

FARLEY & THOMPSON INDIVIDUAL SAVINGS ACCOUNT

Understanding the Additional Permitted Subscription Allowance

Since 6 April 2015 spouses and civil partners of ISA holders who have died have been able to inherit an additional ISA allowance equivalent to the value of cash and/or investments that the deceased held in their ISAs. This is referred to as an Additional Permitted Subscription (APS).

- The APS allowance is available following the death of your spouse or civil partner. Please register the death with us and let us have sight of the original or a certified copy of the death certificate.
- If the deceased held more than one ISA, you will have an APS allowance with each provider.
- You and the deceased must have been living together at the date of death. You cannot use an APS allowance if you were separated under a Court Order, Deed of Separation or under any other circumstances that were likely to become permanent.
- As the surviving spouse or civil partner, you will have to complete an eligibility declaration.
- Your APS will be the higher of the formal probate value of the deceased's ISA or, if an in-specie Stocks & Shares ISA, the value of the shares at the date of transfer.
- The APS is available whether or not you inherit the specific ISA assets.
- You can subscribe the APS to your own ISA in addition to your normal annual ISA subscription.
- The APS can be made in cash or by way of an in-specie transfer of the deceased's assets:
 - If you are using cash to fund the allowance this must be done within 3 years of the date of death or if later, within 180 days of completion of administration of the estate;
 - If an in-specie transfer, within 180 days of beneficial ownership passing to you as spouse i.e. issue of the Grant of Probate or other formal notification from your solicitor.
- The APS can be made either with the manager who held the deceased's ISA or with another manager, like Farley & Thompson, who agrees to accept the APS and monitor the subscriptions.
- The APS can be made at any time and in any amounts subject to the overall time and value limits.
- Once an APS has been made with an ISA manager, any further additional permitted subscriptions up to the limit must be made with the same manager. An unused balance cannot be used with another manager.

For example, if you have an APS with a Cash ISA provider such as your Building Society of £10,000, as well as an APS for a Stocks & Shares ISA with Farley & Thompson, if you decide to utilise £5,000 of the Cash APS with the Building Society, you cannot move the remaining Cash APS balance of £5,000 to Farley & Thompson at a later date.

We have set out various scenarios overleaf but please get in touch with our experienced team who will be happy to talk to you about your options and guide you through the APS process.

WHAT ARE THE OPTIONS?

1. Your spouse had a Farley & Thompson ISA and you want to use the APS allowance via an in-specie transfer to a new or existing ISA with Farley & Thompson

- Farley & Thompson only offers a Stocks & Shares ISA.
- For existing clients, we will send you an 'Additional Permitted Subscription application and declaration' which we will ask you to complete and return to us together with formal confirmation of the death. In due course we will also require the Grant of Probate. An ISA application form will be sent to you as necessary.
- If you are not already a client, we will need you to complete a full set of standard account opening paperwork including the provision of personal identity requirements compliant with current anti money-laundering regulations, as well as the APS application. In addition, we will ask you to provide us with formal confirmation of the death of your spouse or civil partner and in due course the Grant of Probate.
- Assets previously held by the deceased will be transferred to you by way of a book entry movement - they are not sold and repurchased. Eligible assets for an in-specie transfer are those held at the time of notification of death taking into account any corporate actions.
- Only inherited assets can be used to make an in-specie APS and only if title for those assets has remained with Farley & Thompson as the ISA manager at all times.
- The value of the inherited assets for APS can either be the value of the ISA on the date of death or the value of the assets at the date of in-specie transfer, whichever is higher.
 - If the value has increased, it will be possible to transfer them all to the ISA.
 - If the value has decreased, a top-up can be made in cash.
- It is not possible for a surviving spouse to subscribe personal shareholdings in lieu of an in-specie APS.
- Please remember that if you use any part of your APS allowance with us, you are not then able to transfer the remaining balance to another provider.

2. You wish to transfer an inherited APS to us from another provider

- We will accept an APS from a Cash ISA provider into the Farley & Thompson Stocks & Shares ISA which can subsequently be invested.
- We will ask you to complete an 'APS Transfer Authority Form'.
- We will accept an APS from another Stocks & Shares ISA investment manager but please note this can only be made to us in cash. **An in-specie APS transfer is only permitted with the original ISA provider holding those securities.** If you are in any doubt as to the best course of action we would advise undertaking the APS process with the existing investment provider and then review your options for transfer or amalgamation later.

3. You are not a client of Farley & Thompson or you wish to transfer your APS elsewhere

- If you would like to use your APS with Farley & Thompson but you do not have an account with us, please speak to one of us and we will guide you through the account opening process.
- If you wish to transfer your APS elsewhere, firstly make sure your new provider will accept the allowance as not all providers undertake this service.
- You must still formally register the death with Farley & Thompson by letting us have an original or certified copy of the death certificate.
- You will need to complete our 'Request for an Additional Permitted Subscription allowance valuation' form and sign the eligibility declaration.
- **Please note we cannot transfer an APS out in-specie.** This means that we will have to sell the investments which will attract dealing commission.
- Remember that once you have transferred the APS allowance away you cannot transfer it back again.

No longer a UK resident?

You can still open an ISA and use the APS allowance but you will not benefit from having an annual allowance as well. Please let us know if you think this affects you.