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# WHAT YOU NEED TO KNOW ABOUT ISAs

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How to protect and grow your ISA savings,  
or use them to generate income



MetLife®

# About MetLife

- As the UK market leaders in guaranteed retirement solutions, we understand the importance of certainty, flexibility and value.
- Since entering the UK market in 2007, we've delivered innovative, award-winning products, combined with great service, offering a genuine alternative to the other retirement and investment solutions out there.
- We offer a range of innovative income and capital guarantees that can provide you with greater certainty in an uncertain world. These are available through the following tax wrappers:
  - ISA Portfolio
  - Retirement Portfolio
  - Investment Bond Portfolio
  - Trustee Investment Portfolio

**In this guide we will tell you more about our Guaranteed ISA - designed to complement our existing solutions, and providing you with the certainty, flexibility and value you'd expect from MetLife.**

## Important information

The value of your investment, and any income taken from it, can go down as well as up and you may get back less than you invested.

The MetLife Secure Capital Option provides a guaranteed death benefit or amount at the end of a chosen term. If you switch out or cash in your investment before the end of this term, you will receive the underlying value of your investment.

The MetLife Secure Income Option provides a guaranteed level of income for life and death benefit. If you switch out or cash in your investment you will receive the underlying value of your investment.

Any payment you ask MetLife to make from your policy to a Financial Adviser will reduce the value of your investment, and proportionately, any amounts guaranteed.

Although you can access the funds at any time, you should consider a MetLife ISA Portfolio as a medium to long-term investment, ideally five years or more.

Tax treatment depends on your individual circumstances and may be subject to change in the future, with or without notice.

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## ISAs: an introduction

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An ISA allows you to save or invest in a tax-efficient way. There's no income tax or capital gains tax on the investment, and no tax to pay on withdrawals either. They're the UK's most popular way of saving – with over 23 million adults using them, they have a combined value of £483 billion.<sup>1</sup> ISAs can be used to both generate regular income and long-term capital growth.

In the 2017/18 tax year the maximum you can pay into your ISA is £20,000.

### Types of ISA



#### Cash ISA

A cash ISA is a savings account where the interest isn't taxed. You can choose between an instant access, regular saver or fixed term. This kind of ISA currently offers generally low but reliable levels of interest, and therefore growth.



#### Stocks and Shares ISA

With stocks and shares ISAs you can invest in funds, bonds and shares in individual companies. These have more growth potential but there's more risk, as investments can go down as well as up. These have the following tax advantages:

- No capital gains tax on profits
- No tax on interest earned on bonds
- Withdrawals are tax free



#### Guaranteed ISA

Now, there is a new type of stocks and shares ISA that can guarantee a capital amount at the end of your chosen term or guarantee a level of income throughout your lifetime. You can benefit from the tax advantages of an ISA, while protecting your investment with guaranteed options.

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1. Source: HMRC Individual Savings Account (ISA) Statistics, August 2015.



## 2 Looking to the future

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If you want your ISA to be part of your long-term financial planning, you need to look at it alongside your pension(s), savings, investments and any other assets. It's useful to build an overall picture of your assets, so you can decide how to use them together.

### Assess your current ISAs

Make sure you understand what your ISAs are invested in – cash, or stocks and shares – and their value.

Establish whether there are periods where you won't be able to access the money you have invested and what the penalties or charges are if you decide to transfer out (such as missing any end-of-term bonuses).

### Transferring an ISA

If you decide to transfer to another ISA, you'll need to plan in advance and should take financial advice.



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## How to generate income

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Whether you're in work or retired, an ISA can be used to generate a regular income. Unlike a pension, you can access it earlier than 55. There is no upper limit on the income you can generate from your ISA, with the benefit of paying no tax. This would also have no impact on your personal allowance or the rate of tax you pay. In most cases you can access your money, if you need it.



### Cash ISA

#### Benefits

- Delivers income by paying out interest earned
- Generally allows instant access (or access with a penalty for fixed term account).

#### Be aware

- Low rates of return - the average cash ISA rate, according to the Bank of England, dropped to 0.46% p.a. in December 2016
- The investment growth may be less than inflation
- Low rates of return may mean that the value of the ISAs is unable to sustain the required long term income requirement.



### Stocks and Shares ISA

#### Benefits

- Invests in a number of income-generating assets such as dividend-producing shares and bonds
- Because the ISA is invested in stocks and shares there is a higher potential for growth than cash ISAs.

#### Be aware

- Investments can go up or down and the capital value is not guaranteed.



### Guaranteed ISA

#### Benefits

- Delivers guaranteed levels of income for life, with the potential for capital growth
- Protects your income from market falls.

#### Be aware

- The income level is guaranteed, not the value of the underlying investment you make in the ISA itself.
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## How to generate capital growth

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You can use an ISA to build a sizeable sum for your own future, or to leave a legacy for loved ones.



### Cash ISA

#### Benefits

- Delivers growth by having interest earned, reinvested and compounding
- Any interest earned in cash ISAs is totally tax-free – so the effect of compounding is greater than if the interest is being taxed at 20%
- There is little risk.

#### Be aware

- Low rates of returns mean growth will be limited and after inflation in real terms investments may fall in value.



### Stocks and Shares ISA

#### Benefits

- Investments will be in stocks and shares that provide the potential for more growth than a cash ISA.

#### Be aware

- The investment is not guaranteed and market downturns could put a significant dent in any legacy – with no certainty that it could be recovered in the short term.



### Guaranteed ISA

#### Benefits

- Provides the certainty of a guaranteed capital amount at the end of your chosen term with the potential for growth.

#### Be aware

- They are available with terms from 12 to 20 years. They guarantee a capital amount at maturity and you are able to access your investment before the maturity date, however this may be less than your guaranteed capital amount.
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## 5 The new MetLife ISA Portfolio

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MetLife can provide you with financial certainty for your future in a tax-efficient way. You can choose to receive a guaranteed level of income for life or guarantee your capital.

### Receive a guaranteed level of income for life, with the Secure Income Option

Choose between guaranteed immediate income, where you can take an income now – or guaranteed income in the future, where you delay your income until a later date. Both options provide you with a flexible income for life that's designed to meet your needs.

### Guarantee your capital, with the Secure Capital Option

This provides you with a capital guarantee at the end of your chosen term, giving you a greater certainty of the value of your savings. The Secure Capital Option is available with a minimum 12 year term.

#### Main benefits of the MetLife ISA Portfolio:

- ✔ Potential for growth
  - ✔ Potential to increase your guaranteed benefits on a daily basis
  - ✔ Guaranteed death benefit
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# ISAs: Investor Protection

## Cash ISA

From 30 January 2017 the maximum level of compensation for claims is £85,000\* per person per firm.

## Stocks and Shares ISA

The maximum level of compensation for claims against firms declared in default is £50,000 per person per firm.

## Guaranteed ISA

You will hold an insurance contract as the investment within your MetLife ISA, and the maximum level of compensation is up to 100% of the claim with no upper limit.

You can obtain further information on Investor Protection from the FSCS.

\* Source: FSCS 30 January 2017

## Want to know more?



Speak to your Financial Adviser to learn how our ISA Portfolio could benefit you.



Visit [www.metlife.co.uk](http://www.metlife.co.uk) for more information.

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