



Your Annual ISA Allowance

Use it or Lose it!

A great opportunity to protect your money from the Taxman

ISAs remain a very tax efficient investment and the last couple of tax years have seen significant increases in ISA limits for everybody.

It is very important that you fully utilise your annual ISA allowance where possible, as once the ISA deadline passes you lose any unused allowance forever.

Remember you have until April 5th each year to utilise your ISA allowance.

ISA Benefits

- Tax free investment of up to £10,680 per individual or £21,360 for a couple
- ISA limits increase annually in line with inflation (RPI)
- You will have no capital gains tax to pay on the returns from your ISA investment
- You will have no further income tax to pay
- You don't have to mention ISAs on your tax return
- You don't need to hold an ISA for a fixed term (although a Stocks and Shares ISA should be regarded as a long-term investment)
- You are completely free to you use the money in your ISA as you wish, however any withdrawal from your ISA immediately loses its tax free status

What is my annual ISA allowance?

ISA allowances have been significantly increased during the last couple of tax years and currently stand at:

2011/12

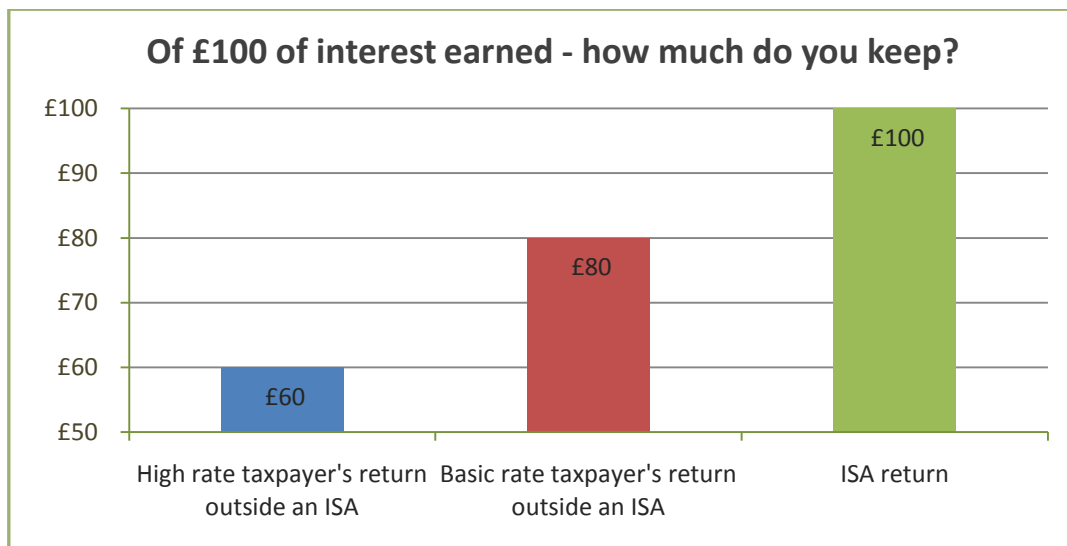
- Up to £10,680 in a Stocks and Shares ISA (up to £21,360 per couple)
- Up to £5,340 in a Cash ISA with the balance in a Stocks and Shares ISA

Put your savings where the Taxman can't touch it

Investing in an ISA means you have the benefit of not having to pay tax on your investment returns, both capital growth and/or income. You could therefore build up a substantial sum over the years by investing in cash, equities or corporate bonds to provide growth or income, which you can withdraw whenever you wish.

Bonds and Cash

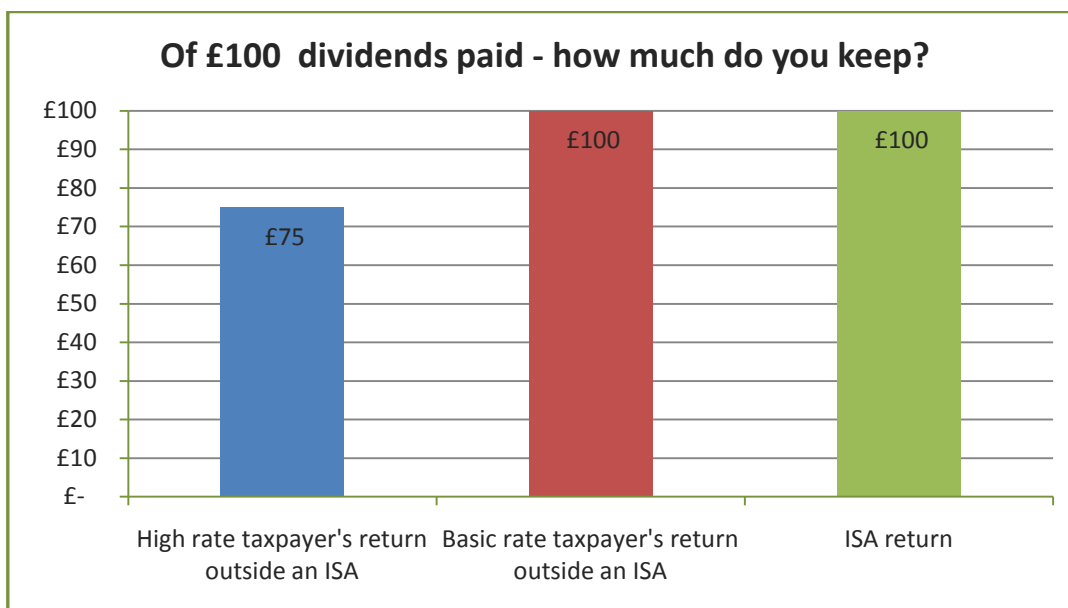
Interest from bonds and cash held within an ISA are not subject to income tax. Where interest is generated outside of an ISA, basic rate taxpayers would normally be subject to interest less 20% deducted at source and higher rate taxpayers would normally be subject to an additional 20% tax on the gross interest amount.



Income from Share Dividends

If you are a basic rate taxpayer, you have no further personal income tax to pay on dividend income, regardless of whether the investment is held inside or outside of an ISA.

However, if you are a higher rate taxpayer you would normally be subject to a further 25% tax on dividend income.



Capital Gains

All returns from your ISA are completely free from CGT. Any gains you make from investments that are outside an ISA, over and above the annual CGT allowance, are subject to 18% tax for Basic Rate payers and 28% for Higher Rate tax payers.

ISA Investment Conditions

Anyone aged 18 or over and who is a UK resident can invest in a Stocks and Shares ISA.

As 'individual' accounts, money that is to be invested in an ISA must belong to the person making the application

A married couple can each have their own ISA and shelter up to £21,360 between them.

If utilised year on year, it's easy to see how you could build a substantial tax efficient portfolio over a relatively short period of time.

Tax

All figures reflect our understanding of current legislation and available data. The guidance contained is subject to the UK regulatory and taxation regime and is aimed at consumers who are based in the UK.

Notes

The value of investments can go down as well as up and you may get back less than you invested. The value of tax savings (and eligibility to invest in an ISA) will depend on individual circumstances and all tax rules may change in the future. Before taking any decisions, we suggest you seek advice from a professional financial adviser.

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