

WATERMARK

Financial Planning

A GUIDE TO INDIVIDUAL SAVINGS ACCOUNTS

BUILDING TAX-EFFICIENT WEALTH
MEANS TAKING ACTION NOW
– BEAT THE DEADLINE

FINANCIAL GUIDE



Head Office: 98 Walter Road, Swansea, SA1 5QJ **Tel:** 01792 202332 **Fax:** 01792 241282

Chepstow: 14 Upper Church Street, Chepstow, NP16 5EX **Tel:** 0800 980 9920

Henley-In-Arden: 201 High Street, Henley-In-Arden, Warwickshire. B95 5BA **Tel:** 0800 980 9920

Watermark Financial Planning Ltd is an appointed representative of Financial Limited which is authorised and regulated by the Financial Conduct Authority, FCA number 503876, Registered office: as above, Registered in England and Wales, Company no 06960247

Chartered Banker

Professional Financial Adviser

A GUIDE TO INDIVIDUAL SAVINGS ACCOUNTS 2013/14

How they work, what to look for and how to make the most of your ISA allowance

An Individual Savings Account (ISA) is a tax-efficient way of saving or investing. To take full advantage of your 2013/14 ISA allowance, you need to take action before 5 April.

ISAs are not an investment in their own right, but a wrapper in which you can hold investments or savings. When you hold savings or investments in an ISA, you don't pay any capital gains tax on any capital gains you make from the proceeds.

The income from interest-bearing assets such as gilts and corporate bonds are also tax-efficient, but for investors holding equities that pay dividends, the situation is slightly different. A tax credit of 10% is deducted at source from dividends, which investors cannot reclaim.

TYPES OF ISA

CASH ISA

A Cash ISA is essentially the same as a normal savings account, except the interest is tax-free. There are many types of Cash ISA



FOR THE 2013/14 TAX YEAR, YOUR ISA ALLOWANCE IS £11,520

accounts such as instant access, notice or fixed rate.

STOCKS & SHARES ISA

A Stocks & Shares ISA is suitable if you can leave your money alone for at least five years. You can put your money into a range of investments such as unit trusts, open-ended investment companies (OIECS - pronounced 'oiks') and investment trusts, as well as government and corporate bonds. This means the value of your investment can go down as well as up.

JUNIOR ISA

Your child's Junior ISA allowance can be invested in a Stocks & Shares Junior ISA. Alternatively, you could save some of the allowance in a Cash Junior ISA

and invest the rest in a Stocks & Shares Junior ISA.

HOW MUCH CAN I SAVE IN AN ISA?

Each tax year, which runs from 6 April to the following 5 April, there is a limit on how much money you can put into an ISA. This is called your 'ISA allowance'. For the 2013/14 tax year, your ISA allowance is £11,520.

You can choose how to divide your annual ISA allowance between Cash and Stocks & Shares ISAs, but there are some limits.

WHO CAN INVEST IN AN ISA?

Any UK resident or Crown employees (and their spouses or registered civil partners) who are posted overseas, and are over the

age of 18, can invest in a Stocks & Shares ISA. To invest in a Cash ISA, the age limit is 16.

You can't open an ISA in joint names or on behalf of anyone else. However, both you and your spouse can hold separate ISAs.

A Junior ISA (JISA) is a tax-efficient way to save for your child's future if you are happy to take on an element of risk. The JISA allowance for the 2013/14 tax year is £3,720 and is available for children under the age of 16 who do not already have a Child Trust Fund.

Funds can be withdrawn when the child reaches the age of 18. The JISA will then convert to an adult ISA with the child being the owner.

YOU CAN INVEST IN	ISA ALLOWANCE	CIRCUMSTANCES
Junior ISA	up to £3,720 this tax year	You can invest up to the annual limit between a Cash Junior ISA and/or a Junior Stocks & Shares ISA.
Cash ISA	up to £5,760 this tax year	You can only invest half of your ISA allowance in a Cash ISA.
Cash ISA and Stocks & Shares ISA	up to £11,520 this tax year	You can invest up to £5,760 in a Cash ISA and the balance in a Stocks & Shares ISA.
Stocks & Shares ISA	up to £11,520 this tax year	You can invest all of your ISA allowance in a Stocks & Shares ISA.

HOW MANY ISAS CAN I HAVE?

You can only make payments into one Cash ISA and one Stocks & Shares ISA each tax year.

If you have opened accounts with different ISA providers in previous tax years, you can still keep these open but you will not be able to pay any more money into them if you are making payments into a new ISA.

CAN I SWITCH MY ISA FROM ONE PROVIDER TO ANOTHER?

Once you have invested the maximum tax year ISA allowance, you are unable to invest any more within an ISA until the next tax year. You can, however, transfer previous tax year ISAs and/or your current tax year ISA to another provider.

When you transfer an ISA from the current tax year, you can only transfer the total value invested. If you're transferring ISAs from previous tax years, providers will normally allow you to transfer some or all of the value.

Transferring previous tax year ISAs does not affect your current tax year ISA allowance limit.

You can transfer a Stocks & Shares ISA from your current ISA

manager to a Stocks & Shares ISA with a new ISA manager.

You can also transfer a Cash ISA to a Stocks & Shares ISA. It is not possible, however, to transfer a Stocks & Shares ISA to a Cash ISA.

Whether you are new to investing or considering adding to your existing portfolio, we can help you select from the wide range of ISA options available and ensure that they match your goals and attitude to risk. We can also help you make the most of your ISA allowance limits this tax year and each tax year thereafter. If you would like more information, please contact us to discuss your requirements.

UK dividends and distributions carry a 10% notional tax credit which cannot be reclaimed, whatever your personal tax status. Past performance is not necessarily a guide to the future. The value of investments and the income from them can fall as well as rise as a result of market and currency fluctuations, and you may not get back the amount originally invested. Tax assumptions are subject to statutory change and the value of tax relief (if any) will depend upon your individual circumstances

LET US HELP YOU MAKE THE RIGHT ISA CHOICE

Whether you are new to investing or considering adding to your existing portfolio, we can help you select from the wide range of ISA options available and ensure that they match your goals and attitude to risk. We can also help you make the most of your ISA allowance limits this tax year and each tax year thereafter. If you would like more information, please contact us to discuss your requirements.

The Financial Conduct Authority does not regulate taxation & trust advice or will writing. This guide only explains how trusts work in England and Wales; it does not cover trust law in Scotland or Northern Ireland. We recommend you take professional advice before setting up a trust. The content of this guide is for your general information and use only, and is not intended to address your particular requirements. The content should not be relied upon in its entirety and shall not be deemed to be, or constitute, advice. Although endeavours have been made to provide accurate and timely information, there can be no 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 examination of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions taken in respect of the content. Thresholds, percentage rates and tax legislation may change in subsequent Finance Acts. Levels and bases of reliefs from taxation are subject to change, and their value depends on an individual's personal circumstances.