

A GUIDE TO

NISAs

WHAT EVERY INVESTOR SHOULD KNOW
ABOUT GREATER FLEXIBILITY, FREEDOM TO
TRANSFER AND IMPROVED TAX EFFICIENCY

FINANCIAL GUIDE



A GUIDE TO NISAs

YOUR QUESTIONS ANSWERED

Individual Savings Accounts (ISAs) have been around since 1999, providing a tax-efficient wrapper for savings and investments. However, in Budget 2014, the Chancellor, George Osborne, promised to increase the simplicity and flexibility of ISAs.

As of 1 July 2014, there is now a single ISA which has been named the new ISA, or 'NISA', which provides a bigger tax break than ever before and more flexibility about how it can be used. In our guide, we have provided answers to some of the main questions we have been asked regarding NISAs.

Q: WHAT IS THE NEW ISA?

A: From 1 July 2014, all ISAs will become New ISAs (NISAs). This applies to all existing ISAs and new accounts opened after 1 July. The Government is changing the name to reflect the significantly increased

limits and flexibility that will be available to account holders.

The NISA will be more generous and will offer flexibility to save your NISA annual allowance of £15,000 in cash, stocks and shares or any combination of the two. Under the NISA rules, you will also be able to transfer previous years' ISA savings freely between stocks and shares and cash if you wish.

Q: WHAT ARE THE NISA SUBSCRIPTION RULES FROM 1 JULY 2014?

A: From 1 July 2014, you can now split the amount you pay into an ISA between a Cash NISA and a Stocks & Shares NISA as you choose – up to the new overall annual NISA limit of £15,000. Previously, it has only been possible to save up to half of the overall ISA subscription limit in a Cash ISA. Any subscriptions you have made to an ISA since 6 April 2014 will count against the

£15,000 NISA subscription limit for 2014/15.

If you have paid into a Cash or Stocks & Shares ISA since 6 April 2014, you will not be able to open a further NISA of the same type before 6 April 2015. You may however make additional payments – up to the £15,000 NISA subscription limit – into your existing account(s) or by transferring those account(s) to another provider that will allow additional amounts to be added.

Q: WHAT IS THE LIMIT FOR NISA SAVERS UNDER THE AGE OF 18?

A: If you are aged between 16 and 18, you can hold a Cash NISA but cannot open a Stocks & Shares NISA. From 1 July 2014, you can now pay up to £15,000 into your Cash NISA for the tax year 2014/15. This is in addition to any amounts that you pay into a Junior ISA that you hold.

Q: CAN I NOW HAVE A SINGLE NISA FOR BOTH MY CASH AND STOCKS AND SHARES INVESTMENTS?

A: Yes, you will be able to hold cash tax-efficiently within your Stocks & Shares NISA if you wish and if your provider allows this.



Q: WHY DOES THE ISA SUBSCRIPTION YEAR RUN FROM 6 APRIL TO 5 APRIL, AND NOT ON CALENDAR YEARS?

A: This has always been the case since ISAs were introduced and reflects the fact that as a tax-efficient account, the ISA year is the same as the tax year.

Q: WILL THESE CHANGES ONLY APPLY FOR 2014/15 OR ARE THEY PERMANENT?

A: The new rules will apply for amounts paid to a NISA in 2014/15 and in future tax years. Each autumn, the Chancellor usually announces the new ISA limits for the next tax year.

Q: I PAID INTO A CASH ISA BEFORE 1 JULY 2014 AND THIS DOESN'T ALLOW ME TO ADD FURTHER PAYMENTS. WHAT CAN I DO?

A: You should discuss this with your ISA provider. You can only pay into one Cash ISA and one Stocks & Shares ISA in each tax year. So, if you have paid into a Cash ISA since 6 April 2014 and the terms and conditions of this account do not allow further amounts to be added, you cannot open another Cash ISA before 6 April 2015.

Individual Savings Accounts (ISAs) have been around since 1999, providing a tax-efficient wrapper for savings and investments. However, in Budget 2014, the Chancellor, George Osborne, promised to increase the simplicity and flexibility of ISAs.



However, if appropriate, you may make additional payments by opening a Stocks & Shares ISA or by transferring your Cash ISA to another provider that will allow additional amounts to be added. The terms and conditions of your account should make clear whether there are any restrictions on the number of payments that you can make.

Q: I HOLD A JUNIOR ISA — IS THE SUBSCRIPTION LIMIT CHANGING?

A: Yes. On 1 July, the amount that can be paid into a Junior ISA for 2014/15 increased to £4,000.

Q: WHAT ARE THE NEW RULES ON TRANSFERS?

