

WHITBREAD

Individual Savings Account (ISA)

Administered by Stocktrade

FREQUENTLY ASKED QUESTIONS

1. **How can I contact the ISA team?**

Call the dedicated ISA helpline on 0131 240 0448 or email the ISA team isa@stocktrade.co.uk

If you would like a hard copy of any documents for the ISA please contact the team as above and they will be happy to send them to you.

2. **What is an Individual Savings Account (ISA)?**

An ISA is a type of savings scheme set up by the Government. Simply put, they give you tax advantages on your savings. There are two types of ISAs - a Cash ISA and a Stocks and Shares ISA. Within Cash ISAs, the interest earned is free of UK income tax. Investments held within Stocks and Shares ISAs are free of further personal UK income Tax and Capital Gains Tax (CGT).

3. **What is the difference between a Cash ISA and a Stocks & Shares ISA?**

A Cash ISA is like a normal savings account, but you don't have to pay UK income tax on your interest, provided all ISA conditions are met. Some Cash ISAs are offered as a fixed-term or fixed-rate account.

A Stocks and Shares ISA allows you to invest in the stock market. Stocks and Shares ISAs are classed as being "tax-efficient" and are free of UK CGT on disposals and no further personal tax liability on any income (dividends) received. As your money is invested in the stock market, the value of your investment will rise or fall accordingly so you could end up with less than you invested.

4. **Who can have an ISA?**

To have an ISA you need to be:

- A UK resident (Crown employees working overseas and spouses/civil partners are also eligible)
- 16 or over for Cash ISA
- 18 or over for Stocks & Shares ISA
- An individual (companies, clubs, societies and joint applications for example, are not eligible)

5. **What are the benefits of opening an ISA?**

- An ISA is a tax efficient investment that allows you to invest each tax year up to the annual ISA subscription limit in shares and/or cash.

- Any capital growth within your Stocks and Shares ISA is not subject to CGT when you sell.
- You can regularly withdraw income without incurring additional UK income tax.
- A Stocks and Shares ISA enables you to invest in recognised stock markets worldwide.
- No complicated paperwork associated with holding share certificates.
- There is no further liability for personal UK income tax from dividends or income you receive from an ISA.
- Any income or sale proceeds from an ISA do not need to be reported on your tax return.

6. What are the ISA Limits?

Your annual allowance limit is £15,240 in the 2015/2016 tax year. Of this, all (or part) of your allowance can be saved in a Cash ISA or all (or part) with a Stocks & Shares ISA. The value of tax relief depends on individual circumstances. Annual ISA limits are subject to review and in recent years, have increased annually in line with the Consumer Prices Index (CPI). The Government's favourable tax treatment of ISAs is kept under review and although there is no expectation of any significant changes, there can be no actual guarantee that this will be maintained in the future.

7. How many ISAs can I have?

There is no limit on the number of ISAs you can hold but you can only subscribe (pay in cash or shares) to one Cash ISA and/or one Stocks and Shares ISA per tax year. This could be a Cash ISA with one provider and a Stocks and Shares ISA with a different provider, or both with the same provider.

Whatever your choice, you must ensure you do not exceed the maximum annual subscription allowances.

8. Will Stocktrade open a new account for me in each Tax Year?

No, you will only hold one account and subsequent subscriptions will be added into this account. This means that you will only pay one annual management fee and the dividends on all your shares will be received together, unless you elect to take future dividends as income, which will all be paid together.

9. What is an ISA Provider?

ISA providers otherwise known as ISA managers, include banks, building societies, fund managers, stockbrokers and financial advisers. ISA managers must be authorised by the Financial Conduct Authority (FCA) and approved by HM Revenue and Customs.

While this approval of an ISA manager does not guarantee the ISA manager's performance or that any ISA investment will deliver a satisfactory return, it does provide access to regulatory procedures if things go wrong.

10. How much does it cost?

For details of all our charges please refer to the Rate Card.

11. How do I pay my fees?

Stocktrade's annual management fee for your ISA is payable from within your account. Once the ISA is open you may elect to pay your fee by Direct Debit (please contact the Stocktrade ISA team if you wish to do so). All commission costs for dealing are deducted from either sale proceeds or from the amount you are investing.

