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TISA



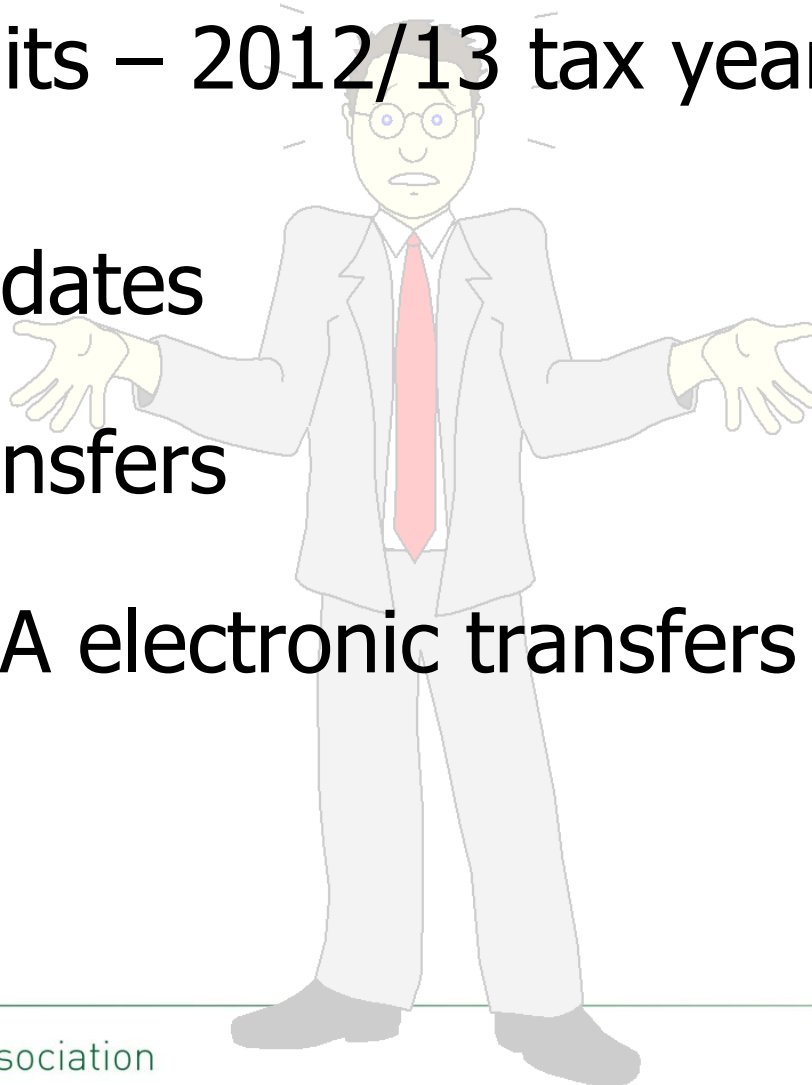
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ISA Technical Update



What's New?

- ISA Limits – 2012/13 tax year
- JISA updates
- ISA transfers
- Cash ISA electronic transfers





ISA Limits – 2012/13

Based on September 2011 CPI (5.2%)

- Overall limit and stocks & shares limit – increase by **£600** → **£11,280**
- Cash ISA limit – increase by **£300** → **£5,640**





JISA Update

Subscriptions in 18th year

ISA Transfers:

If an ISA was transferred to a new manager in this year, the **Transfer History Form** would record subscriptions to the **ISA** as '**current year**' subscriptions' and subscriptions to the former **JISA** as '**previous year**' subscriptions

£14,280 as a one off in this year!!



JISA Update

- **Partial JISA Transfers**
- These can only be made to a **different** type of JISA:
 - Cash JISA → Stocks & shares JISA
 - Stocks & shares JISA → Cash JISA
- A transfer to the same type of JISA would result in a breach of the regulations ie. holding **more than 1 JISA** of each type



JISA Update

- **Stocks & shares JISAs**
- **Rights Issues** → any proceeds received by the ISA manager as a result of **lapsed rights** must remain in the JISA (*to pay them out would be a disallowed withdrawal*)

Nil balances:

- 1) JISA **charges** reduce the account balance to nil when contributions have ceased
- 2) Funds are **withdrawn** as a result of a **terminal illness** claim

tax year transfer

- **JISA charges** → a JISA can be closed by the JISA manager when a **nil balance** arises



