

### Basic ISA

The most common ISA, its often used to shelter cash and stock market investments fro both income and capital gains tax. You need to be over 16 years old (18 for stocks and shares). All interest and growth on money or stocks and shares is tax-free.

### Flexible ISA

Up until recently, money withdraw form an ISA was subject to strict re-investment rules; funds could not be re-deposited without eating into that current year's allowance. With a Flexible ISA, this is not the case. Any money withdrawn from a Flexible ISA can be put back in the same financial year without losing any tax-free allowances.

### Help to Buy ISA

The Help to Buy ISA was introduced in a bid to help people take their first steps onto the property ladder. It allows individuals to save up to £200 a month into a tax-free deposit account with the government adding a bonus worth 25% (with a monthly maximum, therefore, of £50). In the first month, however, as much as £1,200 can be deposited. The upper overall limit on the government bonus is £3,000: this would require £12,000 to be saved over the course of almost five years. The bonus is available on the condition that the money in the Help To Buy ISA is used to fund a deposit on a first property – the government pays the money on completion of the purchase. Help to Buy ISAs are available until 30 November 2019. After this date you can keep saving into existing Help To Buy ISAs until 30 November 2029.

### Inheritance ISA

This type of ISA is aimed at people whose partners had an ISA at the time of their death. It is available to anyone who has lost a husband, wife or civil partner since December 3, 2014. The value of their ISA at the time they died is added to your own ISA allowance, which effectively means you get to inherit their savings or investments without facing any tax charges. The Inheritance ISA must be opened within three years of the death, although this can be extended in cases where the estate is still being administered.

### Innovative Finance ISA

The UK government has recognised the growing popularity of alternative savings and investments, such as peer-to-peer loans, crowdfunding and consumer credit services; and by creating this new ISA category people now have access to the returns these market sectors generate. This means that returns on such deals will be free of income and capital gains tax. The annual limit is the same as the basic ISA – £20,000 from April 2018. Peer-to-peer lending involves lending money directly to other individuals: returns are normally better than on bank deposit accounts, but the underlying assets and the investments therein are subject to the performance and market forces of the sector they operate in. Some crowdfunded investments tend to involve taking stakes in small and new venture companies and that can involve risk to capital, its therefore wise to check if security is in place, if any.

### Junior ISA

Aimed at parents who want to save on their children's behalf, the Junior ISA also allows money to be put into cash or shares and investment funds. But the annual limits are lower than on the basic ISA: at the moment, no more than £4,260 can be put into a Junior ISA every year. Again, savings interest and investment gains are not taxed. Control of the money in a Junior ISA passes to the nominated child when they turn 16, but no withdrawals can be made until their 18th birthday. At this point, the ISA converts to a basic adult ISA.

### Lifetime ISA

The Lifetime ISA was launched in April 2017 and is aimed at the under-40s. It allows up to £4,000 a year to be saved, with the government adding a 25% bonus. The idea is that the Lifetime ISA should be used to help save for a deposit on a property, or for retirement as an alternative to a pension. Anyone aged between 18 and 40 can open one a Lifetime ISAs, and bonus payments will continue until the age of 50, The bonuses are only paid on the Lifetime ISA if the money is used to buy a first home or if it is withdrawn after the age of 60, withdrawals for other purposes or before the holder's 60th birthday will mean the government imposes a 25% penalty, which effectively offsets any bonus payments.