Financial Wellbeing briefing, October 2026

Budget 2026: What does it mean for employee financial wellbeing?

This week's Budget contained a range of measures that could affect employees' finances, both now and over the longer term. For employers, it provides an opportunity to consider how financial wellbeing support can help employees make informed decisions and feel more confident about their financial future.

Support with the cost of living

The Budget included measures intended to provide some immediate breathing space for households, including action aimed at reducing energy costs, increases in the National Living Wage and help with wider pressures on household finances. The headline measure is a £100 energy payment this winter to all households in Council Tax bands A to D.

While employees will experience these measures differently, the continued focus on household costs highlights the importance of financial resilience. Employees who are worried about everyday bills may find it more difficult to focus on longer-term priorities such as building emergency savings or contributing towards retirement.

Pensions and planning for later life

The Budget also contained important longer-term announcements affecting retirement planning.

The existing State Pension Triple Lock will continue until April 2030, when an adjusted formula will be introduced. Under the new approach, annual increases will continue to protect against inflation, while maintaining the State Pension's value relative to average earnings over the longer term.

Income tax thresholds remain frozen until April 2031. To help protect pensioners from the impact of this freeze, a new Pension Tax Allowance will be introduced from April 2027. This is intended to prevent pensioners from having to pay income tax solely because increases to the State Pension take them above the Personal Allowance.

These announcements highlight the importance of retirement planning. Helping employees understand their workplace pension, State Pension and future income needs can encourage greater engagement throughout their careers.

ISA changes

Among a range of changes, the Chancellor confirmed that the amount people can save into a Cash ISA will not be reduced from April 2027, as previously planned. The Chancellor also announced plans to develop a Starter ISA aimed at encouraging first-time investors to move into stocks and shares.

Support your employees through financial change

Financial wellbeing is about more than an employee's bank balance. It means being able to manage everyday finances, cope with unexpected costs and feel confident about long-term goals.

Changes announced in a Budget can create uncertainty. Employees may see headlines about tax, saving opportunities, pensions or household finances without knowing whether, or how, the changes affect them personally.

Employers are well placed to help bridge this information gap. Clear and timely communications, financial education, pension awareness and signposting to trusted sources can help employees make sense of changes without employers straying into individual financial advice.

Investing in financial wellbeing can also benefit employers, helping to reduce financial stress, improve employee engagement and productivity, and support staff retention.

Contact us

If you would like help developing a financial wellbeing programme for your employees, please contact First Actuarial's Financial Wellbeing team.

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