

# YOUR GUIDE TO ISAs WITH IMPACT

Isn't Sustainability Amazing?





# CONTENTS

This guide provides a roadmap for navigating your ISA journey while having an impact.

You'll find all the basics on ISAs, from rules to benefits and information on understanding the risks.

We'll also shine a spotlight on the Triodos Stocks and Shares ISA and range of available funds.

We've included some promotional information about products in this guide.

## Important points to remember:


This guide is here to help make your own decisions, but it's not a personal recommendation. If you're unsure, you should consider financial advice.

Unlike cash, investments go up and down in value over time. Depending on the price when you sell, you could get back less than you put in.

## Your interactive roadmap

- › The five golden rules of ISAs 3-4
- › Should you consider a Stocks and Shares ISA? 5-6
- › Why invest with Impact? 7
- › Shining a spotlight on ISAs 8
- › What makes Triodos investments unique 9
- › Meet Sunit - Triodos customer interview 10
- › Understanding risks in impact investing 11-12
- › Find out more 13





# THE FIVE GOLDEN RULES OF ISAs

When some people start researching the benefits of our Individual Savings Accounts (ISAs) - which help to create a positive future for people and the planet - they can start to feel overwhelmed by the rules, acronyms, and exceptions of ISAs. If this sounds familiar, then read on.

Overall, it's important to remember that ISAs are fundamentally a way of saving or investing tax efficiently, enabling people to make more of their money. So, no need to let jargon or acronyms stop your ISA journey before it begins.



by Hannah Duncan  
Journalist and freelance  
investment writer

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Please remember that this is not financial advice,  
and that with any investment your money is at risk.

[◀ Contents](#)   [◀](#)   [▶](#)



# Here are the five golden rules of ISAs to live by:

## 1. You can save or invest up to £20,000 per tax year

You can deposit up to £20,000 into an ISA each tax year. This money will benefit from some serious perks, such as zero income tax. Plus, no capital gains tax on investments.

But if you don't use it, you lose it. The £20,000 allowance re-sets every tax year and any unused allowance will not be carried over.

## 2. You can have more than one ISA

You can have more than one type of ISA and can split your £20,000 allowance across a Cash ISA, Stocks and Shares ISA, Lifetime ISA (£4,000 maximum) and an Innovative Finance ISA. If you have children resident in the UK, they will also have their own ISA allowance. This additional £9,000 allowance can be split across a Junior Cash ISA and a Junior Stocks and Shares ISA.

The best part is that you can mix and match to create a tax-efficient solution that's best for you.

And thanks to new rules which came in on 6 April 2024, you can now pay into several ISAs of the same type in the same tax year. Just so long

as you don't go over your £20,000 allowance.

## 3. Despite the name, you can save and invest with an ISA

The name (Individual Savings Account) often causes confusion as it implies it's purely a way of saving money, but it isn't. It also applies to investment ISAs. Ours enable customers to invest either globally through impact investment funds or locally through the Triodos crowdfunding platform. It's important to remember that investment products carry more risk than savings.

## 4. It's easy to transfer ISAs

You're not locked into an ISA and that's key, as your financial planning requirements often change. You can even transfer a cash ISA to an investment ISA, and vice versa. It's very straightforward to transfer to Triodos - just open your new ISA and then complete a transfer form. This will ensure you retain the tax benefits of your transferred ISA.

## 5. ISAs can reflect your values

It may seem hard to believe, but where you chose to save or invest your money can make a real difference to humanity and the environment. If your current provider isn't putting the planet first, you might be ready to move your ISA to one that does.

# SHOULD YOU CONSIDER A STOCKS AND SHARES ISA?



As an investment lover, I completely understand the urge to set up a Stocks and Shares ISA. But before diving in, it's better to take moment and consider if it's really the best move for you. Investing is a serious commitment, which cannot be entered into lightly.

To make sure you're in the right mindset and situation for investing, here are six actions to check off beforehand. While this article is intended to be helpful, it is not advice.

Keep in mind that investments go up and down over time so you could get back less than you put in. ISA and tax rules also change, so any benefits will depend on your circumstances.



by Hannah Duncan  
Journalist and freelance investment writer

## 1. Pay off “bad debt”

If you have ongoing high-interest debt, like credit cards, buy-now-pay-later, or payday loans, investing before it's paid off could be a false economy. It's almost always a good idea to pay these off before you start investing. Pay close attention to any early repayment fees, as well as the interest rates to make an informed decision.

