



FINANCIAL MANAGEMENT LIMITED
INDEPENDENT FINANCIAL ADVISERS

9 Regent Gate
Waltham Cross
Hertfordshire EN8 7AF
01992 654654
altorfer@altorfer.co.uk
www.altorfer.co.uk

ALTORFER FINANCIAL NEWSLETTER – DECEMBER 2025

This Newsletter is available in a larger print if required. Please call us on 01992 654654 or email altorfer@altorfer.co.uk to request a copy.

Dear Clients

We are fast approaching the end of another year, one that has seen changes in the global political environment, stock market volatility and reductions in global interest rates but, unfortunately, no end to the conflict in Ukraine. There have also been changes within Altorfer, with the launch of our Model Portfolio Service for those clients who do not need an ongoing advice service and tiered charging structure for those who do. We aim to constantly evolve our advice and service proposition and this will continue into 2026.

There are several areas I need to raise. The first is that Multi-Factor Authentication (MFA) became compulsory on Transact on 1st December. MFA involves you receiving a code from Transact to either your verified mobile number or email address. Alternatively, you can link Transact to an Authenticator App if you have one. Transact provide more information at <https://www.transact-online.co.uk/logging%20in%20made%20easy/>. Please note that you will not be able to log into your Transact portfolio until MFA is in place so I recommend taking action as soon as possible.

Transact have informed us that, following consultation with HMRC, the tax treatment of some Designated General Investment Accounts (GIAs) has changed. If the GIA has been registered with the Trust Registration Service (TRS), it falls outside of your estate seven years after the gift was made. This assumes the gift is more than your annual allowance of £3,000 per donor. If multiple gifts are made, each has its own timeline. However, if the GIA has not been registered with TRS, no gift is deemed to have been made and the value remains within your estate for IHT purposes. If you register the GIA now, the seven year clock starts from the date of registration.

The Financial Services Compensation Scheme (FSCS) deposit protection limit increased from £85,000 to £120,000 on 1st December. The temporary high balance protection also increased to £1.4m, covering capital arising from life events such as selling your home or receiving an inheritance, for six months, after which the standard protection applies. The FSCS covers deposits held with UK authorised banks, building societies and credit unions and means more of your money is protected if that institution fails. Please note that the limit applies per person, not per account, and you should check whether your bank or building society shares its protection with any other company. The limits applying to investments and pensions are not being increased and are as stated in our Client Agreement.

We have a new Client Agreement for Executors, detailing our fees for dealing with the estate. We have had to introduce a one-off fee as the FCA has removed ongoing advice charges on death, even where we have a relationship with the surviving spouse or partner. The charge is £1,000 on the death of the first of

a couple and £2,000 on all other deaths, as there is normally more work involved. We have removed the previous charge for registering Probate as this is included as part of the new service. I appreciate that any increase in costs is never welcome but hope you understand why we have had to introduce this charge.

We are reliant on you to keep us up to date with your circumstances. There is no need to wait for your next review meeting if you or a member of your family need our help. We would also be grateful if you could let us know when you change your telephone number (including if you no longer have a land line), email address or bank details, as otherwise there may be delays in us being able to contact you or release money.

Please be aware of scam emails. Altorfer will never send emails recommending products or services and asking you to invest without first discussing whether they are suitable for your personal circumstances and providing a formal recommendation. We also never ask for money to be sent to our bank account as it contravenes legislation. Instead, we will include the provider's (e.g., Transact, AJ Bell, etc.) bank details so you can make payments directly. Please let us know, as a matter of urgency, if you are targeted in this way.

I have included information on last month's Budget and the suspended ARC TIME Property funds as appendices. Please take the time to read these as they are likely to affect you going forward.

We are approaching the festive season and most of our staff are taking some holiday over the next few weeks, so please bear with us if it takes longer than usual to answer any questions you may have. We close at lunchtime on Christmas Eve and reopen on Friday 2nd January 2026. In the meantime, I would like to wish you all a Merry Christmas and a Happy and Healthy New Year.

Kind regards

A handwritten signature in black ink, appearing to read 'Daniel Wackett', with a stylized flourish at the end.

