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ISA vs PPs

What are the differences?

Individual Savings Account (ISAs) and Personal Portfolios (PPs) are both savings plans that you can access at any time. ISAs are more tax-efficient than PPs and so there are limits on how much you can invest each year. The following table explains the differences:

	ISA	PP
Income Tax	All income returns are tax free	Subject to tax depending on your other income
Capital Gains Tax	All gains are tax free	If the gain is over your annual exemption, currently £6,000, the excess is taxed at 10% for basic rate tax-payers or 20% for higher rate tax-payers
Inheritance Tax	Included in your estate and could be subject to tax if your total wealth is over your available Nil Rate Band on death*	Included in your estate and could be subject to tax if your total wealth is over your available Nil Rate Band on death*
Accessibility	No penalties to make withdrawals; funds paid to you in 10 working days	No penalties to make withdrawals; funds paid to you in 10 working days
Maximum you can save	£20,000 per annum	Unlimited
Minimum Age	Age 18 for investment Age 16 for cash	Age 18

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You should be aware that pension and life fund performance differs from unit trust/OEIC performance, due to underlying tax treatment. Past performance is not a reliable indicator of future returns. This means that investments will fluctuate and you may not receive back the full amount of your original investment.

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