

Birchwood ISA options

2016-2017 Tax Year

As highlighted in our most recent Newsletter, we are again at that time of year when we need to complete our tax year checklists. We should all consider our allowances for capital gains tax, pension contributions (annual allowance) and whether we have used all, or any of our ISA allowance. The rules have improved over the last couple of years making investing in an ISA an 'easy to manage' way of investing for a short, or long term strategy but with greater flexibility than before.

There are now many different ways of investing in ISA's, however, the basic ISA allowance for this tax year is £15,240 and this will increase to £20,000

in the new tax year on 6 April 2017. The current allowance for Junior ISA's is £4,080 and will increase to £4,128 in the new tax year. Both ISA's give you the opportunity to invest in cash, stocks and shares, or a mixture of both.

If you have not used all or part of your allowance this year and would like to, we have outlined below some ideas for your consideration. These are not specific recommendations and we would suggest that you speak with your adviser at Birchwood to discuss the merits of the different options available and whether they would be appropriate for you, taking your attitude to risk and personal situation into account.

Deposit Based - Investec FTSE 100 Kick-Out Deposit Plan 67

This is a six-year plan based on the performance of the FTSE 100 but is not directly invested in the index. Instead, the money is invested in structured securities that are specifically designed to meet the objectives of the plan but remain dependent on the performance of the FTSE 100. These securities are issued by Investec Bank plc, a subsidiary of a South African bank but the UK bank is ring-fenced from Investec's South African business.

The plan offers a gross return of 3% for each complete year it is in force provided a kick-out event occurs with the potential for early maturity from the third anniversary. Whilst growth payments are dependent on the performance of the FTSE 100, the original capital is protected regardless of index returns over the life of the plan.

At the end of year three the annual kick-out feature comes into effect triggering an early maturity if the average closing level of the FTSE 100 (capital growth only with no allowance for dividends) on the five days leading up to and including the anniversary date of the plan is higher than its initial level. If this condition is satisfied, capital will be repaid plus 3% growth multiplied by the number of years the plan has been in force. If the plan fails to kick-out on or before the final anniversary the plan will simply return your original capital with no growth payment.



Walker Crips UK Kick-out Plan (90% version) Issue 2

This is a six-year plan that provides the potential for early maturity from the second anniversary. The plan offers a return of 7% for each complete year it is in force provided a kick-out event occurs. At the end of year two the annual kick-out feature comes into effect triggering an early maturity if the closing level of the FTSE 100 on the anniversary date of the plan is equal to or higher than 90% of its initial level. If this condition is satisfied capital will be repaid plus 14% growth, i.e. 7% multiplied by

two (the number of years the plan has been in force). If the level of the FTSE 100 is lower than 90% of its initial level then the plan continues and the index is tested on each subsequent anniversary. If the plan fails to kick-out on or before the final anniversary the plan will simply return your original capital with no growth payment. Your original investment is protected provided the final index level of the FTSE 100 is not less than 60% of the starting index level.

Investec FTSE 100 Enhanced Income Plan 33 – UK 5 option

This plan is designed to provide a fixed monthly income payment of 0.36% gross, equivalent to 4.32% per annum, over a six-year term together with an element of capital protection. Income payments are unconditional and your original investment is protected provided

the FTSE 100 does not fall by more than 50% during the life of the plan. Should the index fall by more than 50% and fail to recover to its initial level then capital will be reduced by 1% for each 1% fall in the FTSE 100 from its initial level.

Managed Portfolio Service

The managed portfolio service offers a range of multi-asset investment solutions designed to meet your specific risk/return objectives. With the aim of achieving long-term growth, risk is diversified across all major asset classes including equities, commercial property, corporate and government

bonds, as well as a range alternative trading strategies. Exposure to each asset class, via a blend of actively managed and passive investment funds, is tailored to meet your individual goals. The service combines top-down asset allocation with our best ideas across the entire investment funds universe.

What do you do next...

Please be aware that all of the structured plans outlined above have specific closing dates and therefore may not be available in exactly the same form by the time you are ready to invest. However, if

you are interested in a particular plan, please contact your adviser and they will be able to advise you on any similar issues that may become available.

May we remind you that this is not a recommendation and that you need to discuss your personal circumstances with your financial advisor before making any decisions. There are a number of ISA products in the Market Place to choose from and the plans mentioned in this letter are but a few of them. Past performance is not a guide to future performance and you may not get back what you initially invested.



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