



Your Annual ISA Allowance

Use it or Lose it!

Protect Your Money From The Taxman

ISAs are a very tax efficient investment and the last couple of tax years have seen significant increases in ISA limits and new rules introduced, providing more flexibility for savers.

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.

What is my annual ISA allowance?

For the 2016/17 tax year the maximum amount you can save into an ISA is £15,240 per individual or £30,480 for a couple.

ISA benefits

- Tax free investment of up to £15,240 per individual or £30,480 for a couple
- You can purchase a cash only or a stocks and shares ISA, or split your ISA allowance between both types of account
- 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)
- ISA limits usually increase annually in line with inflation (RPI)
- From 6th April 2016 you will be able to withdraw funds from your cash ISA and then replace it within same tax year without effecting your ISA allowance for that year. **Note:** *not all providers will be offering this facility so it's important to check first before you withdraw any funds.*

Who can open an ISA?

You must be:

- 16 or over for a cash ISA
- 18 or over for a stocks and shares ISA
- resident in the UK

Help to Buy ISA

The Help to Buy ISA has been introduced to assist first time buyers save for their first home. The Government will boost Help to Buy savings by 25% for every £200 saved, up to a maximum of £3,000 per account. The accounts are available per first time buyer rather than per household so you have the potential of receiving up to £6,000 Government bonus per couple. For this you will need to have saved £12,000 into each account.

The bonus is received when you buy your first home and your solicitor or conveyancer will apply for the bonus on your behalf. Once received the money will be put towards the cost of your new home.

To be eligible you must be a first time buyer and not own a property anywhere in the world.

ISA transfers on death

The value of an ISA can be transferred on death, free of tax, to the surviving spouse or civil partner by way of an increased ISA allowance. This allows the surviving spouse or civil partner to invest an amount equivalent to the deceased's ISA into their own ISA via a one off allowance in addition to their normal annual ISA limit for the tax year. This does not have to be the actual assets held within the deceased's ISA – the surviving spouse can make contributions up to their new allowance from any assets. Note this is only available to couples who are married or in a civil partnership.

Put your savings where the Taxman can't touch it

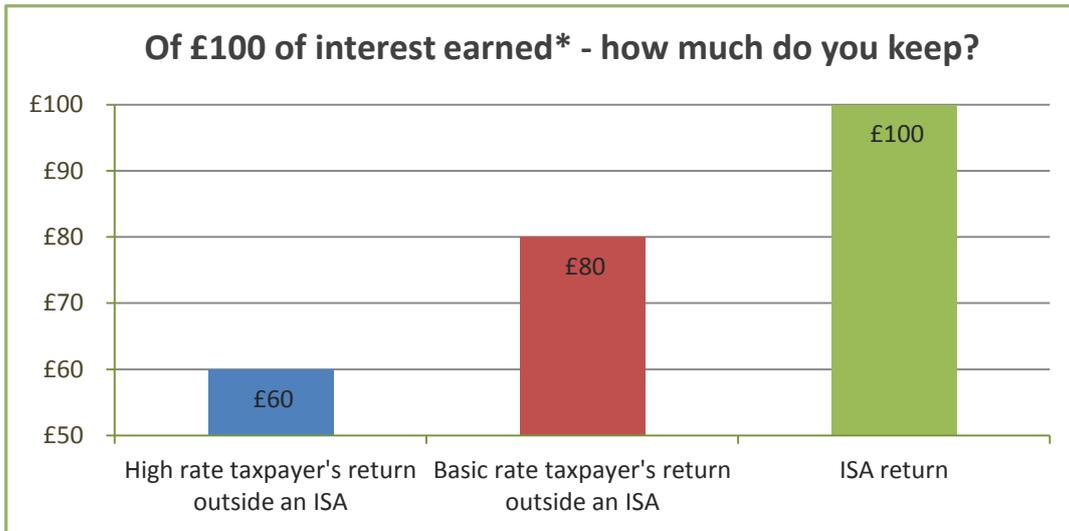
Investing in an ISA means you have the benefit of not having to pay tax on your investment returns, both capital growth and/or income. You could therefore build up a substantial sum over the years by investing in cash, equities or corporate bonds to provide growth or income, which you can withdraw whenever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

