ISAs just got more exciting!!!

Forget the jargon, where else can a married couple remove £15,240 each from the tax system and know that in the event of your earlier demise the tax advantages can be transferred to your spouse or civil partner?

What else do you need to know? Well these are now called NISAS, i.e. New ISAs

There are three types of NISA, Cash, Equity (share based) and Junior (for anyone under the age of 18).

The new limit applies from 6th April 2015 and can be split between Cash and Equity anyway you like! For those under 18 the limit will be £4,080 (Junior NISA).

Junior NISAs seem like a good idea to most, allowing tax free savings to be built up for children when they reach university, for example. However the money becomes accessible to the child at 18! Oh for a pot of money at age 18. Perhaps on reflection OK for modest amounts but most should look at alternatives for children or even grandchildren that can give more control over when the money becomes available to them.

The new rules brought in with the Autumn Budget, allow NISAs to be inherited by a spouse from this April. This is of course assuming you have a valid Will that leaves the funds to your spouse! Previously this tax free wrapper was ‘lost’ on death.

The new NISA rules and a shake up of pension death benefit rules offer huge opportunities to save tax. For example NISA funds could be left to a spouse and pension funds to a child or grandchild. Obviously, the right choice all depends on individual circumstances, making overall financial advice a must in these changing times.

It’s not only making sure you utilise your new NISA allowances where possible, it may be time to spring clean existing accounts. With a potential £10 billion sitting in forgotten accounts, make sure you are not one of the people earning 0.1% on your cash. Even improving the rate by 1% on a Cash NISA is an extra £150 a year on £15,000, let alone if you have maximised your Cash NISA savings every year.

All your eggs in one basket? Long term inflation is still the enemy even in this low interest environment which is why it is worth considering a balance between cash and real assets such as equities and property. Only real assets have protected capital against inflation over the longer term.

So now may be the time to invest in Equity NISAs. A couple can invest a total of £30,000 before April 5th and £30,480 on April 6th = £60,480. A great way to start moving capital out of the tax system!

Where to invest? No surprises see your IFA!