Daniel Wackett
Managing Director
Altorfer Financial Management Limited

December 2025

Appendix 1: Budget 2025

There were multiple small changes in last month's Budget, most of which will increase the amount of tax you pay. However, across the 2024 and 2025 Budgets, the Chancellor introduced measures that come into force on different dates, meaning the effects are staggered and the full implications will not be known until 2031 at the earliest.

The timeline for the major Budget changes is as follows:

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| 6 th April 2026 | <ul style="list-style-type: none">• Dividend tax rates increase by 2% to 10.75% (basic rate taxpayers) and 35.75% (higher rate taxpayers). The 39.35% rate for additional rate taxpayers has not changed.• Inheritance tax relief on AIM shares reduces from 40% to 20%.• Inheritance tax relief on assets qualifying for Agricultural or Business Relief is capped at £1m per person, with the excess taxed at 20%. It has been confirmed that the allowance is transferrable between spouses and civil partners.• The State Pension increases by 4.8%.• Venture Capital Trust income tax relief is reduced from 30% to 20%. This applies to new purchases only.• Removal of the two-child Welfare Benefit limit. |
| September 2026
- March 2027 | <ul style="list-style-type: none">• Fuel duty increases by 1p per litre on 1st September 2026, 2p on 1st December 2026 and 2p on 1st March 2027 and then in line with RPI each April. |
| 6 th April 2027 | <ul style="list-style-type: none">• Savings income tax rates increase by 2% to 22%, 42% and 47% respectively.• Property income tax rates increase by 2% to 22%, 42% and 47% respectively.• The annual Cash ISA limit reduces to £12,000 for those below age 65. There are no changes for those aged 65 and over. The overall subscription limits for ISAs (£20,000), Junior ISAs (£9,000) and Lifetime ISAs (£4,000) are frozen until 2031, although there is a consultation regarding replacing the latter. |
| 1 st April 2028 | <ul style="list-style-type: none">• Homes in England worth over £2m will be subject to a High Value Council Tax Surcharge of £2,500, while those worth over £5m will pay £7,500. |
| 6 th April 2028 | <ul style="list-style-type: none">• The freeze on the main income tax and national insurance thresholds is extended until 6th April 2031.• The freeze on the inheritance tax thresholds is extended until 6th April 2031.• Introduction of a new electric car tax of 3p per mile (1.5p per mile for plug-in hybrids). |
| 6 th April 2029 | <ul style="list-style-type: none">• National Insurance relief on Salary Sacrifice pension contributions is capped at £2,000 per person for both the employer and employee. |

Appendix 2: Suspended ARC TIME Property Funds

The ARC TIME Freehold Income and Social Property funds are suspended and it is not possible to sell your holdings.

The Freehold Income Fund has been suspended since Monday 13th November 2023, four days after the Leasehold and Freehold Bill was published by the last government. This received Royal Assent on 24th May 2024 during the “wash up” following the announcement on 22nd May 2024 of a General Election. This was followed by the announcement of a Leasehold and Commonhold Reform Bill by the current government on 17th July 2024. There was a statement on 21st November 2024 where the government set out a broad timetable for reform while also acknowledging that this is a complex area. However, TIME, along with other freeholders, have been challenging the act through the courts and are currently considering their options, including an appeal, after the High Court found in favour of the government. **The fund is likely to remain suspended until 2027.** However, there are no trading, liquidity or performance concerns as the fund continues to collect ground rents and other income, facilitate the purchase and sale of properties and pay half-yearly dividends, the next one of which is due at the end of November. We have held the fund across client portfolios as it offered low risk consistent returns, whatever the wider market conditions, for over 30 years before its suspension.

The Social Property Fund was suspended on 20th March 2025 following the decision to transfer to a hybrid strategy and reducing the direct property exposure from 90% of the value to 45%, with a further 45% held in property company shares and similar assets and 10% in cash and other liquid holdings. The fund invests in social infrastructure assets in the UK, including children’s nurseries, medical centres, secondary care, supported living and care homes. It is expected that this restructure will be completed by the end of the second quarter of 2026, when the fund will reopen for dealing. Like the Freehold Income fund, the Social Property fund continues to pay dividends, with the next one due on 31st December. We will let you know if there are any changes to either timeline.

Many of us are affected by the fund suspensions as we have holdings in our personal Transact portfolios. Altorfer also has a company holding in both funds so we are taking a close interest.