

# The Chelsea Guide to ISAs



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# Introduction

This is a guide to ISAs, or Individual Savings Accounts, a tax-efficient 'wrapper' for savings and investments.

Quite simply, if you have cash savings or an investment, there is no reason not to use an ISA wrapper. The wrapper is a hassle-free way of saving and investing, whilst keeping the taxman's hands off your money.

There are tax-free allowances for interest earned on savings and from company dividends in investments held outside an ISA wrapper, but they are limited and tax must be paid on amounts above the allowance limit. We therefore believe the ISA to be a 'must-have' wrapper for all savers and investors.



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# What is an ISA?

An ISA is a tax-efficient ‘wrapper’ into which you can put cash and investments.

There is no capital gains tax to pay on any capital growth and any income received from the investment or cash savings, either as interest or dividends, is free of tax. This means that you don’t have to declare ISAs on your tax return.

There is no notice period for investments which are inside an ISA wrapper – you can access them whenever you wish, although it may take up to 10 days for the money to clear into your bank account. There can be a notice period for some cash savings held within an ISA wrapper, but not all. This is generally the case if a provider has a special interest rate for a certain period and in return insists that savers give notice before withdrawing money.

Each tax year we are given an annual ISA allowance. It is a ‘use it or lose it’ allowance, meaning that if you don’t use all or part of it one tax year, you cannot take that allowance over to the next year.



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# Different types of ISA

From 6th April 2016 there will be five different types of ISA:

## 1. CASH ISA

Anyone over the age of 16 can put their cash savings into a Cash ISA. Accounts can be either instant access, have notice periods or have fixed terms.

## 2. STOCKS & SHARES ISA

Anyone over the age of 18 can put individual shares or managed funds into a Stocks & Shares ISA.

## 3. INNOVATIVE FINANCE ISA

This ISA is for investments in peer-to-peer lending platforms such as Zopa, Ratesetter and Funding Circle. You must be over the age of 18 to invest.

## 4. HELP TO BUY ISA

This ISA has been introduced to help first time buyers (over the age of 18) get on the property ladder. For every £200 you save, the government will add 25%, up to a maximum bonus of £3,000. It's available for buyer, not household, so if you are saving with a partner, the bonus potential is up to £6,000 towards your house deposit.

## 5. JUNIOR ISA (for children under the age of 18)

Cash or investments can be wrapped in this ISA on behalf of children under the age of 18.

**NB:** You must be a UK resident or crown employee to invest in any type of ISA



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# How much can I invest?

The Cash ISA\*, Stocks & Shares ISA and Innovative Finance ISA\* all have an annual allowance of £15,240. You can invest up to the full amount in one of these types of ISA, or you could share the allowance between the three.

You can kick start your Help to Buy ISA\* with a lump sum deposit of up to £1,200. You can then save up to £200 a month. You have to choose between either a Cash ISA or a Help to Buy ISA, but you can have a Help to Buy and a Stocks & Shares ISAs in the same tax year.

The Junior ISA has an allowance of £4,080.

\*Please note, Chelsea does not currently offer this type of ISA.



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# How much will it cost?

When deciding on the type of ISA and asset in which you want to invest, it is important to consider the charges involved. ISA money saved into cash does not incur any initial or annual charges, but ISA money invested into a fund, individual stock or peer-to-peer lending platform does, and charges vary from provider to provider.



Chelsea offers the Stocks & Shares ISA and Junior ISA.

Chelsea charges 0.4% per annum and our FundStore platform, powered by Cofunds, charges a further 0.2% per annum. These charges have currently been waived on the Junior ISA, which enjoys a 0% service charge.

There will then be a separate charge for the fund(s) in which you invest. This is typically 0.75% per annum but varies from fund to fund.

Unlike some other providers, the charges from Chelsea are all-inclusive and there are no extra, surprise fees for things like telephone or postal dealing, printing valuation statements and switching. So if you change your mind about your investment and want to move it into another fund(s) you can do so at no extra cost.