A: From 1 July 2014, you can transfer amounts you hold in a Stocks & Shares NISA to a Cash NISA. This applies to amounts that you have paid in since 6 April 2014, as well as amounts that you have paid in during previous tax years. As previously, you will also be able to transfer any funds from a Cash NISA to a Stocks & Shares NISA if you wish.

Q: HOW DO I TRANSFER SAVINGS FROM MY STOCKS & SHARES NISA TO MY CASH NISA?

A: From 1 July 2014, you can approach the provider of the Cash NISA you wish to transfer your funds to, who will contact the manager of your Stocks & Shares account to arrange the transfer. You should not withdraw sums from your Stocks & Shares account yourself in order to deposit it into a Cash NISA. If you do, any amount that you pay in may count as a fresh payment against your overall limit of £15,000.

Q: WHAT AMOUNTS CAN BE TRANSFERRED FROM A STOCKS & SHARES NISA TO A CASH NISA?

A: Different rules apply depending upon when you paid the relevant amounts into your Stocks & Shares ISA.

If you wish to transfer savings relating to any current year's

payments to your account (i.e. amounts you have paid in after 6 April 2014), you must transfer these as a whole.

However, any savings relating to payments to your account in earlier years (amounts you have paid in before 5 April 2014) can be transferred to a Cash NISA in whole or in part. Not all ISA providers will allow part transfers, so you should check this with the provider of your Stocks & Shares NISA when deciding whether to transfer.

Q: CAN I TRANSFER SAVINGS BACK AGAIN?

A: Yes – after 1 July 2014, you can now transfer between Cash and Stocks & Shares NISAs as many times as you wish.

Q: HOW LONG WILL THE TRANSFER TAKE?

A: If you transfer savings from a Cash NISA to another Cash NISA, your transfer must usually be completed within 15 business days of you requesting it. Any other type of account transfer must usually be completed within 30 days of you requesting it.

Q: CAN I NOW HAVE A SINGLE NISA FOR BOTH MY CASH AND STOCKS AND SHARES INVESTMENTS?

A: Yes, you will be able to hold cash tax-efficiently within your Stocks & Shares NISA if you wish and if your provider allows this. However, many savers may prefer to hold separate NISAs for cash and stocks and shares investments, and can continue to do so.

Q: WHAT ELSE CHANGED TO THE RULES ON NISA INVESTMENTS FROM 1 JULY 2014?

A: You can now acquire the following investments to hold in your Stocks & Shares NISA:

- Certain Core Capital Deferred Shares issued by a building society;

- Certain securities, such as retail bonds, which have less than five years to run to maturity at the time they are first held in your account; and
- Certain investments that do not currently satisfy the current ‘cash-like test’ for Stocks & Shares ISAs, such as some company shares, units or shares in a collective scheme, and some types of insurance policy

In addition, cash held in Stocks & Shares NISAs need not be held for the purpose of investing in qualifying investments. Any interest arising on this cash will not be subject to a flat rate charge of 20%. If you wish to hold any of the above investments in your Stocks & Shares NISA, you should discuss this with your provider, who will be able to advise further.

Q: CAN I HOLD A PEER-TO-PEER LOAN OR SECURITIES OFFERED VIA CROWDFUNDING PLATFORMS IN MY NISA?

A: The Government intends to enable peer-to-peer loans to be held within NISAs and will consult on how to implement this later in 2014. The Government will also explore extending NISA eligibility to debt securities offered via crowdfunding platforms.

NISA SUBSCRIPTION LIMIT

As of 1 July 2014, there is now increased flexibility in the way that you can use your NISA allowance.

You can now allocate:

- the full £15,000 in a Stocks & Shares ISA
- the full £15,000 in a Cash ISA
- any combination of amounts between a Stocks & Shares ISA and a Cash ISA up to the new limit

HAVE YOU TAKEN FULL ADVANTAGE OF YOUR NEW NISA ALLOWANCE?

We hope you’ve found our NISA guide useful. The new NISA allowance rules provide you with the ideal opportunity to grow your investment portfolio tax-efficiently. To discuss how we could help you start to build the foundations of an investment plan or even enhance your existing investment strategy, please contact us – we look forward to hearing from you.

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. THE VALUE OF INVESTMENTS AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

If you transfer savings from a Cash NISA to another Cash NISA, your transfer must usually be completed within 15 business days of you requesting it.





**YOU CAN NOW ALLOCATE:
THE FULL**

£15,000

- ✓ **IN A STOCKS & SHARES ISA**
- ✓ **THE FULL £15,000 IN A CASH ISA**
- ✓ **ANY COMBINATION OF AMOUNTS BETWEEN
A STOCKS & SHARES ISA AND A CASH ISA
UP TO THE NEW LIMIT**

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