



My time to take control ISA

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





My making the most of it ISA

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 longer-term investments.

What types of ISA are there?

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

1. 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 long-term investment (we think for at least five years). The only kind of ISA offered by Aviva is a stocks and shares ISA.

2. A Cash ISA - This is an option for any money you wish to reduce the risk of losing. 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:

- ✓ **A 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 Help to Buy ISA, closing to new investors on 30 November 2019** - This is a Cash ISA designed for first-time property buyers. The government adds a 25% bonus (up to £3,000) to your savings which is paid when your property purchase is complete
- ✓ **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.
- ✓ **A Lifetime ISA** - This is a newer ISA for adults aged between 18 and 39, which was introduced in April 2017. It is designed to help people save for their first home and their retirement. The government pays a bonus on the money you invest.

You can only open one of each type of ISA in a tax year.

Can I open an ISA?

To invest in a Cash or stocks and shares ISA, you'll need to be:

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

You can find full details of our Stocks and Shares ISA at www.aviva.co.uk/investments/investment-products/stocks-and-shares-isa



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. 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 £12,000 annual allowance)	10%	20%	20%	0%
Dividend income over £2,000 (i.e. income from shares)	7.5%	32.5%	38.1%	0%
Interest income (i.e. from cash, corporate bonds and other fixed interest investments)	20% (over £1000)	40% (over £500)	45%	0%

How much can I invest?

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

£20,000 in the 2019/20 tax year which begins on 6 April 2019.

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. You should therefore look to take full advantage of your ISA allowance each year wherever possible.

Cash ISA or Stock & Shares ISA?

Whether you invest in a cash ISA or a stocks and shares ISA will largely depend upon 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, potentially 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.

These offer a higher potential for growth, over a longer period of time. However there is the possibility that 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 an ISA. Create your MyAviva account then log in for access to our convenient online investment service. Plus, 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 and pensions with other companies, you can move these across to Aviva. Having all your money under one roof could make it that bit easier for you to keep track of your investments.

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.
- ✓ **Clear & simple charges** - charges will depend upon how much you invest.
- ✓ **Accessible and affordable** - Invest from just £50 per month.
- ✓ **One place for everything** - The ability to bring all your investments together through a simple online process.
- ✓ **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 300 years.

However, bear in mind this could be a complex decision and you need to consider the charges, fund range and any valuable benefits that could be lost. 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 investing is right for you, we always recommend that you get advice from a financial adviser, for which you will need to pay a fee.

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.



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 &

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 around 70 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 thousands of funds offered by a wide range of investment companies.

You can find full details of our Stocks and Shares ISA at www.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 www.aviva.co.uk/investments/investment-products/stocks-and-shares-isa**
- 2. Choose the Stocks & Shares ISA option and pick your funds**
- 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**

Lines are open:

Monday - Friday: 8.00am - 6.30pm

Saturday: 8.30am - 12pm

Calls are free from UK landlines and mobiles.

For our joint protection, telephone calls may be monitored and will be recorded and saved for at least five years.

Contact Aviva today
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