YOUR ANNUAL ISA ALLOWANCES

Making the most of your annual allowances will help you achieve your long-term financial objectives.

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Don't miss the deadline.

ISAs

ISAs offer flexible, tax efficient savings and are a good way to make your money work harder for you.

Everything earned from your ISA is free from Income and Capital Gains Tax – in other words, you won't pay tax on interest, withdrawals or growth. You can invest a total of £20,000 into one ISA or multiple ISAs in this current tax year.

If you don't use your annual allowance, you'll lose it. They're also an easy and straightforward way to invest into stocks and shares.

Types of ISAs

- Stocks & Shares
- Cash

Should I choose Stocks & Shares or a Cash ISA?

Both offer flexible ways of saving. As well as offering all of the tax advantages outlined above, you can access your savings whenever you need to. They're also a great way of subsidising your retirement and may help you to leave your pension pot untouched for longer.

ISA facts

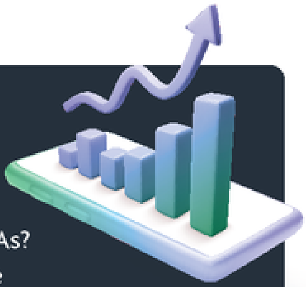
- You can invest a total of £20,000 into ISAs in this current tax year and can choose to invest in one ISA or across multiple accounts.
- You can only have one Stocks & Shares ISA and one Cash ISA in a Tax Year with total contributions not exceeding £20,000.
- If you have a Lifetime ISA (LISA), you have an annual allowance of £4,000 which forms part of your annual £20,000 allowance. Example: You could invest £4,000 into a LISA, 10,000 onto a Stocks and Shares ISA and £6,000 into a Cash ISA in a tax year.
- Your ISA will not close at the end of the tax year. Your savings remain in place on a tax-free basis for as long as you keep your ISA accounts.
- Only you can own an ISA – they cannot be held in joint names.
- You can open an ISA if you are over the age of 16 for Cash ISAs & 18 for Stocks & Shares and are a UK citizen.
- You cannot roll over unused allowances.
- If you don't use the annual allowance, you will lose it.
- All of the money you withdraw from your ISA, is free from tax.
- If you complete a tax return, you do not need to declare any ISA interest or gains on it.

Investing for the long term

You can withdraw from your ISA at any time, but it's best that you consider investing for the long term to minimise the effects of peaks and troughs in the market.

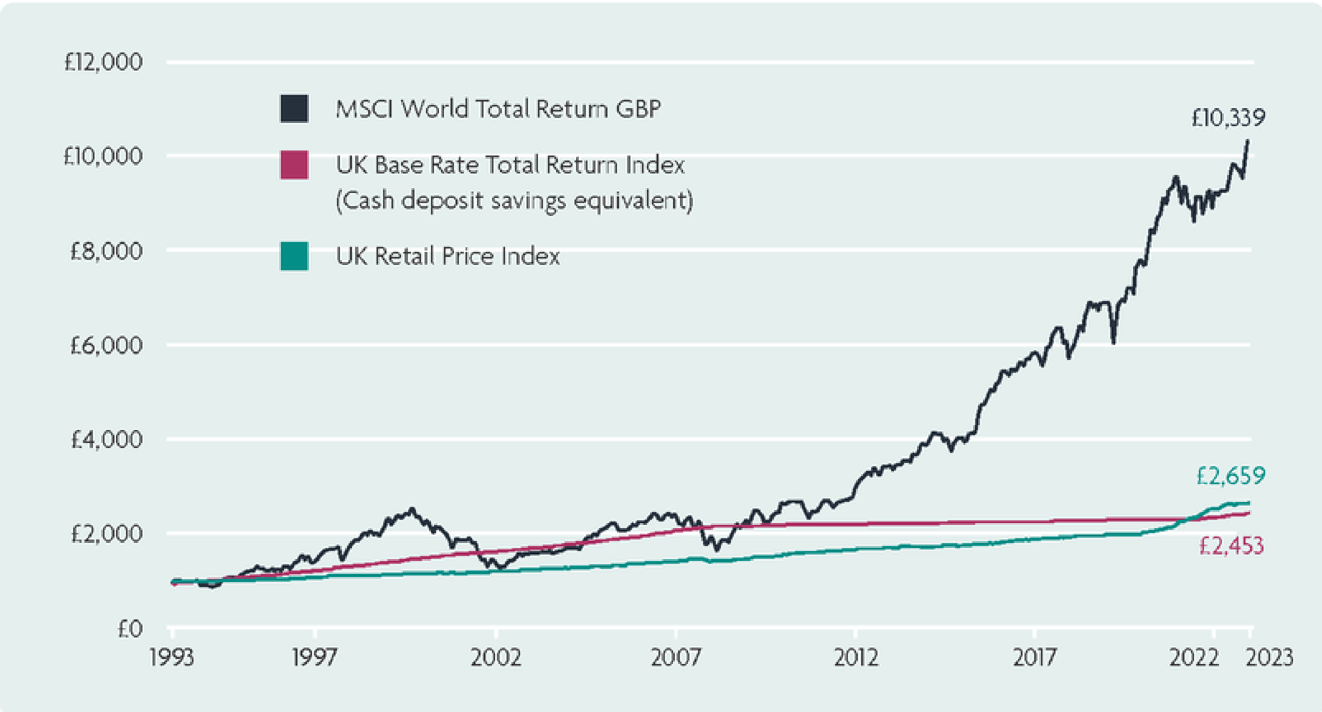
Over the long term (5+ years), stock markets tend to rise and therefore have the potential to give you a greater return on your investment. You should remember that there is always risks involved with investing and you could get back less than you invested.

