

The top 3 benefits of investing in ISAs

Individual Savings Accounts (ISAs) are one of the most common forms of investment for many people, mainly because of the vast benefits they can bring to your finances.

To help you understand how this could help you, we've put together this article to reveal our top three benefits for investing in an ISA.

Read on to find out more.

What is an ISA?

An ISA is a particular form of investment account which allows you to save money each year and shelter it from tax.

The money which you save in your ISA is exempt from any tax charges, and you can save as much as you want each year up to the allowance – which, as of the tax year 2023/2024, is £20,000.

When investing your money, you can choose from four different types of ISA each year. However, you can only open one of each type of ISA per year, and your allowance applies to the total amount you can invest across all ISA types.

The four ISA types available are – cash ISA, lifetime ISA, [stocks and shares ISA](#), and innovative finance ISA.

The benefits of investing in an ISA

There are many benefits to investing in an ISA – or several ISAs – each tax year, such as:

1. Sheltering your savings from tax

The most obvious benefit to ISA investments is that you don't pay tax on any savings you have in the account.

If you use up your full allowance each tax year, this amounts to £20,000 in tax-free savings on an annual basis – unless there are changes in the allowance during one of the tax years.

This can be highly beneficial for helping you achieve a successful outcome for your financial goals. For example, you might be [building your wealth for retirement](#), or looking to support your financial dependants.

With annual investments in your ISA, you can more effectively grow your wealth towards these goals.

▪ **Growth with successful investments**

You can also use ISAs to grow your savings with successful investments, on top of the cash you save.

Using stocks and shares ISAs, you can not only save money up to your allowance, but also invest this money to potentially profit from successful returns.

It's also important to note that any growth you make from these investments is not impacted by Capital Gains Tax or income tax.

Therefore, you can have additional ways to grow your savings tax-efficiently and diversify your investment approach.

▪ **Easily managing your accounts**

ISAs can also be managed easily, particularly when you open an ISA with a modern wealth management service.

For one, you can easily transfer ISAs from previous providers,

simply by contacting your wealth manager and having them handle most of the process for you.

They'll be able to advise you on how you can [transfer your ISAs](#) smoothly, and what fees or exceptions could apply to certain ISA types or assets.

You also have full control over how you invest in your ISAs, whether you choose to invest the full allowance in one go, or periodically throughout the tax year.

This easy management helps you align your investments with your financial circumstance.

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Now you know our top three benefits for investing in ISAs, contact your wealth manager to begin devising your own approach to building wealth effectively with ISA investments.

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Please note, the value of your investments can go down as well as up.



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