joslin rhodes

Your Guide to Investment Accounts & How They Work.

Which Investment Account is Right For You?

When it comes to growing your money, the right investment account can make all the difference.

Some offer great tax perks, while others offer more flexibility for accessing your funds when you need them.

Here's a simple breakdown of the main types of investment accounts and products that you might already have - or that our Financial Planners recommend as part of a well-rounded retirement strategy.

DON'T WING IT - PLAN IT!

ISAs (Individual Savings Accounts)- A Tax-Free Home for Your Money...

ISAs are one of the simplest ways to save or invest tax-free.

Each tax year, you can contribute up to £20,000 (2025/2026 limit), and any returns - whether from interest, dividends, or investment growth - are yours to keep, tax-free.

Types of ISAs:

Cash ISA:

A safe place for your savings, with no tax on interest.

Stocks & Shares ISA:

Invest in funds, shares, or bonds to grow your money over time.

Lifetime ISA (LISA):

Designed for first-home buyers and retirement savings, with a 25% government bonus on what you save. You can choose a Cash LISA for stable interest or a Stocks & Shares LISA to potentially grow your money through investments.

Innovative Finance ISA:

For peer-to-peer lending investments (higher risk).

Why We Like ISAs:

- No tax to worry about - ever!
- A great way to invest for the long term.
- You can access your money whenever you need it (except for LISAs, which have restrictions).
- LISAs can also be used to save for retirement, allowing you to withdraw funds tax-free after age 60.

Potential Downsides:

- You can only contribute £20,000 per year (split across all of your ISAs).
- LISAs come with a penalty if you withdraw for anything other than a first home or retirement.

SIPPs (Self-Invested Personal Pensions)- Supercharged Retirement Savings...

A SIPP is a personal pension that gives you full control over where your retirement money is invested.

The best part? Tax relief. The government automatically adds 20% tax relief to your contributions.

If you're a higher-rate taxpayer, you can claim an additional 20% through your Self Assessment tax return, bringing your total tax relief to 40%. Additional-rate taxpayers can claim an extra 25%, totalling 45% tax relief.

Why We Like SIPPs:

- ✓ Tax relief boosts your savings: A £10,000 contribution only costs a basic-rate taxpayer £8,000.
- ✓ A wide range of investment options: Funds, stocks, commercial property, and more.
- ✓ Helps build a solid pension pot for the future.

Potential Downsides:

- ✗ Your money is locked away until at least age 55 (rising to 57 in 2028).
- ✗ Withdrawals (after the 25% tax-free lump sum) are taxable as income.
- ✗ The annual contribution limit is £60,000, which is the maximum you can contribute and still receive tax relief. However, for high earners, this limit may be lower.

GIAs (General Investment Accounts)- Flexible, but Not Tax-Free...

A GIA is a simple investment account with no contribution limits.

However, unlike ISAs, profits may be subject to Capital Gains Tax (CGT) or dividend tax.

Why We Like GIAs:

- ✓ No limits: Invest as much you like (perfect if you've maxed out your ISA).
- ✓ No restrictions: Access your money whenever you want. Can work well alongside an ISA for tax-efficient investing, subject to the fund being sold down.

Potential Downsides:

- ✗ Profits above the Capital Gains Tax (CGT) allowance (£3,000 in 2025/26) could be taxed.
- ✗ Not as tax-friendly as an ISA but can still be useful as part of a diversified investment strategy.

Investment Bonds-
A Different Approach to Tax Planning...

Investment bonds are long-term investment products, often offered by insurance companies.

They are taxed differently from ISAs and GIAs, making them useful in certain tax-planning situations.

Types of Investment Bonds:

Onshore Bonds:

UK-based, with tax deducted within the fund.

Offshore Bonds:

Held outside the UK, allowing investments to grow tax-deferred until withdrawn.

Why We Like Investment Bonds:

- ✓ Tax-deffered growth: Tax is only paid when withdrawing over a certain amount.
- ✓ Useful for higher-rate taxpayers: Helps reduce tax bills.
- ✓ Estate planning benefits: Often held in trusts.

Potential Downsides:

- ✗ Withdrawals over 5% per year may be taxed.
- ✗ Can be complex: Best suited for specific tax strategies.

So, Which One's Are Right For You?..

The best mix of accounts depends on your retirement goals are, how soon you need the money, and your tax situation.

But, here's a quick guide...

Want to grow your money tax free?
ISAs

Looking for a tax-efficient long-term strategy?
Investment Bonds

Maxed out your ISA and need flexibility?
GIAs

Planning for retirement?
SIPPs

At Joslin Rhodes, we often combine these to create a balanced, tax-efficient portfolio designed to give you the best retirement possible.

Still Have Questions?
Let's Talk...

Investing is personal and finding the right balance of accounts can make a big difference in your financial future.

If you would like to know more about any of the products mentioned here, or would like our advice on your retirement plans, **get in touch today.**

Call: 01642 52 55 11
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