



Most savers don't know ISA limits

New research from Halifax, the UK's number one provider of Individual Savings Accounts (ISAs), shows that nearly 80% of people do not know how much they can save tax-free in a cash ISA each year.

All taxpayers have an annual ISA allowance of £7,000, of which up to £3,000 can be held in a cash mini ISA in the current tax year, which ends on 5th April 2008.

From 6th April 2008, the overall annual allowance will rise to £7,200, of which up to £3,600 can be held in cash.

However Halifax research* shows that just one in five people (21%) knew that the current annual cash ISA limit is £3,000. Of those surveyed, 14% gave an incorrect response, while a further 65% said they did not know (see Editors' Notes for tables).

The research did show that more than three-quarters of those surveyed (77%) knew that an ISA was a form of savings account

More than one-third of those surveyed (37%) knew that ISA stood for Individual Savings Account, although 40% said they did not know.

Three-quarters (75%) of those surveyed said they did not know how much of their annual ISA allowance they could hold in stocks and shares, with just 9% giving the correct answer of £7,000. Only 7% of respondents correctly said they could hold up to £4,000 in stocks and shares if they have already used some of their cash ISA allowance.

Just over one-third of respondents (37%) knew they were allowed to transfer their ISA from provider to another, while 20% said they believed they were unable to make a transfer.

When new ISA regulations come into force on 6th April 2008, savers will be allowed to transfer a cash ISA to a stocks and shares ISA, but they will not be able to transfer stocks and shares into cash.

More than a half of those surveyed (52%) said they believed people should be allowed to transfer funds held in stocks and shares ISAs into cash, with 15% of respondents saying they would be more likely to invest in stocks and shares if they were allowed to transfer their investment into a cash ISA.

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Tony Wilcox, head of savings at Halifax, said:

"ISAs have been part of the savings landscape since 1999, so it may come as a surprise that almost 80% of people do not know their annual cash ISA allowance.

"It is encouraging, however, that more than three-quarters of those surveyed knew that ISAs are a form of savings account. We would urge everyone to use their annual ISA allowance to ensure they reap the benefits of tax-free savings."

Ends.

Editors' Notes:

Savers who have not used their ISA allowance for the current 2007/08 tax year can apply for a Halifax ISA by calling 08457 26 36 46, or by visiting their local branch, before Saturday 5th April 2008.

* On behalf of Halifax GfK NOP interviewed a representative sample of 953 adults aged 18+ between 15th and 17th February 2008.

What is the annual cash ISA allowance?

£3,000	21%
Other	14%
Don't know	65%

What is the annual stocks and shares ISA allowance?

£7,000	9%
£4,000	7%
Other	9%
Don't know	75%

Are you allowed to transfer your ISA from one provider to another?

Yes	37%
No	20%
Don't know	43%

Should you be allowed to transfer a stocks and shares ISA into cash?

Yes	52%
No	12%
Don't know	36%