New Opportunities from 2017

From April 2017 the annual ISA limit will rise to £20,000 and at the same time the Government will be introducing a new 'Lifetime ISA' for individuals under the age of 40. This will pay a 25% bonus on savings of up to £4,000 which means that savers can receive up to £1,000 from the Government each year up to the age of 50. The bonus is paid out on purchase of a property as a first time buyer or once the saver accesses the funds after age 60.

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, amounts above the new Personal Saving Allowance for a basic rate taxpayer would normally be subject to tax at 20% and higher rate taxpayers would normally be subject to an additional 20% tax on the gross interest amount.

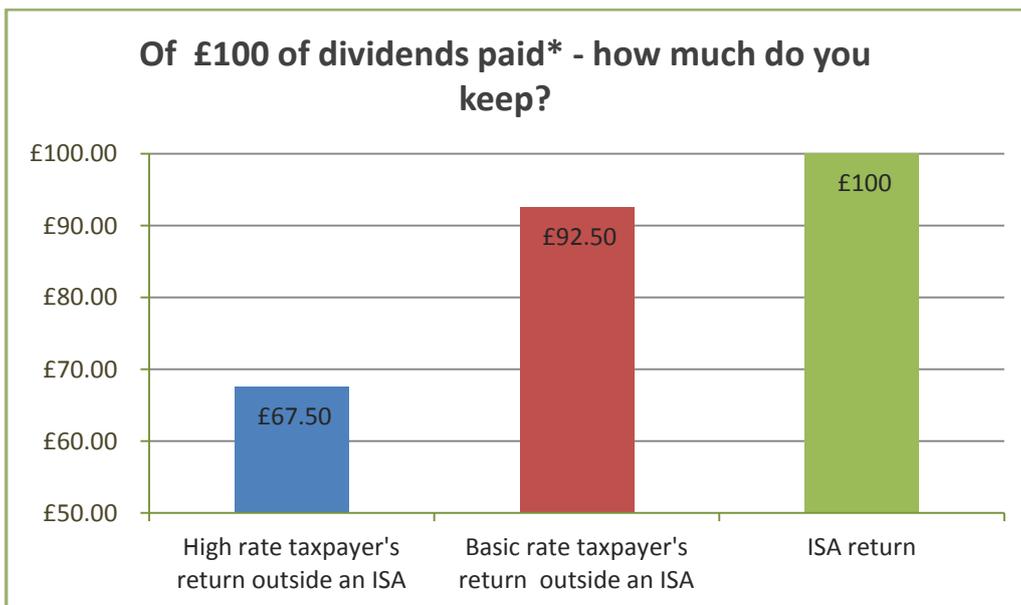


* above the Personal Savings Allowance

Income from Share Dividends

If you are a basic rate taxpayer, dividend income received that exceeds the new Dividend Allowance (£5,000 for 2016/17) will be taxed at 7.5%. You have no further personal income tax to pay on dividend income held inside or outside of an ISA.

However, if you are a higher rate taxpayer you would normally be subject to a further 32.5% tax on dividend income that exceeds the new Dividend Allowance.



* above the Dividend Allowance

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 10% tax for Basic Rate payers and 20% 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 £30,480 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. Tax rules may change in the future. Before taking any decisions, we suggest you seek advice from a professional financial adviser. Jackson Jeffrey Independent Financial Services is a trading name of Jackson Jeffrey Financial Services Ltd. Jackson Jeffrey Financial Services Ltd is a limited company registered in England and Wales. Registered number: 6916339. Registered office: Leofric House, Binley Road, Coventry, CV3 1JN.