

A GUIDE

ALL ABOUT ISAS



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SECTION 1

INTRODUCTION

Welcome to the Miss Lolly guide to ISAs – a jargon-free look at all the different types of ISA available and their uses. This guide is for those who may have heard of the term 'ISA' but do not necessarily understand what they are, how to get one and how they can help reach financial goals, as well as those who are just looking for examples of companies that offer exactly what they are looking for!

Miss Lolly is here to go through everything you might need in approaching an ISA investment. A little bit of knowledge is all you need! If you have any questions following reading through the guide, send them through to the [website](#) and an answer will be up on the site or in a blog as soon as possible.



Lots of Love

Miss Lolly xx

**This is not
advice**

SECTION 2

WHAT IS AN ISA?

Initially, an ISA is an acronym. It stands for Individual Savings Account. Like a bank account, you can put money into an ISA as savings. The main difference with an ISA is the interest payments are made tax-free, meaning you could get more for your money.

There are two main types of ISA:

CASH ISA

- A **CASH ISA** is closest to a normal bank account.
- You can open one from the age of 16.
- You can usually get instant access to your savings without penalty.
- **Note:** Fixed-Rate Cash ISAs are also available and offer higher interest rates because you cannot access your savings as easily. There may be penalties to take out money before the term is up.

USUALLY USED FOR:

Short to medium-term savings, but there is a risk that inflation can erode the value of the cash held, especially over the long-term.

STOCKS & SHARES ISA

- A **STOCKS & SHARES ISA** is sometimes known as an Investment ISA.
- You can open one from the age of 18.
- You have access to all different types of funds to invest your money.
- You cannot get instant access to your savings.
- **Note:** Any income (growth, dividends, interest) from an investment you have in your Stocks & Shares ISA is automatically tax-free. The ISA acts as a 'wrapper' around anything inside, giving it all tax-free status.

USUALLY USED FOR:

Medium to long-term savings. For a higher level of risk, you may get back potentially higher rewards. However, as you are investing in funds, your money can go down as well as up and you may not get back everything you have invested.

An ISA is a savings account with added advantages – particularly with any income being tax-free, so you could get more back for your money. There are other **subtypes of ISA**, which will be covered later in this guide.

SECTION 3

HOW DO THEY WORK?

There are many different ways to set up an ISA. You can open one at a bank, from an online broker, via a financial adviser, directly from an investment management company. In fact, there are so many you may have to research which is best for you. This is where the Miss Lolly guide aims to help.

You can open one Cash ISA and one Stocks & Shares ISA each tax year (which runs April 6th to April 5th).

There is an annual limit on how much you can invest into an ISA. Currently **the limit is £20,000**. This amount can be mixed and matched across both types of ISA, or all held in one.

It is also possible to transfer money between the two if required, but this is subject to certain rules.

WITHDRAWING MONEY

If your ISA allows it (i.e. not a fixed-term or investment ISA) you can withdraw money at any time. If it is a 'flexible' ISA this means that you can withdraw money and add it back into your ISA without it affecting the annual limit, sometimes called the annual allowance.

CHOOSING AN INVESTMENT

With a Stocks & Shares ISA, you can choose where your money is invested. There may be multiple reasons why a certain investment was chosen, for example:



Performance

The fund has done well over the past few years, and you hope that this will continue. (But remember that past performance does not predict future performance – you may not get everything back that you invest!)



Beliefs and preferences

There are a lot of different investments out there now that cater to specific interests, beliefs and preferences. For example, Shariah investments filter out any companies that do not match with Islamic beliefs. Or there is the topical investment issue of ESG – Environmental, Social and Governance Investing. Investors use these three criteria to judge and evaluate a company's sustainability performance.



Social concerns

You may wish to invest in companies who aim to make the world better and improve society, such as wind farms, alternative energy sources and so on.

The other aspect of investing in funds via an ISA is to consider the extra charges there may be on the funds themselves. These will reduce your overall investment whether your pot grows or falls. You should take note of any charges and how they will affect you before you decide on your final investment portfolio.

Note: This information was put together using Miss Lolly's current understanding of tax rules. Tax treatment does depend on individual circumstances.

SECTION 4

WHAT ARE THEY USED FOR?



The main reason for having an ISA (either type) is for tax-efficient savings.

An adviser or financial planner may also use ISAs as part of a recommendation to help meet your financial goals and they will have different reasons for doing so, depending on your individual circumstances. To keep it simple for this guide, the examples are given with you as an individual investor in mind, without financial advice.

There are other types of ISA that are designed to be used for a specific purpose, including:

JISA



- **Junior Individual Savings Account;** as may be clear from the name, these are ISAs for children.
- They can be opened on behalf of a child (by parents or guardians with parental responsibility) from birth to 17 years old.
- The account remains in the adult's name until the child is 16, but the child cannot access the money until they are 18.
- **Note:** The annual limit for JISAs is different to the adult ISA limit – it's currently £9,000.

