

What you need to know!

ISAs are CHANGING!

from 6 April 2010

ISA changes

Great news for you! The Government have made some changes to the ISA scheme rules which take effect from 6 April 2010.

The key changes are:

- The amount that you can save in an ISA has increased, so you can protect even more of your savings from the Taxman
- The Government has confirmed their commitment to the future of ISAs - there is no set end date for ISAs.

Who can open an ISA?

Anyone who is:

- Aged 16 or over if opening a Cash ISA, or 18 or over if opening a Stocks and Shares ISA.
- Both resident and ordinarily resident in the UK or be a qualifying Crown employee or married to/in a civil partnership with a Crown employee e.g. a member of the Armed Forces.

What is an ISA?

An Individual Savings Account (ISA) is a special type of account within which you can save tax-efficiently each tax year.

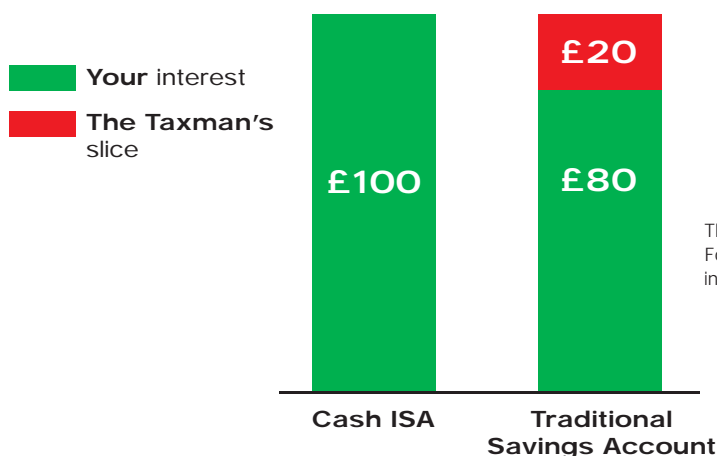
There are two types of ISA, **Cash ISAs** which are designed for money that you may wish to access in the short or medium term and **Stocks and Shares ISAs** which are best suited to investments you can leave untouched for at least five years or more.

You will benefit from tax-free interest if you choose a Cash ISA. Although Stocks and Shares ISAs are still tax efficient, not all are tax-free.

You work hard for your money and if you are a tax payer, the income you receive has already been taxed once. So why let yourself be taxed on the interest earned by any savings you manage to put away? Opening a Cash ISA is similar to opening a traditional savings account, except you don't pay tax on the interest you earn as you would do with traditional savings accounts.

For example:

If you earned £100 of interest on your savings, you would receive 100% (£100) of interest earned in a Cash ISA, but only 80% (£80) of interest earned in a traditional savings account:



This example is based on income tax paid at the basic rate which is currently 20%. For individuals paying income tax at the higher rate of 40% even more of your interest would be payable to the taxman.

The new ISA limits

New ISA limits have been introduced. The overall investment limit in an ISA has increased from £7,200 to £10,200 for the 2010/11 tax year.

Subject to this overall annual limit, the maximum investment for each type of ISA is shown below.

Investment Limits (from 6 April 2010)	Type of ISA	
	Cash	Stocks & Shares
All ISA Savers	Up to £5,100 with one provider	Up to £10,200 with the same or another provider
Minimum opening age	16	18

Investment Examples

	Example 1	Example 2	Example 3
Start of tax year (from 6 April)	You can save £5,100 in a Cash ISA	You save £2,100 in a Cash ISA	Set up £750 monthly Direct Debit into a Stocks and Shares ISA = £9,000 invested over the tax year
During the same tax year	You can invest £5,100 in a Stocks and Shares ISA	You can save another £3,000 in the same Cash ISA plus you can invest £5,100 in a stocks and Shares ISA with another provider	You can save £1,200 into a Cash ISA with another provider
Total Invested	£10,200	£10,200	£10,200

Subscriptions made to a Cash ISA in **previous tax years can be transferred** to a Stocks and Shares ISA without affecting your annual ISA investment allowance.

Savers are also able to transfer money saved in a Cash ISA in the current tax year. The transfer must be the whole amount saved in that tax year in a Cash ISA up to the day of the transfer. You can't however transfer a Stocks and Shares ISA to a Cash ISA.

What types of ISAs are available?

- You can invest into one Cash ISA and one Stocks and Shares ISA each tax year
- If you want both a Cash ISA and a Stocks and Shares ISA, they can be with either the same or different providers.

At the Yorkshire we offer a range of tax-efficient options, from our own Cash ISAs to Stocks and Shares ISAs which are available through Legal & General.

To find out more about our full ISA range

 Ask in branch for a copy of our 'Savings for...' booklet  Call **0845 1200 100**  Visit www.ybs.co.uk/isarange

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