



ISAs

ISAs (Individual Savings Accounts) are a simple, tax free way to save money because you do not pay tax on the interest received.

An ISA should be the first place that you put any savings.

For the most tax efficient method, ensure you and your spouse both utilise all your ISA allowances.

How are ISAs made up?

- Cash ISAs (fixed rate of income - risk free)
- Stocks & Shares ISAs (riskier than Cash ISAs as linked to the Stock Market)

Each tax year (6th April to 5th April) everyone aged 16 and over can put money into a Cash ISA and everyone aged 18 and over into a Stocks & Shares ISA.

How an ISA works:

- **Comparison to savings account:**

You pay tax on the interest received from a current or savings accounts at your highest rate of tax.

- **ISA Limits:** You cannot pay more money into an ISA than the maximum available for that tax year. If you withdraw any money from your ISA and you have already paid the maximum available, you cannot put any more into your ISA in that tax year.

- **Unused Allowances:** Any unused allowances cannot be rolled over into future tax years.

How much can be put into an ISA this year?

For 2012/13:

- Cash ISAs Up to £5,640
- Stocks & Shares ISAs Balance up to £11,280

3 scenarios:

- Pay into a Cash ISA only
- Pay into a Stocks & Shares ISA only
- Mix & Match –Cash ISA and Stocks & Shares ISA

An ISA should be the first place that you put any savings. Up to £5,640 can be put into a Cash ISA and the balance up to £11,280 can be put into a Stocks & Shares ISA in 2012/13.



Opening a new ISA:

When looking to open a new ISA in the new tax year, follow these simple rules:

- **CHECK** to see that the new ISA provider accepts transfers from existing ISAs (not all do).
- **NEVER** withdraw the money from your existing ISA to put into your new ISA – you will lose all the tax benefits.
- **Complete a transfer form** so your new provider can transfer the money from your old ISA to your new ISA.



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