For full details of our charges, please visit our website: [www.chelseafs.co.uk/charges](http://www.chelseafs.co.uk/charges)

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# Key benefits of the Chelsea ISA

- Easy and straightforward way of saving for your financial future
- Invest up to £15,240 per annum in our Stocks & Shares ISA and up to £4,080 in our Junior ISA
- Start saving with as little as £50 per month or as a lump sum
- Choose from more than 2,500 funds on the Chelsea FundStore
- Exclusive Chelsea fund research and risk ratings to help you decide where to invest
- Selection of Chelsea EasyISAs and Junior Easy ISAs for those wanting ready-made portfolios
- One all-inclusive fee with no surprise extras
- 0% service fee on the Junior ISA
- Protects the investment from income and capital gains tax
- No need to declare on a tax return
- Access to your capital when you need it (please note you a child cannot access their Junior ISA until their 18th birthday)



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# Unsure where to invest?

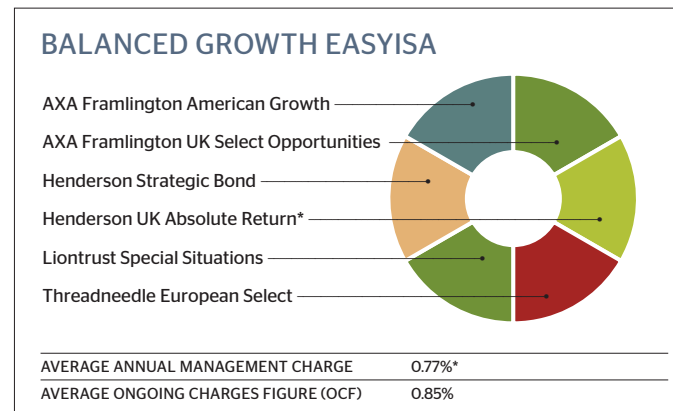
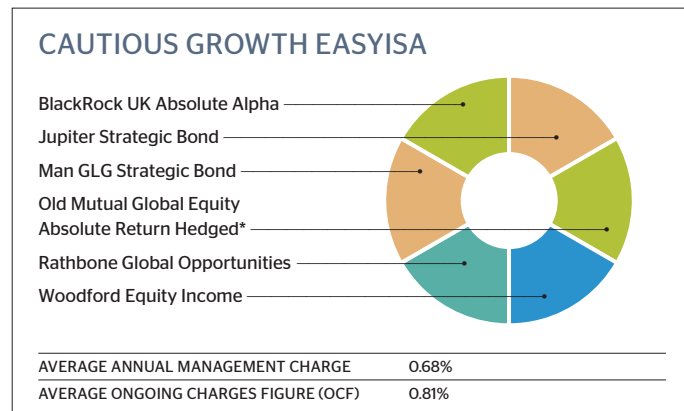
With the Chelsea ISA, you have an amazing choice of funds and, as with all our other investment products, we aim to help you build a portfolio that will meet your objectives.

We know that having such a large choice of funds can be overwhelming, so we offer different ways to help you narrow down your investment choice:

Firstly, we have produced five Chelsea EasyISAs: **Aggressive, Balanced, Cautious, Income and Global Income**, each investing in six different funds, carefully selected from our Selection list, with varying risk ratings.

We also have a range of three Junior EasyISAs: Aggressive Equity, Balanced Equity and Core Equity

All our EasyISAs are designed for investors willing to forego the security of saving in cash for potentially higher returns over the medium to longer term. They offer diversification with long-term growth and you simply select the one which best suits your investment style and objectives.