JISAs replaced CTFs (Child Trust Funds) in 2011, but those with older children may still have funds invested in a CTF. These can be transferred into a JISA at any time.

LISA



- **Lifetime Individual Savings Account;** this can be used to save for your first house, or retirement, or both.
- You can open a LISA between the **ages of 18 to 39.**
- You can only save a total of £4,000 a year into your LISA, but you do receive a 25% bonus from the Government on everything you put in, up to a maximum of £1,000 a year. You receive this bonus monthly directly into your LISA.
- You cannot withdraw funds from a LISA for any reason other than a house purchase, retirement or extreme ill-health without a 25% penalty.
- **Note:** There are more rules and restrictions on a LISA than on any other type of ISA, but it is a great way to start saving to buy a property.

As you can see from all of the above, there are many options to consider when it comes to ISAs. The guide will now concentrate on some examples of ISAs that provide the various options already covered, and some others that may also be useful in certain circumstances.

SECTION 5

EXAMPLES OF ISAS AVAILABLE

For more information on any of the ISAs you see below, click on the links to go to the provider page.

EASY TO BUILD AND MANAGE

ISAS WITH PORTFOLIOS DESIGNED AROUND YOU:



e>estor
by OpenMoney

Evestor - gives you the option to select from 3 portfolios - low risk, medium risk or high risk.



moneyfarm

Moneyfarm - using your risk questionnaire answers, Moneyfarm invests you into 1 of 7 portfolios. Also gives you the option to invest into ESG portfolios.



EXO INVESTING

Exo - creates a bespoke portfolio based on your questionnaire answers. Also gives you three options to allow you to build the portfolio yourself if you want to.



nutmeg

Nutmeg - invests you into a bespoke portfolio, aligned with one of four investment styles (including ESG) and with 10 differing risk levels.



wealthify

Wealthify - you pick from 5 differing risk levels, and Wealthify invests you into a portfolio aligned with your tolerances either in the original or ethical range of portfolios.

ISAS WITH A SMALL IN-HOUSE FUND RANGE:



Vanguard®

Vanguard - 'LifeStrategy' range



HSBC

HSBC - 'Global Strategy Portfolio' or 'Global Strategy Sustainable Portfolio' range



PRUDENTIAL

Prudential - 'PruFund' range



Legal & General

Legal & General - 'Multi-Index' range

ISAS BY MONEY AVAILABLE FOR INVESTMENT

BEST FOR (INVESTMENT PER MONTH):

£100 to £10,000 Investors

Natwest	0.15% per annum
Vanguard	0.15% per annum
RBS	0.15% per annum
Barclays Smart Investor	0.20% per annum
BestInvest	0.20% per annum
Bank of Scotland	0.24% per annum
AJ Bell YouInvest	0.25% per annum
HSBC UK	0.25% per annum
Legal & General	0.25% per annum
Prudential	Just fund costs

£50,000 Investors

Halifax Share Dealing	£36 per annum (equates to 0.07%)
Lloyds Bank Share Dealing	£40 per annum (equates to 0.08%)
Bank of Scotland (self-select)	0.11% per annum
RBS	0.15% per annum
Natwest	0.15% per annum
Vanguard	0.15% per annum
Barclays Smart Investor	0.20% per annum
BestInvest	0.20% per annum
Bank of Scotland	0.24% per annum
Prudential	Just fund costs

£100,000 Investors

Halifax Share Dealing	£36 per annum (equates to 0.04%)
Lloyds Bank Share Dealing	£40 per annum (equates to 0.04%)
Bank of Scotland (self-select)	0.06% per annum
RBS	0.15% per annum
Natwest	0.15% per annum
Vanguard	0.15% per annum
Barclays Smart Investor	0.20% per annum
BestInvest	0.20% per annum
Bank of Scotland	0.24% per annum
Prudential	Fund AMC reduced by 0.05% per annum

£500,000 Investors

Halifax Share Dealing	£36 per annum (equates to 0.01%)
Lloyds Bank Share Dealing	£40 per annum (equates to 0.01%)
Bank of Scotland (self-select)	0.01% per annum
RBS	0.15% per annum
Natwest	0.15% per annum
Vanguard	0.15% per annum
AJ Bell YouInvest	0.18% per annum
Barclays Smart Investor	0.20% per annum
BestInvest	0.20% per annum
Prudential	Fund AMC reduced by 0.15% per annum

ISA PROVIDERS WITH THE BIGGEST FUND AND STOCK RANGE (2,000+)

- AJ Bell YouInvest
- Aegon (Cofunds)
- Barclays Smart Investor
- Bank of Scotland (self-select)
- BestInvest
- Charles Stanley Direct
- EQi
- Fidelity
- Halifax Share Dealing
- Hargreaves London
- Interactive Investor
- Standard Life Abrdn
- Strawberry Invest
- Willis Owen



ISAS BEST FOR FAMILIES

FAMILY LINKING AVAILABLE

Family Linking is a form of multi-person discount. Some providers allow you to link your account with other family members, and then benefit from a discount based on your pooled fund values, which helps to drive down costs.

