

## The 2012/13 ISA allowance



The inflation figures published for this month means that the Individual Savings Account (ISA) allowance for the 2012/13 tax year will be £11,280.

The new ISA allowance will become available from 6th April 2012. The limit of for 2011/12 is £10,680.

You will be able to invest up to £11,280 into an investment ISA in the next tax year. Alternatively, you can invest up to £5,640 into a cash ISA with the remainder up to the total allowance of £11,280 available to use in an investment ISA.

Increases to the ISA allowance are now based on the Consumer Prices Index (CPI) for the year to the previous September and are rounded up to be easily divisible by 12. This makes it easier to calculate the monthly allowance, which will be £940 per month for 2012/13.

As we regularly say at Johnston Financial, the creation of wealth involves paying off debt and accumulating savings. For most people, savings take place in bank accounts first, their pension schemes next and the obvious third step is an investment ISA. For money in a bank account, tax payers would be well advised to use their cash ISA allowance each year and shelter the interest from income tax.

For additional savings the investment ISA allows savers and investors to protect their returns from income tax and capital gains tax. As a way to build up an investment portfolio the ISA protects from tax, offers an enormous range of investment possibilities and allows easy access to your investment.

**To meet a Financial Planner from Johnston Financial to discuss the investment of your ISA portfolio, please get in touch to arrange an initial meeting at our expense, with no obligation.**