

ISA's and Investments

You can help maximise the potential of your investments with a wide range flexible solutions for Contractors. The extensive experience of the IFAs at ContractorFinancials means that they can search thousands of investment funds to find the right solutions for you.

One of the most popular investment routes amongst Contractors is an Individual Savings Account (ISA) because of its significant tax breaks and flexibility. There are a number of key benefits for an ISA investment:

- You can invest up to £10,680 each year into an ISA account.
- There are a wide range of ISAs to choose from so you can find the best solution to your needs
- ISAs offer a flexible investment option that is suitable for medium and long term investments and with most you can draw out your savings at any time.

Make the most of your savings

With HMRC's continuing efforts to remove the tax breaks available to Contractors, now more than ever it is important for you to take advantage of the few remaining options available.

ISA investors can deposit a maximum of 50% of the allowable portion in a cash based ISA, 100% in an equity (stock market) based ISA or a mixture of both.

Equity ISA

Investing in an equity ISA is one of the most popular options and stock market based investments historically offer the best returns as long as you can accept that your funds may fluctuate in value. It is often best to opt for a term of five years or more so that your savings have a chance to grow and hopefully ride out any dips in the stock market. Contractor Financials search thousands of options to short list the funds that have a history of positive performance and strong prospects.

You have the option to invest in a lump sum however the advisers will recommend that you use monthly contributions to spread the risk of market fluctuations and avoid the end of tax year rush.

Cash ISA

For investors with a low risk tolerance or those that need to have access to their savings in the short term, a cash ISA would probably be more suitable as savings can be accessed instantly. With a cash ISA you should benefit from a higher interest rate than you would gain in a High Street savings account because banks view ISA investments as a longer-term commitment and reward this with extra interest.

Protected ISA

Offering a compromise between the cash and equity ISAs, a protected ISA tracks the stock market but it carries a protection policy for the underlying value of the fund. This allows Contractors to benefit from the potential for growth in an equity ISA with the security of a cash ISA.

Pension or ISA?

Ideally both if affordable, as the pension offers substantial up-front tax breaks whilst the ISA offers accessibility. This ability to access your savings at any time with an ISA carries dangers as you are more likely to take money out leaving no long term nest egg. The pension cannot be accessed until you are 55 which will ensure you have a pot for your retirement.

Contractor Financials will be happy to advise you on your investment options, to find out more please call **0845 062 8888** or email us at PSG@contractorfinancials.com .

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The value of investments may rise as well as fall and past performance is not a guide to future returns.