



### **Cash and Stock & Shares ISA**

A tax-free wrapper around your Savings & Investment. Cash can be placed into a savings account or invested in funds without paying any tax on income or returns.

Cash, stocks & shares or a mixture of both are the alternative options available for these ISAs, it is possible to switch between them without affecting the tax free status.

Individuals must be UK resident aged 18 or over for a stocks & shares ISA or at least 16 for a cash ISA.

Each tax year, April 6<sup>th</sup> to April 5<sup>th</sup>, a fresh ISA allowance becomes available. The allowance is £20,000 this year for each individual.

### **HELP TO BUY ISA**

First-time buyers benefit from this monthly savings deal.

Up to £12,000 can be invested, a 25% bonus on savings is available up to a maximum of £3,000, if the maximum amount has been invested.

The bonus can be used to buy a home costing up to £250,000 outside London or £450,000 in the capital. The initial investment is up to a £1,000 lump sum, further sums of up to £200 a month can be added. Cash can be withdrawn for something other than a house deposit but the 25% bonus will be lost.

Applicants must be 16 or over and have never owned a home in the UK or abroad. Savings of no more than £1,200 can be allocated to a basic ISA in the tax year you open it.

### **JUNIOR ISA**

Junior ISAs (JISA) were introduced to replace the Child Trust Fund (CTF) in 2011, as a way for parents to save for their children.

They are only available to certain individuals under the age of 18:

- Those born on or after 3<sup>rd</sup> January 2011; and
- Those born before 1<sup>st</sup> September 2002.

Junior ISAs are effectively an extension of the existing cash and stocks & shares ISA regime and subject to the same rules and regulations.

Upon reaching 18, any Junior ISAs held by a minor will be converted into an 'adult' ISA, thereby safeguarding the tax efficiencies.

A maximum of £4,128 in the 2017/18 tax year can be placed into a Junior ISA and once an investment has been made, the money can only be accessed at age 18.



### **LIFETIME ISA**

This completely new savings account will be available from April 17, for those aged 18 to 39. A maximum of £4,000 a year can be allocated to a lifetime ISA and the government will add a further 25%. Annual subscriptions will count towards the overall £20,000 ISA allowance for 2017/18.

The money can be withdrawn at any time to buy a house worth up to £450,000. Alternatively the funds can be left until you reach the age of 60. Any money taken out earlier for reasons other than a house deposit will face charges of 5 per cent. Government top-ups and interest or growth on them will also be lost.

### **INNOVATIVE FINANCE ISA**

Innovative Finance ISAs allow savings to be held through peer-to-peer lenders or investments in companies through crowdfunding websites.

These accounts essentially cut out the middle man (the bank), so individual, or companies, borrow money directly from the lender.

Generally, interest rates are higher but there are greater risks of default.

**These ISAs are not covered by the Financial Services Compensation Scheme if the borrower defaults or the provider collapses.**