Georgina Kitteridge writes about Pensions and ISA accounts.

Some people love change some hate it but change means just that; something has changed and we should all check how we have been affected by those changes.

The new pension and ISA rules, even if you are under age 55, means taking another look at your overall financial situation and if necessary making changes to ensure you take advantage of them.

As pension funds can now pass down to your children free of all tax up to your 75th birthday even if you are drawing down lump sums or income, how does the fund get to them? Even after age 75 the pension fund is tax free to them until they withdraw funds, which would then be assessed to income tax at their marginal rate. So should you leave the fund to grandchildren who may be non-taxpayers?

However there is no point saving Inheritance Tax only to leave your spouse destitute, so can you afford to leave your pension fund to your kids? Depending on the size of your pension fund you might then decide to leave some to the kids, some to the grandchildren and the rest to the spouse. Please however remember that your spouse can inherit your pension fund draw income from it and leave the fund to the children/grandchildren on her demise etc. but how do you do this?

On death ISA accounts can now be transferred to your spouse and keep their tax free status. So how do you leave your ISA account to your spouse?

Dealing with pension funds first; your pension fund is actually held under a form of Trust. On your demise the Trustees decide who will benefit from the funds available. You cannot order the trustees to pay any specific person, they have the discretion as to who benefits, but they will take into account your wishes if they are aware of them. I must stress that they are not obliged to obey your wishes; their duty is to ensure that your dependants are catered for first before looking at tax savings and other non-dependant beneficiaries.

You can make the Trustees aware of your wishes by completing an “expression of wish” form, but clearly a lot of thought and perhaps advice might be called for before completing and signing it.

To transfer the ISA allowance to a spouse on ones demise is quite simple really. The spouse claims from the provider of the deceased’s ISA, an allowance equal to the value of the deceased’s ISA account on their date of death. It makes sense then not to have dozens of different ISA accounts with different providers. Talk to your IFA about amalgamating (re-registering) all your equity ISA’s to one “Platform”. You have the same funds but now all held in one account, it will make life so simple and economical both now and on one’s demise.

If you have pension funds or ISA accounts or both, in view of the all the changes you really should speak to your IFA about how you are affected and take appropriate action; until the next change comes along!