

THE ADVISER.

June - August 2009

Welcome to the Richard Subden Insurance Consultants Ltd Summer edition of The Adviser. If you feel that the information contained needs further clarification or you require Independent Financial Advice then why not contact us on the numbers below or via our website, www.lifeandpensionsnetwork.co.uk

The new ISA limits

In the 2008 Budget, the Chancellor announced changes to ISAs that became effective at the start of the 2008 tax year. The highest profile was the change to investment limits as the Government eliminated the mini and maxi components.

Now, there are just two types of ISA - the cash ISA and the stocks and shares ISA - and your overall allowance for both in 2009/10 is £7,200 (or, from October, £10,200 if you are aged over 50). Within this, the limit for cash ISAs - or for the cash element within a stocks and shares ISA - is £3,600 (£5,100).

Within the limits, there is flexibility. You can, for example, now put the maximum £3,600 in a cash account and £3,600 in a stocks and shares account. Alternatively, if you place just £2,000 in cash, you can use the entire remaining balance - £5,200 - to invest in stocks and shares. If you don't need cash at all, you can put the full allowance into stocks and shares. You can also transfer existing cash ISA holdings to a stocks and shares ISA without impacting on your current tax year allowance. So, if you have £10,000 already sitting in existing ISA plans then this amount can be moved to a stocks and shares ISA, yet leave your allowance of £7,200 still available.

The only other change is we have finally seen the back of PEPs. Although no new money has been invested in PEPs since 1999, the distinction remained. PEPs are now part of the ISA regime and the plans can be consolidated under one product wrapper. Existing PEP holders should see little difference, but do check with your adviser if you are unsure.

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The benefit of advice

The mortgage market is highly competitive and lenders constantly bring out new deals. They are required to provide Key Facts and illustrations, but many can only provide information - they cannot give advice on whether their loan or another provider's is best for you. In the UK, residential mortgage advice is regulated by the Financial Services Authority. Advisers use their research skills and sourcing systems to keep up to date with details of all the latest mortgage products so they can find the best rates and deals - and explain which one will best suit your requirements. So, if you want someone to do the hard work, then see an expert.