- AJ Bell YouInvest
- Standard Life Abrdn

PROVIDERS WHICH ALSO PROVIDE STOCKS & SHARES JISAS

- Aegon
- AJ Bell
- Aviva
- BestInvest
- Charles Stanley Direct
- Fidelity
- Hargreaves
- HSBC
- Moneyfarm
- Natwest
- Redmayne Bentley
- Santander
- Scottish Friendly
- Shephards Friendly
- Skipton
- Standard Life Abrdn
- True Potential
- Vanguard
- Willis Owen
- Wealthify

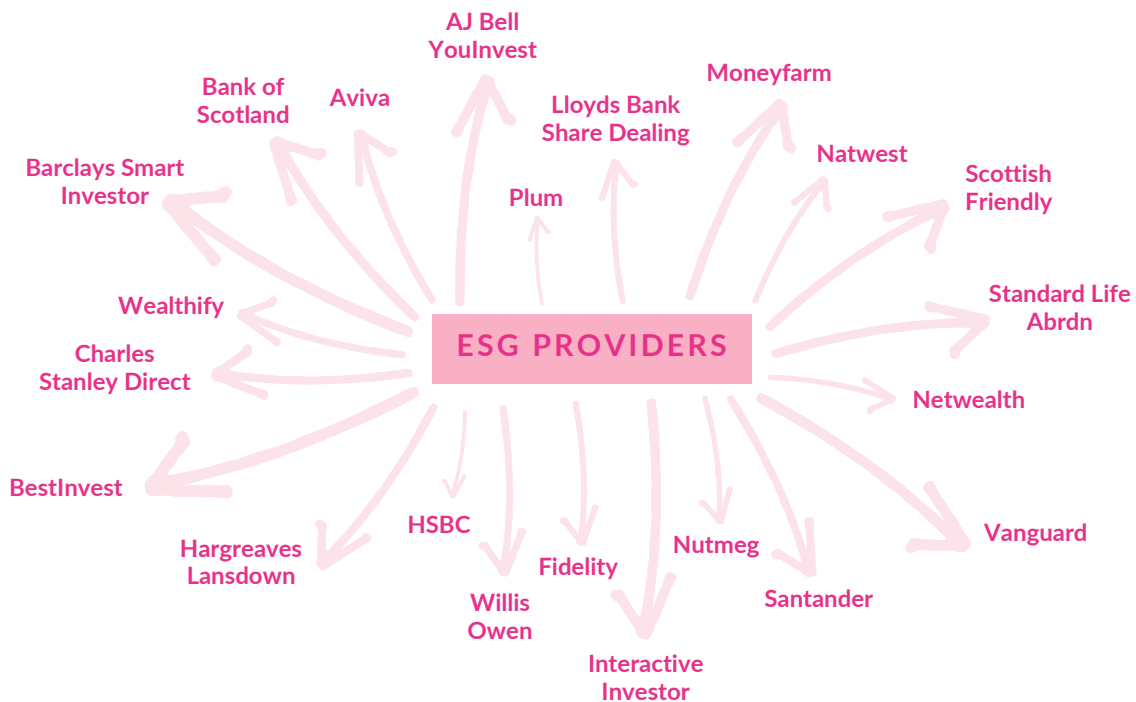
LISA PROVIDERS

- Nutmeg
- Hargreaves Lansdown
- AJ Bell
- Moneybox

ESG INVESTMENT OPTIONS

PROVIDERS WHICH GIVE ACCESS TO ESG OPTIONS

ESG is used to determine how a company behaves and manages its impact on plant, and people. This can include things such as green energy, biodiversity, and pollution (environmental) board diversity and anti-corruption (governance) or human rights and community impact (social) within investments.



STOCKS AND EFT TRADING ISAS



WITH-PROFITS ISA PROVIDERS

A with-profits fund is a type of investment fund. Like most investment funds, it works by pooling together many people's monies to invest in a range of assets such as shares, bonds, property and cash. Unlike other kinds of investment funds, a with-profits fund aims to 'smooth' the short-term ups and downs of investing, while still delivering growth in the long term.

- Prudential
- Shephard's Friendly
- Scottish Friendly



SECTION 6

SUMMARY

This guide was put together to provide you with all the knowledge you may need when considering ISAs. There are a lot of different aspects to think about but having all the information at your fingertips with this guide will ensure that you have everything you need to make an informed decision.

If you have any questions, or require specific advice about your financial situation, please contact Miss Lolly [here](#).



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