportunity to review your financial plans. Our aim is to assist you in maximising this year's allowances and ensuring they align with your long-term objectives.

We will assist in maximising tax-efficient savings, ensuring that your investments align with

your timeline and risk preferences. We can also provide guidance to help you confidently navigate economic uncertainties or market fluctuations. Investing always carries some risk, but expert support can help you find the right balance between growth and security. ■

WITH THE 2025/26 TAX YEAR UNDERWAY, THERE'S NO BETTER TIME TO SEIZE THE OPPORTUNITIES IT OFFERS.

If you're looking to optimise your savings and make the most of your allowances, contact us today. Whether you need guidance on ISAs, pensions or broader financial planning, expert professional advice will streamline the process and keep you on track. Contact us now to discuss your needs and start your financial year on the right footing.

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