The Press and Journal Monday, March 23, 2015

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There's no Nisa time to take look at your finances again

Changes: This year's Budget was good news for the savings market

BY BARRY O'NEILL

INCREASED ALLOWANCE: Chancellor George Osborne announced higher limits for savers

Hot on the heels of the introduction of 65+ guaranteed growth bonds for older savers, George Osborne's last Budget before the general election brought further cheer for the savings market.

His previous Budget had included a rabbit-out-of-the-hat moment, when he announced that from July 1, 2014, all individual savings accounts (Isas) would become new Isas (Nisas) and that the annual subscription limit would increase from £11,880 to £15,000, representing a 26% improvement in your tax-free savings allowance. From April 6, 2015, this becomes £15,240.

You can now invest in cash, stocks and shares or any combination of the two up to the new limit. This means there is no longer any restriction as to how much can be held in cash.

Previously, the maximum that could be held in a cash Isa was 50% of the full annual Isa limit.

It is also now possible to transfer previous years' Isa savings between stocks and shares and cash, in whole or in part. Before, it was only possible to transfer cash to stocks and shares.

Consultation will take place on allowing savers with cash Nisas to withdraw money and replace it in the same tax year, even if they have already used their full allowance.

Barry O'Neill

This year's left field announcement introduces a form of tax relief on cash Nisa subscriptions for first time buyers who purchase a home valued up to £250,000.

This autumn, a help-to-buy Isa will allow savers to get £3,000 from the UK Government if they save £12,000 towards their deposit.

Isa savings will be accessible for any reason but the government's top-up will only be available for people buying a home.

Savers will not be able to contribute to a help-to-buy Isa and another cash Isa in the same tax year.

In a previous change to Isas, it became possible to shelter funds from inheritance tax by allowing investments in shares listed on the Alternative Investment Market (AIM).

Qualifying AIM shares that are held for at least two years qualify for business property relief and, therefore, freedom from inheritance tax if held until death.

AIM shares are riskier than their fully-listed counterparts. While not everyone will have the funds available to maximise their annual Nisa allowance every year, the greater investment limits, increased flexibility in terms of transferring Isa money between spouses on death and the potential to shelter funds from inheritance tax mean Nisas should form part of most people's financial plans.

> "AIM shares are riskier than their fully-listed counterparts"

If it has been some time since you reviewed your investments, now might be a Nisa time to do so.

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