

Your 2008/2009 Tax-Free ISA Allowance

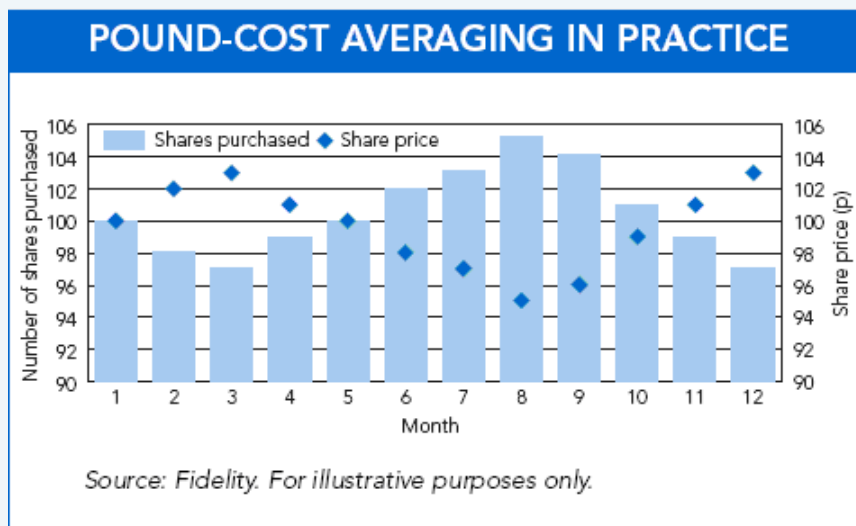
Put In Your Money Bit by Bit

Savers who want to invest their full ISA allowance before the end of the tax year but are concerned that shares could fall in the short term, should consider **pound cost averaging** or 'phasing'. Fidelity Funds Network offers a phasing option, where your money is gradually invested over a number of months. If the stock market drops, you can then buy more shares at lower prices.

Say you want to invest your full ISA allowance in an equity fund before the end of the tax year, but you do not want all the money to go into the market straight away. Your lump sum would then be split into six equal amounts with the first £1,200 invested immediately and the rest in five equal amounts over the next five months.

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- Your existing Cash ISAs



As long as you buy the phased investment before 5th April 2009, it will still count towards this year's ISA allowance.

Fidelity Funds Network has also launched the Cash Park ISA for cautious savers. This allows you to secure your full £7,200 allowance without immediately committing your money to equity or bond funds. As long as you intend to invest the money at some point in the future, HM Revenue & Customs is happy for you to keep the money in cash.

The cash fund pays a gross interest rate of 1.2% p.a. (variable), although HM Revenue & Customs insists that cash held in Stocks and Shares ISAs is taxed at 20%, so interest is added net.

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YOUR EXISTING CASH ISAS

Savings held under **Cash ISAs** have suffered recently because of falling interest rates but we have also noticed a trend by some institutions of penalising existing savers by **only offering competitive rates to new depositors**. For example, we have listed below a selection of rates being marketed today by some leading providers of **new** Cash ISAs compared to **existing** accounts.

Provider	New Plan	New Rate	Existing Plan	Current Rate
Barclays	Tax Haven ISA	2.1%	Cash ISA	0.10%
Halifax	Bonus ISA Saver	3.0%	ISA Saver	0.10%
Abbey	Direct ISA	2.5%	Easy Saver	0.10%

(Source: The institution's websites as at 3rd March 2009 and applicable to balances of £10,000 in variable rate ISAs. Bear in mind there are fixed rate Cash ISAs also available and these are typically offering between 2.80% and 3.20% over 1 or 2 years).

We have therefore been looking for alternatives for our clients over traditional Cash ISAs to secure a more favourable return and are pleased to be able to recommend a new **guaranteed** product available through **Investec Bank (UK) Ltd** which can accept **new** Cash ISA investments, as well as **transfers** from any **existing** Cash ISAs. This is the **Investec Guaranteed FTSE 100 Kick-Out Plan 2** and it is ideal for savers who are looking for a better return than cash from an investment where the return is linked to the performance of the FTSE 100 Index.

This product **guarantees a return of capital after 5 years plus 100% of the rise in the FTSE 100 Index** achieved over that time but more importantly, the plan reviews the FTSE 100 after the first 12 months and if it is higher than the initial starting point (on 5th May 2009) the plan will mature early and you are **guaranteed to receive a return of your original investment plus 7.25% (gross) of your initial deposit**.

This means that if the FTSE 100 increases by **any** amount on its anniversary next year, Investec will return your money with **7.25%** gross interest. If there is no growth between now and next year then they simply review it at the end of year 2, then year 3 and then year 4 and any growth in the index will trigger early maturity with a return of 7.25% p.a. (not compounded).

Timing is important as it would seem likely that the FTSE 100 will rise at some stage over the next 5 years. We would therefore anticipate that this plan will mature either after one year or at the end of the second at the latest. Clearly we cannot guarantee this and you should regard this plan as a 5 year investment.

We are strongly recommending this plan for new and existing Cash ISAs where returns will be **tax free** but it is also suitable for any other deposit based savings (returns will be paid net of lower rate tax) where the investor would like to benefit from stock market returns but with security of capital, should the investment run for the full 5 year years.

This investment is a FTSE 100 linked structured deposit and protection is therefore provided under the Financial Services Compensation Scheme of up to £50,000 per individual.

Please note that Investec's deadline for this year's Cash ISA or to transfer existing Cash ISAs is 3rd April 2009, so please respond immediately.

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The content of this Briefing is for information only. Independent Financial Advice should be sought before making any decision on investment products. Cash deposits offer security of capital, subject of course to the solvency of the institution. Shares, corporate bonds and funds investing in them, offer no capital guarantee and can fall as well as rise. Past performance is no guide to the future and you could get back less than you invested.

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