

# About ISAs



'ISA' stands for Individual Savings Account. The main difference between an ISA and any other savings account is that it offers tax-free interest payments, so you could get more for your money.

There are several different types of ISA: Cash ISAs, Stocks and Shares ISAs, Innovative Finance ISAs, and Lifetime ISAs. For under 16s there is also a Junior ISA. Currently, MMBS only offer cash ISAs.

Your ISA allowance can be split between Cash ISAs, Stocks and Shares ISAs and Innovative Finance ISAs. Although you may prefer to consolidate them – you can have multiple ISAs from different years.

A Cash ISA is a standard savings account for which you can currently add up to £20,000 per tax year – this is the allowance for the 2023/24 tax year.

## **Are ISAs still important?**

ISAs remain important despite the introduction of Personal Savings Allowance (PSA) in 2016, particularly as we start to see rates increase. When rates were lower, most customers would need to have around £100,000 in savings before they need to worry about paying tax.

Savings rates have however increased over the last year, therefore the amount required before you reach the PSA allowance has reduced. Additionally, not all customers are basic-rate taxpayers, with tax treatment dependent on individual circumstances. Interest earned in an ISA account does not count towards your PSA.

In addition, it is not guaranteed that the PSA will always be in place; putting money in an ISA could protect your funds from future changes.

For more information on the PSA, see the Government website:

**<https://www.gov.uk/apply-tax-free-interest-on-savings>**

## **Do all MMBS products accept ISA transfers from existing ISA accounts or other providers?**

Not all MMBS products allow ISA transfers. This is currently limited to our 100 Day Notice ISA and our range of Fixed ISA accounts. The Easy Access ISA does not currently allow ISA transfers in.

Please note that ISA transfers are only available through our branch channel at present – please visit one of our branches to request a transfer.

## **Do MMBS offer Flexible or Portfolio ISAs?**

Flexible ISAs allow you to replace any withdrawn funds without affecting your subscription limits. This is not currently offered on any of our products.

Portfolio ISAs allow you to deposit into multiple cash ISAs with the same provider in one tax year, by splitting your subscription across the accounts. This is not currently offered on any of our products.

## **Other Types of ISA**

There are other types of ISA that MMBS do not currently offer:

- A Stocks & Shares ISA allows you to invest in a wide range of shares, funds, investment trusts and bonds,
- The Lifetime ISA is a longer-term tax-free savings account that gives you a government bonus of 25% of the money you put in, up to a maximum of £1,000 a year. As with other ISAs, you won't pay tax on any interest, income or capital gains from cash or investments held within a Lifetime ISA,
- An Innovative ISA is a type of ISA that adds a tax-free wrapper to savings income from peer-to-peer lending and debt-based securities IE Property Projects, Green energy Projects, SME & consumer lending,
- A Junior ISA is a long-term savings account set up by a parent or guardian with a Junior ISA provider, specifically for their child's future. Available to those not eligible for a Child Trust Fund. Transfer an existing Child Trust Fund into a Junior ISA. May be held in cash and stocks and shares.

For more information on ISAs, please see the Government website: **Individual Savings Accounts (ISAs): Overview – GOV.UK ([www.gov.uk](http://www.gov.uk))**