



INVESTMENT QUORUM

UNIQUE, BOUTIQUE WEALTH MANAGEMENT

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ISA returns of the year

Time to explore your ISA options?

An Individual Savings Account (ISA) enables you to save in a simple, tax-efficient way, while generally giving you instant access to your money.

This gives you short, medium and long-term saving options, and with the end of the current tax year not too far away, it's important to make the most of your annual tax-free ISA allowance.

UK residents aged 16 or over can save up to £20,000 a year (for the 2019/20 tax year) into a Cash ISA. Those aged 18 or over can save in a Cash or Stocks & Shares ISA, or combination of ISAs.

TAX-EFFICIENT WRAPPER

ISAs are a very tax-efficient wrapper in which you can buy, hold and sell investments. For any ISA contributions to count for the current tax year, you must save or invest by 5 April.

Also, don't forget that any unused ISA allowance can't be rolled over into a subsequent tax year, so if you don't use it, you've lost it forever. Even though you'll receive a new allowance for the next tax year, you are not permitted to contribute anything towards a previous ISA.

TYPES OF ISA OPTIONS

- **Cash ISAs** – these are savings accounts that are tax-free, with the maximum allowable contribution set at £20,000 in the current tax year
- **Junior ISAs** – these are tax-free savings accounts in which under-18s can save or invest maximum contributions up to £4,368 in the current tax year
- **Stocks & Shares ISAs** – these are investments that are classed as tax-efficient, with the maximum allowable contribution set at £20,000 in the current tax year
- **Innovative Finance ISAs** – these are peer-to-peer lending investments that are classed as tax-efficient, with the maximum allowable contribution set at £20,000 in the current tax year. However, they are considered high risk, and it may not be possible to get your money out quickly.

Some may not be protected by Financial Services Compensation Scheme

- **Lifetime ISAs** – these can be either classed as savings (tax-free) or investments (tax-efficient). You must be aged between 18 to 39, and the maximum allowable contribution is set at £4,000 in the current tax year
- **Help to Buy: ISAs** – these were set up to help those saving for their first home and were only available to new savers until 30 November 2019. Existing savers can continue saving, although they must claim their government bonus by 1 December 2030.

KEY ELEMENTS

Goals, time horizon, risk and diversification are key elements to consider when saving and investing. You could put all the £20,000 into a Cash ISA, or invest it in a Stocks & Shares ISA or an Innovative Finance ISA. Alternatively, you could split your allowance between Cash ISAs, Stocks & Shares ISAs, Lifetime ISAs or Innovative Finance ISAs, depending on your specific situation and requirements.

If you are not sure what to invest in, you could temporarily hold your annual ISA allowance in cash in the short term and invest thereafter. However, cash is not good for the long term because inflation has the potential to erode its value.

TRANSFER INVESTMENTS

If you don't have £20,000 in new money to invest, you could transfer investments outside a tax-efficient wrapper into an ISA.

ISAs can also be passed on death to a surviving spouse or registered civil partner. The surviving spouse is entitled to an additional, one-off ISA allowance, equal to the value of the deceased's ISA holdings. This enables the surviving spouse to effectively re-shelter assets which were in a spouse's ISA into an ISA in their own name. ■

WANT TO GET THE MOST FROM YOUR ISA ALLOWANCE?

ISAs enable savers and investors to build up the sums they need to meet financial goals, whether to supplement a retirement pot or a deposit for a home. However, if you don't know how ISAs work and how to use them to manage your wealth, you won't be able to take full advantage of their benefits. To find out more, or to discuss your options before the end of the current tax year, please contact us.

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. TAX TREATMENT IS BASED ON INDIVIDUAL CIRCUMSTANCES AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. ALTHOUGH ENDEAVOURS HAVE BEEN MADE TO PROVIDE ACCURATE AND TIMELY INFORMATION, WE CANNOT GUARANTEE THAT SUCH INFORMATION IS ACCURATE AS OF THE DATE IT IS RECEIVED OR THAT IT WILL CONTINUE TO BE ACCURATE IN THE FUTURE. NO INDIVIDUAL OR COMPANY SHOULD ACT UPON SUCH INFORMATION WITHOUT RECEIVING APPROPRIATE PROFESSIONAL ADVICE AFTER A THOROUGH REVIEW OF THEIR PARTICULAR SITUATION. WE CANNOT ACCEPT RESPONSIBILITY FOR ANY LOSS AS A RESULT OF ACTS OR OMISSIONS.