## 2. Build a rainy day fund

It's a smart idea to set aside some money in a rainy day fund

before investing. You'll need easily accessible cash ready in case of emergencies, for example, if you lose your job or your bills increase suddenly. Experts recommend saving enough to cover three to six months of living expenses (such as money for mortgage/rent, bills, food, travel, and any other essential monthly outgoings).

### **3. Figure out your timeframe**

Before making any investment decisions, think carefully about how long you want to be invested for. To do this, it can be helpful to think of your financial goals, and what age you want to be when you achieve them. After all, someone who wants to fund a Masters Degree in their 20s will have a very different portfolio from an investor saving for retirement in 40 years. Generally speaking, the more time you have, the more risk you can afford to take with the investments you choose.

### **4. Check your risk tolerance**

If you're happy to accept higher risk for the chance of earning higher returns, equities (shares) in new and innovative fields could be a good choice. If you're more cautious, then you might want to opt for equities in established global companies or bonds where you receive interest on

debt. Funds are a way of investing in lots of different companies at once, to spread your impact and your risk. Overall, your money is always at risk when investing, so research is key in judging what's right for you.

### **5. Opt for tax efficiency**

As well as making money, investors should also think about how to shield any profits from tax. This means keeping more of your money, which can compound and add up over time.

The easiest way to do this is by opting for a tax-efficient investment account like a Stocks and Shares ISA. You can pay up to £20,000 into ISAs each tax year. So, over five years, that's £100,000 of investments that could be protected from income tax and capital gains tax. It doesn't cost any more to invest via a Triodos Stocks and Shares ISA, so these benefits come for free.

### **6. Check your impact**

Investing isn't just about financial gain. It's also about building the world that you want to live in. You can choose what kind of organisations that your hard-earned money goes to support. So, why not invest in the ones that are making the world a better place?





# WHY INVEST WITH IMPACT?

Impact investing, including investing in a Stocks and Shares ISA, connects investors with innovative entrepreneurs and businesses working to create a better world.

Actively investing can pave the way to a positive future. Here's a round up of reasons to invest with impact.

## **To address global challenges**

Pressures on the environment, the prospect of irreversible climate change, and a rising number of people who are denied the means to fulfil basic needs, require a fundamental change in the way we live and how we invest. There is an extraordinary opportunity to harness a growing wave of optimism and awareness as more investors are looking for responsible investments which promote a better future.

## **Potential financial growth**

Multiple studies show that in the long term, the performance of impact investing offers either a similar financial performance or outperforms traditional investments, but with the addition of creating real value and adding to a better quality of life.

## **Direct investments in the real economy**

Investing in the real economy means your money is being used to generate tangible goods and services with social or environmental benefit.

## **Full transparency**

That means knowing exactly where money is invested and what it is doing. It forces account managers and significant investors to be accountable for their actions, while promoting a new way of working in the financial industry.

# SHINING A SPOTLIGHT ON THE TRIODOS STOCKS AND SHARES ISA

We offer four impact investment funds for you to invest in through our tax-efficient Stocks and Shares ISA – all of which drive positive impact for society and the environment.

With a Stocks and Shares ISA you can invest up to £20,000 per tax year, and there is no capital gains tax and no further tax on income generated. The benefits of an ISA depend on your individual circumstances and tax rules may change in the future.

Investments should be regarded for the long term (e.g. 5 years+) as they can go down as well as up in value and you may get back less than you invest. Investments are not covered by the Financial Services Compensation Scheme.

## Features:

- ✓ Rigorous sustainability analysis, with strict minimum standards
- ✓ Invest lump sums from £250 up to £20,000 per tax year
- ✓ Choose regular monthly top-up investments, from £25 each month
- ✓ Easily transfer your existing ISA to our Stocks and Shares ISA
- ✓ Transparent charging



### Triodos Global Equities Impact Fund

Invests globally in large well-established companies moving towards greater sustainability.

[Find out more >](#)



### Triodos Pioneer Impact Fund

Invests globally in small and medium-sized companies pioneering the transition to a sustainable economy and society.