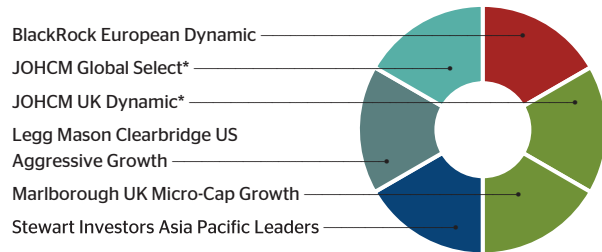
\*A performance fee may be applied

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# Unsure where to invest? (continued)

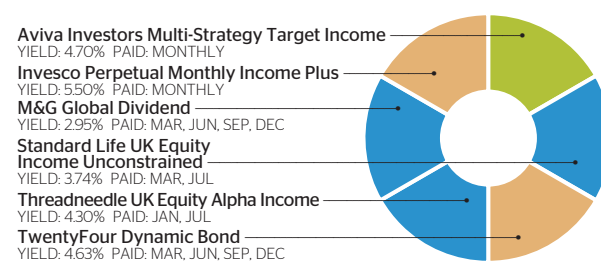
Finally, we have the Chelsea Core Selection and Chelsea Selection lists which contain funds the Chelsea research team believe to be the best of breed.

## AGGRESSIVE GROWTH EASYISA



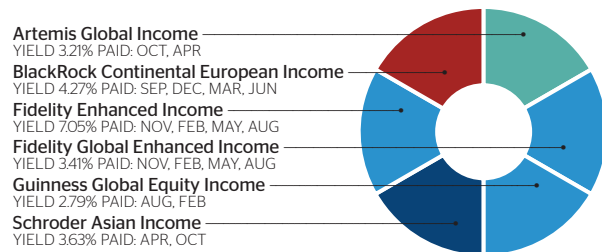
AVERAGE ANNUAL MANAGEMENT CHARGE	0.73*
AVERAGE ONGOING CHARGES FIGURE (OCF)	0.88%

## INCOME EASYISA



AVERAGE ANNUAL MANAGEMENT CHARGE	0.78%
AVERAGE ONGOING CHARGES FIGURE (OCF)	0.88%

## GLOBAL INCOME EASYISA



AVERAGE ANNUAL MANAGEMENT CHARGE	0.75%
AVERAGE ONGOING CHARGES FIGURE (OCF)	0.94%

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# How do I invest?

Investing in a Chelsea ISA couldn't be easier.

- Online (with debit card) at [www.chelseafs.co.uk](http://www.chelseafs.co.uk)
- By telephone (with debit card) on 020 7384 7300
- Send us a form (with a cheque): download the form our website or call our freephone brochure line on 0800 071 3333. Once completed, the form (along with a cheque made payable to Cofunds Ltd or completed direct debit mandate) should be returned to: Chelsea Financial Services St James' Hall, Moore Park Road, London, SW6 2JS.

Please note that our Junior ISAs requires a form to be completed and cannot be opened online.

Before investing, please familiarise yourself with the Terms & Conditions and Key Investor Information Documents within the “Documents and Guides” section of our website.



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# Find out more

For more information please visit our website [www.chelseafs.co.uk](http://www.chelseafs.co.uk) or, to talk through the options available, please call our client service team on 020 7384 7300, who will be happy to help.

## IMPORTANT INFORMATION

The value of investments are not guaranteed and will fall and rise in value. You may get back less than you invested. Yields will fluctuate and so income is variable and not guaranteed. Returns may also increase or decrease as a result of currency fluctuations. Tax assumptions are subject to statutory change and the value of any tax relief will depend on your individual circumstances. Chelsea Financial Services offers a direct/execution-only service. If you require individual investment guidance you should seek expert advice. Whilst we may draw attention to certain investment products we cannot know which of them, if any is best for your particular circumstances and must leave that judgement to you. Nor can we accept liability to clients who exceed their ISA allowance or otherwise do not comply with ISA rules. Chelsea Financial Services is authorised and regulated by the Financial Conduct Authority. Cofunds is the ISA Plan Manager for the FundStore.

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