

Summary of investment overview

Deposits may be held in:

- Commercial banks
- Building societies
- ISAs

National Savings have a number of different instruments:

- Index Linked Certificates
- Fixed Interest Savings Certificates
- Children's Bonus Bonds
- Capital Bonds
- Ordinary account
- Investment account
- Pensioners' Guaranteed Income Bonds

Asset-backed investments can be held in:

Shares

- Issued by companies to raise money
- Dividends related to profitability
- Fixed Rate Savings Bond
- Income Bonds
- Potential Capital Gains Tax on realised gains when shares sold

Gilt-edged Securities

- Government guaranteed
- Fixed rate of interest or coupon
- Full nominal value repaid at redemption date Some Gilts index linked
- No Capital Gains Tax on Gilts
- Interest liable for tax

Unit trusts

- Investors' money pooled to form large funds
- Medium to long-term investments in stocks and shares
- Broad spread for greater security
- Professional fund management
- Income distributed or re-invested
- Income liable for tax
- Potential for Capital Gains Tax

Personal Equity Plans (PEPs)

- Two types – general PEPs and single company PEPs
- Replaced by ISAs in April 1999
- Invest in shares, unit trusts, investment trust or open ended investment companies No income tax or Capital Gains Tax liability

Stocks and shares ISAs

The client can invest up to £7,200 (for people aged 50 and over from 6 October 2009, and to everyone from 6 April 2010, this is increased to £10,200) with one provider. The Stocks and Shares ISA must include a stocks and shares element. Stocks and shares ISAs can invest in a very broad spread of asset backed investments.

Investment trusts

- Pooled investments run by limited companies
- Medium to long-term investments
- Professionally managed

- Income and gains liable to tax
- Can trade at a discount or a premium
- The funds are closed-ended

Open ended investment companies (OEICs)

- Pooled investments run by limited companies
- Medium to long term investments
- Professionally managed
- Income and gains liable to tax
- Single pricing based on the net asset value
- Charges expressed separately
- Open ended funds

Investment bonds

- Single premium (ie. lump sum investment)
- Non qualifying life assurance policy
- Medium to long-term investments
- Broad spread for greater security
- With profit or unit-linked
- Withdrawals possible
- No personal liability for basic rate Income Tax or Capital Gains Tax