Individual needs. Independent Financial Advice.

RNS

James has £10,000 in his current account, £40,000 in a savings account, and £30,000 in an ISA account, with his high street bank. He does not have an account manager at the bank anymore and there has been nothing done with the accounts for some time.

A review by RNS highlights that he has unused tax free ISA allowances and that the ISA has been neglected and fallen into a 'zombie account' earning just 0.1% interest.

We transfer the £30,000 from the existing ISA into a new account, and add an extra £20,000 for the current tax year, meaning he has £50,000 in tax free accounts instead of £30,000. And to get a better return the money is invested into the Prudential PruFund Growth account, which has an expected growth, net of all charges, of 4.7% a year.

Kimberly's business is going well and she has spare money each month that she would like to save.

We recommend and set up an ISA investment account paid into each month by standing order. She pays £250 in each month to begin with and can increase or decrease it in the future if she chooses.

Because she is investing every month she is not concerned with short term fluctuations in the stock market and she expects her investments will average out over the years.

We invest her premiums into a portfolio of five investment sub-funds, grouped together in a 'wrapped' account, meaning she is invested in stocks and shares in the UK, Europe, America and China.

Vince and Laura have started a family and expect they will need to provide a helping hand in the future for their new daughter. They ask us for advice and have heard about Junior ISAs.

Savings of £100 per month, assuming growth of 5% per annum, would result in a fund when their daughter turned 18 of around £32,000.

We discuss Junior ISAs but Laura and Steve did not know control of a Junior ISA automatically passes to the child when they turn 18.

They felt this was too young so we recommend an ISA account called a designated account, which is savings earmarked for their daughter separately from their own, but that stays under their control until they are ready to give her the money.

David has saved into ISAs with his high street bank in the lead up to his retirement. Now he has retired he has time to review his finances and finds he has a total of £100,000 spread across several ISA accounts at the bank and £30,000 in his current account. With a total of £130,000 at the bank he is aware he has deposited more than the £85,000 compensation scheme limit would protect. In addition, he has £53,000 in an old stocks and shares ISA, originally a PEP from years ago.

A review by RNS confirms he is over the limit for protection with the Financial Services Compensation scheme, but that would only be an issue if the bank was to become insolvent. David feels, regardless of this, he has too much deposited with just one bank and also the interest rates on all of his old accounts have fallen and there is no income being generated to help complement his pensions.

The review also highlights that his stocks and shares ISA, which has done well in the past, is invested in high risk growth funds. Now he is retired he is not comfortable with how much the value can fluctuate.

We recommend transferring the £53,000 stocks and shares ISA and £50,000 from his cash ISAs into a Prudential PruFund Cautious account, which has an expected growth rate, net of all charges, of 4%. It pays out to him at the rate of £250 each month as a tax free income to complement his pensions.

The other £50,000 in his ISAs is moved into a new cash ISA. The interest rate on the cash ISA is not as good as the Prudential ISA but David is planning to change his car in the next 12 months so it is inadvisable to invest it, because his new investments, even though they are low risk, could still fluctuate from time to time.

Ben is the director of his own company and draws dividends each year. When one of his uncles passes away he receives an inheritance of £75,000. He wants to invest this money wisely and hopes it will be a long term investment that can grow now and give an income later.

We recommend a portfolio of ten investment sub-funds, grouped together in a 'wrapped' account, invested in growth stocks and shares. The objective of growth stocks is to make money through share price appreciation over time. These shares do not generate any dividend income so there is no income tax.

£20,000 can be invested into an ISA but the other £60,000 cannot. It would exceed the annual limit. But, by using a 'wrap' account, we can mirror the investment portfolio in ISA and non-ISA parts of the account. Then each tax year we can switch £20,000 from the non-ISA part into the ISA part, without disrupting the overall investment strategy.

After 4 years, all of the money is now in an ISA. Then Ben wants an income. So we can switch into income paying funds and all of the income is tax free because it is now derived from the ISA.

Also, switching the investments does not incur any capital gains tax, even though they have made gains, because ISAs are exempt.

Give us a call for a completely free, no obligation meeting.

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