12. Can I have my dividends automatically reinvested in Whitbread shares?

It is possible to have dividends paid on the shares in your ISA reinvested in further shares automatically. Dividends can either be paid out to you or retained in your account pending dividend re-investment. You will need to specify how you wish to receive your dividends on the application form.

13. How are dividends treated for tax purposes in a Stocks and Shares ISA?

If you are a basic rate taxpayer with shares either inside or outside an ISA you pay tax at 10% on dividend income. This is taken as a 'tax credit' before you receive the dividend and cannot be refunded for ISA investments

If you are a higher or additional rate taxpayer with shares outside an ISA, you would normally pay further tax on dividend income. So you save by not having to pay any further tax.

14. If I have a maturing SAYE scheme, how long do I have to transfer to an ISA?

You have 90 days to transfer your shares in to an ISA. The clock for the 90 day period starts ticking on the date you exercise your rights to take up the shares (the day you elect to take the shares).

15. How many shares can I transfer in to an ISA from a SAYE maturity?

The number of shares is calculated based on a $\frac{1}{4}$ up valuation of the shares (calculated using the current market value) on the day the Account Manager transfers your shares to your account. So if your shares have a closing price of £47.00 to sell and a buying price of £47.02 from the previous trading day, a $\frac{1}{4}$ up price would be £47.00 $\frac{1}{2}$ per share. This represents the price which is a quarter of the way up from the selling price to the buying price.

You will need to specify the value that you wish to invest in your ISA on the ISA application form.

16. Can I still apply for an ISA with Stocktrade if I have an existing ISA?

Yes you can, but you must remember that you can only subscribe to one Stocks & Shares ISA in each tax year. If you have subscribed to another ISA in this tax year then you are unable to open an ISA with Stocktrade. You may be able to transfer to Stocktrade then top up, but call the team first for help, 0131 240 0448.

17. If I subscribe to a Stocktrade ISA for this tax year, do my future stocks and shares ISA have to be with Stocktrade?

Wording has been included on the application form so that if you wish to continue investing in a Stocktrade ISA in subsequent tax years, no further paperwork is required as this type of application is a "continuous" application. You can, of

course, subscribe to an ISA offered by an alternative ISA provider in subsequent tax years if you prefer and this will automatically break the application with Stocktrade as will a whole year without subscribing to your ISA.

18. How will I know that the transfer has completed?

Stocktrade will send you written confirmation that the transfer is complete with all the relevant details and account information.

19. When can I sell shares within my ISA?

Once you have received confirmation that your ISA account has been set up and shares transferred, you can sell shares from within your ISA on any day that the UK Markets are open. All you need to do is telephone the ISA dealing line (0131 240 0449), quote both your name and account number and your instructions shall be carried out on an Execution Only basis. Once the sale has been completed, you will be able to re-invest the funds into a different stock(s). Alternatively any cash generated will remain on deposit pending your investment instruction or closure/withdrawal instructions.

20. What is the minimum duration the ISA needs to be kept open?

There is no requirement to hold an ISA for a certain period of time. You are able to withdraw all or some of your investment at any time, but should be aware that funds withdrawn cannot be replaced. Any ISA closed within the first year of opening will be liable to an early closure fee (please see your rate card in the Forms & documents section of your share portal account).

21. How can I request a withdrawal?

Full or partial withdrawals can be made, at any time. All we require is a written letter of instruction from you with your signature for security purposes, or you can withdraw online if you have activated your account and uploaded your bank details. Please note that funds withdrawn from an ISA cannot be replaced without affecting your annual ISA subscription limit for that tax year. Stocktrade will not make third party payments from your ISA.

Please note that if you are looking to raise cash to withdraw by selling all or part of your holding, it is advisable to do this by telephone in advance of sending in your withdrawal request. This ensures that the sale is made on the day of your choosing with a share price that is acceptable to you.

Please see your rate card in the Forms & documents section of your share portal account for details of dealing charges and additional fees that apply for payments by cheque and CHAPs.