

# My ISA - time to take control

Your guide to ISAs and making the most of a valuable tax-efficient allowance





## An Individual Savings Account (ISA) is a great way of investing for your future

This is because you don't pay any income or capital gains tax on the returns you make. And the less you pay in tax, the higher your returns could be over the long term. Put simply, they're tax efficient accounts that could make your money work harder for you. An ISA doesn't

even need to be declared on your annual tax return. What's more, you can access your money whenever you wish, although most ISAs are designed to be medium to long term investments, which is typically a period of at least 5 years.

## What types of ISA are there?

**The government has introduced different kinds of ISAs but the two most common are:**

- **A Stocks and Shares ISA** - As the name suggests, this ISA allows you to hold investments like bonds and shares in a tax-efficient way. It could be a good option if you're looking to grow your investment or seeking a tax-free income. Please bear in mind there is a possibility you could lose money if your investments perform poorly and you could get back less than you invested. A stocks and shares ISA should be regarded as a medium to long term investment (five years or more).
- **A Cash ISA** - This is an option if you're not comfortable with the risk of losing money. It pays interest and is usually a good home for your shorter-term cash savings, though, if the interest paid doesn't keep pace with inflation, the purchasing power of your money can reduce over time.

## You can also invest in the following types of ISA:

- **Junior ISA** - This ISA offers a tax-efficient way to save on behalf of a loved one, such as your child or grandchild. The money is held in the child's name and is locked away until they reach age 18. If you contribute to a Junior ISA, the money is considered a gift to the child.
- **A Lifetime ISA** - This is an ISA for adults aged between 18 and 39. It is designed to help people save for their first home or retirement, at which times the Government will pay a bonus on the money invested. If withdrawn at other times a penalty is incurred. This means you could get back less than has been paid in.
- **An Innovative Finance ISA** - This ISA allows you to lend your money to individuals or businesses. They pay you interest in return and pay your capital back over time. The interest you receive is tax free, although your money is not protected by the Financial Services Compensation Scheme and your money is at risk.

## Can I open an ISA?

**You can only open one of each type of ISA in a tax year. In addition, you can open a Junior ISA which would be held in the child's name.**

### **To invest in an ISA you'll need to be:**

- Aged 16 or over for a cash ISA
- Aged 18 or over for a stocks and shares ISA, Lifetime ISA or Innovative Finance ISA
- Resident in the UK (or a Crown employee)
- Investing in your own name (ISAs cannot be held in joint names)



## How much can I invest?

Because of the tax advantages of ISAs, the Government does restrict how much you can invest in each tax year. In total, the maximum you can invest across all of your ISAs is:

**£20,000 in the 2023/24 tax year which begins on 6 April 2023.**

In addition, you can invest up to £9,000 in a Junior ISA.

Some ISAs, including the Aviva Stocks & Shares ISA, are 'flexible'. This means you can replace any money you take out without it reducing your current year's allowance - as long as you do so in the same tax year.

You can't carry forward any unused allowance to the following tax year. If you don't use it, it's lost forever. That's why it's a good idea to try to take full advantage of your ISA allowance each year wherever possible.

# What are the tax benefits?

All ISAs are tax-efficient investments. This is because you pay no income or capital gains tax on your returns. This can make a significant difference over the long term - whether you're investing for income or growth.

The table below illustrates how tax is typically paid on financial gains and income by comparing the ISA to other taxable savings and investment products

you can begin to understand the potential benefits of tax-efficient investing.

The exact tax benefits of an ISA will depend on your personal circumstances. It is also possible that the government will change how ISAs are taxed in the future. Some investment returns may be received by the ISA Manager with tax credits, or after tax deductions, which they cannot reclaim.

Rates of tax	Basic rate tax payer	Higher rate tax payer	Additional rate tax payer	ISA investor
Capital gains on most investments (in excess of the £6,000 annual allowance)	10%	20%	20%	0%
Dividend income over £1,000 (i.e. income from shares)	8.75%	33.75%	39.35%	0%
Interest income (i.e. from cash, corporate bonds and other fixed interest investments)	20% (over £1,000)	40% (over £500)	45%	0%

# Which ISA is right for me?

The kind of ISA you choose will largely depend on three factors:

- **Your goals and objectives**
- **Your appetite for risk**
- **How long you want to save/invest for**

A cash ISA typically provides a steady level of growth and could help you achieve your short-term savings goals. But, with interest rates continuing to be historically low, your returns may be limited and the level of growth may not keep pace with inflation.

