financial services
moneyminder

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Don't miss the ISA deadline

Saving and investing for a future that matters. Yours.

Each tax year, we are given an annual Individual Savings Account (ISA) allowance. This can build up quickly, letting you accumulate a substantial tax-efficient gain in the long-term.

The ISA limit for 2020/21 is £20,000. The proceeds are shielded from income tax, tax on dividends and capital gains tax. To utilise your ISA allowance you should do so before the deadline at midnight on Monday 5 April 2021.

We've answered some typical questions we get asked about how to best use the ISA allowance to help make the most of the opportunities as this tax year draws to a close.

Q: CAN I HAVE MORE THAN ONE ISA?

A: You have a total tax-efficient allowance of £20,000 for this tax year. This means that the sum of money you invest across all your ISAs this tax year (Cash ISA, Stocks & Shares ISA, Innovative Finance ISA, or any combination of the three) cannot exceed £20,000.

Q: WHEN WILL I BE ABLE TO ACCESS THE MONEY I SAVE IN AN ISA?

A: You can take money out of your Cash ISA but how much, and how often, depends on which type of ISA you have. If your ISA is 'flexible', you can take out cash then put it back in during the same tax year without reducing your current year's allowance. Your provider can tell you if your ISA is flexible.

Stocks & Shares ISAs and Innovative Finance ISAs don't usually have a minimum commitment, which means you can take your money out at any point.

> " PUT YOUR 2020/21 ISA ALLOWANCE OF £20,000 INTO AN ISA BY 5 APRIL AND DON'T PAY TAX ON THE MONEY YOUR ISA MAKES "

That said, you should invest for at least five years. As such, if you're looking to use your money within the next few years, you should probably keep this in a Cash ISA.

There are different rules for taking your money out of a Lifetime ISA.

Q: CAN I TAKE ADVANTAGE OF A LIFETIME ISA?

A: You're able to open a Lifetime ISA if you're aged between 18 and 39. You can save up to £4,000 each tax year, every year until your 50th birthday. The government will pay an annual bonus of 25% (capped at £1,000 per year) on any contributions you make.

Q: WHAT IS AN INNOVATIVE FINANCE ISA?

A: An Innovative Finance ISA allows individuals to use some or all of their annual ISA allowance to lend funds through the Peer to Peer lending market. Peer to Peer lending allows individuals and companies to borrow money directly from lenders. Your capital and interest may be at risk in an Innovative Finance ISA and your investment is not covered under the Financial Services Compensation Scheme.

Q: WHAT IS A HELP TO BUY ISA?

A: A Help to Buy ISA is a government scheme designed to help you save for a mortgage deposit to buy a home. The scheme closed to new accounts at midnight on 30 November 2019. If you have already opened a Help to Buy ISA (or did so before 30 November 2019), you will be able to continue saving into your account until November 2029.

Q: I ALREADY HAVE ISAS WITH SEVERAL DIFFERENT PROVIDERS. CAN I COMBINE THEM?

A: Yes you can, and you won't lose the tax-efficient 'wrapper' status. Consolidating your ISAs may also substantially reduce your paperwork. We'll be happy to talk you through the advantages and disadvantages of doing it.

Q: CAN I TRANSFER MY EXISTING ISA?

A: Yes, you can transfer an existing ISA from one provider to another at any time as long as the product terms and conditions allow it. If you want to transfer money you've invested in an ISA during the current tax year, you must transfer all of it. For money you invested in previous years, you can choose to transfer all or part of your savings.

Q: WHAT HAPPENS TO MY ISA IF DIE PREMATURELY?

A: If you die, the money and investments you hold in an ISA will be passed on to your beneficiaries. After your death, your ISA will retain its tax benefits until one of the following occurs;

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INDEPENDENT FINANCIAL ADVISER

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the administration of your estate is completed or the ISA is closed by your beneficiary. ■

STILL UNSURE WHAT'S RIGHT FOR YOU?

Tax-efficiency is a key consideration when investing because it can make such an enormous difference to your wealth and quality of life. If you want to understand more about our ISA options 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.

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