

## Private Client Enews – 25 January 2007

### ISA Creamer

Having drawn back from the threat of reducing the annual ISA allowance from £7,000 a year to £5,000 a year, the Government has unexpectedly taken major steps to encourage ISA savings.

The changes, which will come into effect on 6 April 2007, will do away with the distinctions between mini and maxi ISAs and will permit old PEP holdings to be rolled into ISA tax-wrappers. In consequence, ISAs which are invested in cash accounts will be able to be transferred into potentially more attractive equity and property based funds, as also will maturing Tax Exempt Special Savings Accounts ('TESSAs').

However, this is not a one-way street. Equity holdings cannot be transferred into cash holdings within the ISA wrapper - which might concern some investors seeking the safe haven of a cash fund with tax-free income on reaching retirement.

The Government has also announced that the time limit on the availability of ISAs has been removed. Until now, the intention had been to make ISAs available only until the year 2010.

The change means that ISAs can now take their place alongside pensions as the other main method of saving for retirement - pensions offering tax relief on contributions but taxable income; and ISAs denying tax relief on contributions but permitting tax-free income.

If you have any queries you can phone or email Glenn Smyth or Rod Smith on [glennsmyth@boltburdon.co.uk](mailto:glennsmyth@boltburdon.co.uk) or [rodsmith@boltburdon.co.uk](mailto:rodsmith@boltburdon.co.uk) or phone 020 7288 4700. Our full range of services includes Financial Planning, Trusts Wills & Probate, Property, Matrimonial and Family Law, Commercial Law, Commercial Dispute Resolution, Debt Collection, Compensation Claim Litigation. Visit our web site at [www.boltburdon.co.uk](http://www.boltburdon.co.uk). To stop receiving this bulletin,, reply stating 'unsubscribe'.