If you're happy taking some risk with your money - and you're investing over the longer term - you could consider a stocks and shares ISA. Lifetime ISAs and Innovative Finance ISAs tend to be less popular as they suit more specific needs, so need to be considered carefully. These all offer different potential for growth and there is a possibility you could lose money.

If you're not sure which ISA is right for you, we recommend you speak with a financial adviser.

## Why choose Aviva?

Our online investment service, available through MyAviva, offers you a great way to benefit from the tax advantages of a stocks and shares ISA.

Create your MyAviva account then log in for access to our convenient online investment service. If you need any help and support, you can find a comprehensive range of tools and educational articles close to hand.

You can control your ISA through MyAviva. So, for example, you can check the value of your ISA and make changes whenever you wish. You can also view most other Aviva products you have, saving you time and hassle – you'll just have one account to manage and less paperwork to deal with.

What's more, if you hold ISAs with other companies, you can move these across to

Aviva. However, this could be a complex decision and you should compare the features, charges and fund ranges of your existing investment and Aviva as these may be different. Remember, the value of your investments can go down as well as up and you may get back less than you paid in. If you're in any doubt about whether transferring is right for you, we always recommend that you get advice from a financial adviser, for which you will need to pay a fee. If you don't have a financial adviser, one can be found at **[unbiased.co.uk](https://unbiased.co.uk)**

Once you've considered the implications and you think it might be right for you, just make the request online and we'll do all the hard work of arranging the transfers from your current providers.

## The benefits of the service

- ✓ **Convenience** - Your investments are held together in one online place.
- ✓ **Choice** - Lots of options for both newer and experienced investors.
- ✓ **Control** - You can make changes to your investments at any time.
- ✓ **Help and support** - You can draw upon handy tools, guides and articles.
- ✓ **Provided by a trusted brand** - We've been protecting our customers' well-being for over 325 years.





## What investments can I choose for my Aviva Stocks & Shares ISA?

You don't have to pick what to invest in. You can choose from one of our ready made funds to get you started. Rather than deciding which individual stocks and shares you'd like to invest in, funds are made up of pre-selected stocks, shares and assets, and would typically help you spread your money across a wider range of investments. In other words, they could offer you instant diversification – but always take a look at the fund factsheet. What's more, this is at a lower cost than if you bought all the bonds or shares yourself and you'll also benefit from the expertise and experience of a professional investment manager.

You can choose from a wide array of funds when you invest through our stocks and shares ISA. Whether you're a seasoned

investor or just starting out, our range is designed to meet your needs. You can pick from:

**Ready-made funds** - These are designed for those relatively new to investing. You simply select the one that matches the risk level you feel comfortable taking.

**Our experts' shortlist** - You can pick from funds which Aviva Investors believe stand out from the crowd.

**The full fund range** – If you'd prefer to choose your own funds, you can pick from our full range of funds offered by a wide range of investment companies. You can even search using key words for example 'ESG' 'ethical' 'social'.

You can find full details of our Aviva Stocks & Shares ISA at  
[aviva.co.uk/investments/investment-products/stocks-and-shares-isa](https://aviva.co.uk/investments/investment-products/stocks-and-shares-isa)

## Open your Aviva Stocks & Shares ISA

Taking out an Aviva Stocks & Shares ISA is easy:

1. Visit [aviva.co.uk/investments/investment-products/stocks-and-shares-isa](https://aviva.co.uk/investments/investment-products/stocks-and-shares-isa)
2. Choose the Aviva Stocks & Shares ISA option
3. Log in, or register for your online account
4. Follow the simple steps, inputting your details along the way

### Any questions?

You can call us on **0800 285 1088**

You can contact us by email at [myinvestmentportfolio@aviva.com](mailto:myinvestmentportfolio@aviva.com)

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