JISA Update

- **Cancellation rights offered on JISAs**
- Still ongoing discussions between HMRC and the FSA to agree on the correct procedure including:
 - Who to repay the proceeds to ie. to the child, the payer (subscriber) or the registered contact



ISA Transfers in

New alternative (ISA Guidance 11.33A):

Where the new ISA manager prefers, they can now **retain the ISA** and apply the usual **repair procedure ie. *Remove the oversubscription***



ISA Transfers in

Example (stocks & shares ISA):

- **£7K** subscription to manager A – May 2011
- **£7K** subscription to manager B – September 2011
- Transfer from Manager A to Manager B – November 2011
- **Manager B** can choose to retain the transfer in and repair the ISA by removing **£3,320 of subscription value** (*plus income*) subscribed to them in September 2011 (*ie. a normal ISA repair procedure*)

Example:

Client instructs ISA manager to transfer funds on **1st April 2011**

Due to a manager error, the funds are not transferred until **10 November 2011**

This can still be treated as a **subscription on 1 April 2011** ie. 2011/12 tax year

Also: the investor can be **compensated** for this error **inside of the ISA** (*ISA Guidance 10.38*)



Cash ISA Transfers

Electronic Transfers

- The initiative continues to be **work in progress**
- **BACs and Vocalink** → developing sets of messages using the **ISO20022 standard**
- **Liability and indemnity** issues → incorporated within the existing BACs scheme
- Those firms not covered by BACS → **separate indemnity terms** agreed with each of their counterparties or could consider joining the **TISA Exchange**



Cash ISA Transfers

Electronic Transfers

- ISA Regulations specifies **15 working days** for a Cash ISA transfers → electronic transfers should help **reduce this further**
- **Defined service level agreements** for those using the scheme are under discussion
- **No recommendation** that electronic messaging should be incorporated into the **ISA guidelines**
- The message set will incorporate any additional data required to transact a **Junior ISA transfer**



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SAVINGS POLICY

- Getting people to save more.....
-and spend more?
- Treasury interest in workplace saving
- Delay to auto-enrolment floated at BIS....
-and opposed at DWP
- NEST now “live”
- JISA providers emerging



RETIREMENT

- Auto-enrolment now just a year away.....
-but will it work?
- Policy stand-still until 2017?
- Trust based schemes have advantage?
- Noises being made about higher-rate tax relief – again.....
- Competitors to NEST emerge



DISTRIBUTION

- RDR, RDR, RDR.....
- Focus on post-RDR landscape
- How many IFAs?
- How many Restricted?
- Increase in self-direction and D2C now seem certain
- Distributor Funds Project



WRAPS AND PLATFORMS

- PS11/09 will ban Cash and AMC rebates...
- ...but not yet
- Sensible concessions in other areas
- Re-registration can be delivered
- TISA Exchange will save industry large sums of money
- MiFID 2 looms



IN CONCLUSION.....

- TISA looking at creation of further Advisory Councils.....
-and further Projects
- Engagement with Whitehall, Westminster and Canary Wharf at all-time high
- Continuing to bat well above a weight which is also increasing
- Doing ever more for industry/consumers



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Retirement Advisory Council

- National Employment Savings Trust (NEST) and Auto-Enrolment
- Restriction of Tax Relief for Higher Earners
- “Age 75” rule ending?
- Huge volume of Consultations.....
- Policy lines
- 3 Seminars in 2010



Distribution Advisory Council

- Retail Distribution Review (RDR)
- Focus on the landscape beyond 2012.....
-and potential winners and losers
- Distributor Influenced Funds Project started
- 2 Seminars in 2010 – record attendance



Wraps and Platforms Advisory Council

- Discussion Paper 10/2 – CP expected in November
- Interface with RDR
- Platform to Platform Re-Registration Project: an industry 1st?
- Property Authorised Investment Funds (PAIFs)
- “Corporate Wrap”
- 2 Seminars in 2010 – now annual ev



Other Markets

- Children's Savings – the end of Child Trust Funds?
- ISAs – record year
- Returning interest in stocks and shares ISAs?
- The search for new vehicles for the children's savings market?
- Discretionary Investment Management continues to grow
- Long term care – the elephant in the room



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