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ISA BRIEFING NOTE: **FOR IMMEDIATE RELEASE**

**TRUSTNET POLL SUGGESTS SPLIT AMONG INVESTORS ON ISA ALLOWANCE  
TRUSTNET LOOKS AT STAR FUNDS AND SECTORS**

As the ISA season revs up, **Trustnet**, the UK's leading independent fund research website summarises the impact of amendments announced in Chancellor Brown's Pre-Budget Report (PBR) and looks at the Top Twenty funds likely to tempt investors up to 5<sup>th</sup> April.

A recent Trustnet Poll of almost 2,000 website users suggests that investors are split on the use of their ISA allowance this year. More than 47% of investors said they will invest as much as possible in an ISA, while more than 40% said they won't be investing at all.

**TRUSTNET ISA POLL – THE VERDICT**

<b>Will you invest in an ISA before the 5th April deadline?</b>	<b>% Response</b>
I will be investing as much as possible	47.97
No, I won't be investing at all	40.57
Yes, but not the full amount	7.92
No, but I will be investing outside an ISA	3.55

**THE GOOD NEWS**

The good news for the fund management industry is that ISAs are to become a permanent feature of the savings and investments landscape beyond their previous 2010 expiry date. Some measures have been put in place to simplify and make the scheme more flexible although not all of these are entirely welcome.

One contention point is the contribution limit, which remains for now at the level of £7000 per year, unchanged from the limit set when ISAs were launched in 1999. Some industry commentators believe that this is unacceptable when, in every other area touching on people's finances, figures are reviewed annually. It has been reported that if the ISA limit had risen in line with earnings growth, we should now be looking at an annual limit of between £9000 and £10,000.

In other measures, the Mini/Maxi distinction is to be scrapped, and legacy Personal Equity Plans will be rolled into ISAs, effectively putting an end to PEPs.



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The £3000 limit on the cash element in ISAs is to remain, while it is permissible to invest the whole of the £7000 annual contribution in equities. With this bias, the Chancellor clearly wants us to invest in shares, and this is reinforced by a further move to allow the transfer of existing cash ISAs into the shares version without affecting the annual limit for new contributions.

#### THE NOT SO GOOD NEWS

However, some might argue that this is the wrong way round: it is more mature people who are most likely to have any appreciable savings pot, and they comprise a sizeable population bulge which is moving towards retirement. It is likely that these investors will be looking to shift in the opposite direction; that is, out of riskier, growth-based assets like shares and into capital-preserving, income-generating cash.

The Chancellor announced that these measures will be implemented 'as soon as possible'. No timetable has been set, but it would be no surprise if the Treasury interpreted that 'a.s.a.p.' loosely, and set the changes in place on or after the start of the new tax year on 6<sup>th</sup> April.

Paul Wynne, Trustnet head of marketing and communications says:

"ISAs remain an essential tool in building investment portfolios for the future, and offer a real alternative to paying into a pension. And while latent antipathy towards pensions investments persists - in attitudes ranging from disappointment over poor returns to dismay at Treasury tinkering, clawbacks and backtracks - ISAs will continue to be the preferred savings vehicle for private investors."

#### ENDS

**Fund and sector performance tables are provided with this press release. Additional and/or alternative data analysis is available upon request.**

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