GUIDE TO
INDIVIDUAL SAVINGS ACCOUNTS
DON’T MISS THE 5 APRIL 2017 DEADLINE
As we approach the end of the 2016/17 tax year, you need to consider the timing of your ISAs.

ITC GUIDE TO INDIVIDUAL SAVINGS ACCOUNTS

When it comes to creating and maintaining the right investment strategy, we can provide the professional advice, comprehensive investment solutions and ongoing service to help you achieve your financial goals whether you are looking to invest for income or growth, or both.

You don't have to declare any investments you have made in the ISA. You can invest up to this full amount in any Cash, Stocks & Shares and Innovative Finance ISA.

The annual current allowance for an Innovative Finance ISA is £15,240. You can invest up to this full amount in your Innovative Finance ISA, or you can share this allowance between a Cash, Stocks & Shares and Innovative Finance ISA.

These are generally considered higher-risk investments and may not be considered suitable for all types of investors. You could lose some or all of your capital.

HELP TO BUY: ISA

In 2016/17, Help to Buy: ISA was introduced to help first-time buyers over the age of 18 get on the property ladder. You have to choose between either a Cash ISA or a Help to Buy: ISA, but you can have a maximum allowance of £4,000 in both ISAs in the same tax year.

You can open your Help to Buy: ISA with a lump sum deposit of up to £200,000. You can then save up to £200 a month. For every £20 you save, the Government will add 25% up to a maximum bonus of £3,000. However, the government bonus on a Help to Buy: ISA can only be applied at completion by the solicitor as the final part of the property purchase payment. As such, the monies cannot be used to help fund the deposit element of a property purchase.

JUNIOR ISA

Cash or investments can be wrapped in this ISA on behalf of children under the age of 18. The Junior ISA has an annual allowance of £4,000. You must be a UK resident or crown employee to invest in any type of ISA (with the exception of the additional permitted subscription ISA allowance).

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ISAS AND INHERITANCE TAX

Since 6 April 2013, spouses and registered civil partners of ISA holders who died after 3 December 2014 have been able to inherit an additional ISA allowance. The value of the inherited ISA allowance, also referred to as an Additional permitted subscription (APS) allowance, is equivalent to the value of funds that the ISA holder held in their ISAs when they died. A spouse or registered civil partner can then choose to inherit allowances with a number of ISA providers, reflecting where the deceased held their ISAs.

The inherited ISA allowance is in addition to the normal annual ISA allowance that savers and/or investors can continue to use. The additional ISA allowance can be used for up to three years from the date of death or 180 days after the completion of the administration of the estate; if longer. Money can be paid in as a lump sum or in instalments (if allowed for by the providers).

EXPERT PROFESSIONAL INVESTMENT ADVICE

Choosing between a Cash ISA or an investment ISA such as a Stocks & Shares ISA will depend on the level of risk you are comfortable taking with your money, as well as factors such as how soon you will need to access your money. If you require individual expert professional advice to beat the ISA deadline on 5 April 2017, please contact us to review the most appropriate options for your particular situation.

INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS. ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE. THE VALUE OF INVESTMENTS AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

STOCKS & SHARES INNOVATIVE FINANCE ISA INVESTMENTS DO NOT INCLUDE THE SAME SECURITY OR CAPITAL WHICH IS AFFORESTED WITH A CASH ISA.

DIFFERENT TYPES OF ISA OPTIONS

CASH ISA

Anyone over the age of 16 can put their cash savings into a Cash ISA. Accounts can be either instant access, have no notice periods or have fixed terms.

The annual allowance for a Cash ISA is currently £15,240. You can invest up to this full amount in your Cash ISA, or you can share this allowance between a Cash, Stocks & Shares and Innovative Finance ISA.

When you invested through an ISA, you don’t have to pay personal Income Tax on any interest you receive from your investments. In a Stocks & Shares ISA, interest is generated by bond funds, which many investors choose because they offer the potential for a regular lower-risk income, compared with equities.

PARTICULARLY USEFUL IN RETIREMENT

This feature of an ISA is particularly useful in retirement, as it means you can hold your money in bond funds and generate a tax-efficient income on top of the payments you receive from your pension. It is also very beneficial if you want to generate long-term capital growth from your funds but prefer to take a cautious approach to investing.

When your investments are held in ISAs, you don’t have to pay any Capital Gains Tax on any gain you make on your investments. This means you could use withdrawals to increase your income when necessary. However, any losses made in the ISA cannot be used to offset gains made elsewhere.

SIMPLIFYING YOUR FINANCIAL ADMINISTRATION

You don’t have to declare any investments you have made in the ISA. You can invest up to this full amount in any Cash, Stocks & Shares and Innovative Finance ISA.

The current annual allowance for a Stocks & Shares ISA is £15,240. You can invest up to this full amount in your Stocks & Shares ISA, or you can share this allowance between a Cash, Stocks & Shares and Innovative Finance ISA.

This ISA will be available for those aged between 18 to 39 from 6 April 2017 (if you turn 40 on or before 6 April 2017, you won’t be eligible).

Announced in the 2016 Budget, this new tax-efficient savings or investments account is designed to help under-40’s purchase their first home or save for retirement.

For every £4 you save, the Government will add £1 (worth up to £1,000 a year) paid at the end of tax year, up to the age of 50. Up to £60,000 a year is eligible for the 25% bonus (you can add more, but it won’t receive a government contribution).

In the first year, it will be paid annually, but from the 2016/17 tax year the bonus is paid every month, so that you benefit from compound growth. You can invest in either cash or stocks and shares.

INNOVATIVE FINANCE ISA

This ISA is for investments in peer-to-peer lending platforms such as Zopa, RateSetter and Funding Circle. You must be over the age of 18 to invest.
WANT TO FIND THE RIGHT INVESTMENT FOR YOU?

Whether you are an experienced investor or just starting out, we offer a range of different investment solutions to suit your needs.

To discuss your particular situation, please contact us.