Review your existing ISAs



- Do you already have ISAs?
- When was the last time you reviewed them?

Now might be the right time to look at their performance and review your attitude to risk.



The power of compound growth, making your money grow faster

Investing for the long term and leaving your investment intact, means that at the end of each year, your initial capital plus any growth is reinvested for the following year and so on, which means that your money could grow faster.

This is known as the snowball effect.

Junior ISA (JISA)

- Set up by parents or guardians and provides an excellent long-term, tax efficient savings strategy.
- An annual allowance of £9,000.
- Held in either Cash or Stocks & Shares.
- Entirely for the benefit of the child – the child can take control of the account at 16, but can't withdraw funds until 18.
- Like an ISA, all growth is free of tax.
- This allowance is separate to the £20,000 ISA allowance.

Lifetime ISAs (LISA)

- These were launched in 2017 to incentivise savings for first time buyers and to support in later life.
- They are available to 18-39 year olds with a limit of £4,000 per year (taken out of the total £20,000 ISA allowance).
- The benefit of this type of ISA is that the government gives an annual bonus of 25% of the amount saved each year. So, if the maximum of £4,000 was saved then a bonus of £1,000 would be added by the government.
- The funds accumulated in a LISA can only be withdrawn to be used against the purchase of a first home (criteria is applied such as the value of the home must be £450,000 or less), if you are over the age of 60 to support during retirement or death.
- Withdrawing funds for any other reason will result in a withdrawal charge of 25%, which is a recovery of the governments bonus.

ISA annual tax allowances

To take full advantage of all the tax allowances available.

Cash ISA

Age to open = 16+
Annual allowance = £20,000

Stocks & Shares ISA

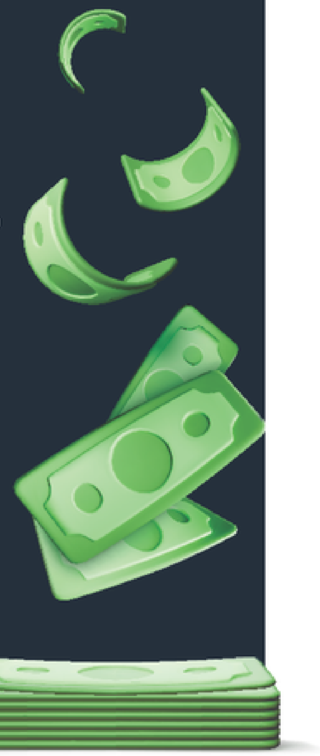
Age to open = 18+
Annual allowance = £20,000

Lifetime ISA

Age to open = 18-39
Annual allowance = £4,000

Junior ISA

Age to open = 0-17 (1)
Annual allowance = £9,000



An ISA is a medium to long term investment, which aims to increase the value of the money you invest for growth or income or both. The value of your investments and any income from them can fall as well as rise. You may not get back the amount you invested.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

Past performance is not a reliable indicator of future performance and should not be relied upon.

Get in touch

Talk to your trusted adviser now for advice on how you can make the most of your ISA allowances before the end of the tax year on 5 April.

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