

True Potential Investor ISA Quick Facts



true potential investor

What is an ISA?

An Individual Savings Account (ISA) serves as a 'wrapper' to protect savings from tax, allowing individuals to invest monies up to maximum limits (by way of regular or single amounts) each tax year in a range of savings and investments and pay no personal tax on the income or profits received.

The current ISA allowance (the amount that can be invested in each tax year) is £15,240. The total allowance can be split as desired between a Cash ISA and a Stocks and Shares ISA.

It is also possible to transfer between a Stocks and Shares ISA and Cash ISA. Please note however, True Potential does not offer a Cash ISA.

Who can invest in an ISA?

To be eligible to invest in an ISA, an investor must be an individual (i.e. not a company or trustee) who is 18 years of age or over and who is resident and ordinarily resident in the UK (or is a Crown servant serving overseas or the spouse of such an individual who accompanies their spouse abroad).

When an individual ceases to be eligible to invest in an ISA, any existing ISAs will continue to be exempt from UK tax, but future contributions to regular investment ISAs must be terminated and no further single contributions may be made.

Each individual may effect a Stocks and Shares and/or Cash ISA each tax year (subject to prescribed limits). A husband and wife are treated as separate individuals so that although joint ownership of an ISA is prohibited each may fully subscribe to ISAs in their own name.

How am I taxed on my ISA?

- There is no personal tax on any income taken and no capital gains tax on any gains made.
- Income and gains from ISAs do not need to be included in tax returns.
- Money can be withdrawn from an ISA at any time without losing the tax breaks.
- Any investment returns received will be largely tax-free, although the tax credit on dividend income received by the fund is not recoverable.
- Cash and fixed interest funds are deemed to receive interest rather than dividends and a 20% credit is recoverable within the fund.

What is the difference between a Stocks and Shares ISA and a Cash ISA?

1. **Stocks and Shares ISA** - contains either individual shares or bonds, or pooled investments such as open-ended investment funds, investment trusts or life assurance investments.
2. **Cash** - usually containing a bank or building society savings account.

Can I open more than one Cash ISA and Stocks and Shares ISA?

You are only able to subscribe to one Cash ISA and one Stocks and Shares ISA each tax year. The changes mean that you can now transfer money between these accounts freely and can invest up to £15,240.

What are the risks of investing in an ISA?

Your main risks are:

- The value of your investment may rise or fall and you may get back less than you invested.
- What you get back will depend on future performance, nothing is guaranteed. Past performance is no guarantee of future performance.
- Our charges may increase.
- If you withdraw money you may get back less than you invested because:
 - a) your investments grow less than illustrated;
 - b) you take money out; and/or
 - c) you do not invest as planned.
- Tax rules can change at any time.
- If you cancel and your investments have fallen in value, you will not get back the full amount you invested or transferred.

Your capital is at risk. Investments can fluctuate in value and you may get back less than you invest. Past performance is not a guide to future performance. Tax rules can change at any time.

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