

**Press Release**  
**24 June 2010**

***The Workplace ISA is now an essential workplace offering***

The tax changes announced in the emergency budget are likely to increase the demand for workplace ISA amongst all employees.

Workplace ISA is being considered by many employers keen to offer a savings alternative to those higher earners affected by the restrictions to pension tax relief.

Paul Bloomfield, Head of Tax at WEALTH at work comments “Whilst the new government intends to simplify the restrictions, proposing a reduction in the annual allowance for pension contributions, the eventual limit of between £30,000 and £45,000 may still restrict some senior employees many of whom have become used to contributing a proportion of their variable pay to a pension”.

The workplace ISA provides choice and flexibility required. Linked to payroll, employees may contribute up to £850 per month from their net pay or make one off contributions. In effect the addition of workplace ISA offers the employee a combined savings limit made up of both pension and ISA.

However workplace ISA has a far wider application in the workplace. It has long acted as a useful mechanism for mitigating capital gains tax following the exercise of a SAYE share option scheme. In recent times its benefit has been somewhat diminished; the combination of a relatively low capital gains tax rate and the fact that many schemes have not been ‘in the money’ during the economic downturn have reduced the need for workplace ISA.

There are signs that capital gains are returning and this will need to be assessed. The increased capital gains tax rate of 28 per cent is likely to be a consideration for a significant minority of employees and not just higher rate taxpayers given the requirement to add capital gains to income when assessing the charge to tax. Individuals who would otherwise be basic rate taxpayers may suffer capital gains tax at 28 per cent. The workplace ISA delivers the solution but only when it enables in specie transfers of shares from the share scheme administrator to the ISA provider.

Jonathan Watts – Lay, Director of WEALTH at work comments “Existing shareholdings can also be sheltered within the ISA wrapper. Bed and ISA is the mechanism by which existing shares are sold and reacquired within the ISA wrapper protecting any future capital growth from tax. Higher earners may also benefit by avoiding the additional tax that would otherwise be payable on dividends.”

The introduction of workplace ISA provides all employees with a valuable addition to their savings choices.

***Notes for Journalists***

WEALTH at work is a specialist provider of financial education and strategic investment planning to a number of the UK’s largest companies. To learn more about communicating the implications of the budget and providing employees with access to the relevant technical support or the provision of alternative savings methods, contact us on **0800 028 3200** for a complimentary consultation.

***For further information, please contact the WEALTH at work press office on 0151 255 3425 or email [sarah.j.geraghty@wealthatwork.co.uk](mailto:sarah.j.geraghty@wealthatwork.co.uk)***

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