[Find out more >](#)



### Triodos Sterling Bond Impact Fund

Invests in corporate, green and social bonds and UK government gilts.

[Find out more >](#)



### Triodos Future Generations Impact Fund

Invests in small and medium-sized companies that contribute directly to the well-being and development of children.

[Find out more >](#)

Please remember that this is not financial advice, and that with any investment your money is at risk.

[< Contents < >](#)

Shining a spotlight on the Triodos Stocks and Shares ISA



# WHAT MAKES TRIODOS INVESTMENTS UNIQUE?

## 30+ years of impact investing

Triodos Investment Management, the investment arm of Triodos Bank, has been providing impact investments for 30 years. With more than 750 direct investments across the globe, Triodos Investment Management has in-depth knowledge and expertise in making money work for people and planet.

## Investing for people and planet

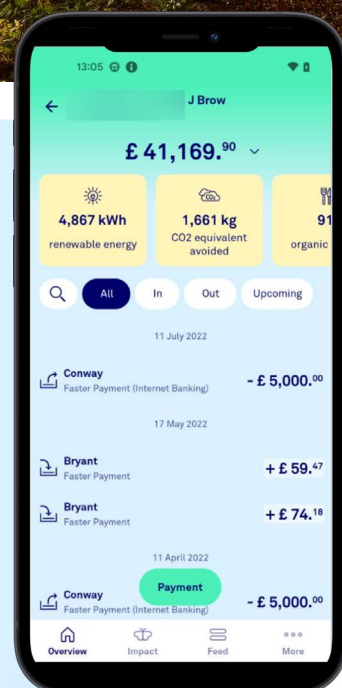
We believe investing should support a sustainable future. We research every investment within our funds in detail so that we're confident of its commitment to sustainability and that they're making a material contribution to important sustainability themes.

## Investing for you

Triodos Impact Investments are award-winning. They work hard to deliver financial returns, providing an alternative to savings accounts. Please bear in mind that your capital is at risk and you may get back less than you invest.

## Managing investments in the Triodos App

- ✓ **See the real impact of your investments.** You can see how the money you've invested translates to positive impact like emissions avoided, and water saved. Explore and learn how these are calculated.
- ✓ **Buy and sell directly** in the App. With a cash account for each of your investment accounts, you can add money you would like to invest, or withdraw money from any sale proceeds.
- ✓ **Invest from as little as £25 per month** and benefit from future growth in the stock market. Monthly investing can be a great way to smooth out the short-term ups and downs of your investment.
- ✓ **Browse inspiring articles** at your fingertips. Read interviews with people and organisations we lend to, discover top tips for living more sustainably, and so much more.



Please remember that this is not financial advice, and that with any investment your money is at risk.

[< Contents](#) [>](#)



## Interview | Meet Sunit

We spoke with Sunit (a Triodos Stocks and Shares ISA customer) about why he's chosen to save and invest with Triodos. Sunit lives in Brighton and has been a customer since 2013.



### Which fund have you invested in?

I've got a Stocks and Shares ISA, and invest in both the Global Equities Impact Fund and the Pioneer Impact Fund.

### Why do you choose to invest with Triodos?

Because Triodos is a leader in ethical finance. Ethical finance is a diverse and growing sector and Triodos is a leader across lots of areas. I strongly identify with the company and I enjoy being an investor with them.

### Why is it important for you to invest ethically?

I want my investments to work for people and planet. Not only do I not want my investments to facilitate the violation of human rights or destruction of the environment, but also I want them to have positive impact. I personally think it's not good enough to be neutral. I want investments that promote sustainable development and help reduce inequalities.

### What attracted you most to the Triodos impact investment funds?

I wanted to invest in the stock market in order to diversify my investment portfolio, but I wanted to do so in an ethical way.

When I first started getting interested in ethical finance, I started saving advertisements and links. And then spent some time going through them all, investigating what different companies and organisations offered.

### What impact has news and awareness of the climate crisis had on your investment decisions?

I've been quite mindful of the climate crisis since the 90s. I've worked in the international affairs sector for quite a while – as a professional since 2003 and for even longer as a volunteer. My awareness of global heating has certainly increased over the years, and I believe it's vital that the finance sector helps rather than hinders efforts to combat the climate crisis.

### What sectors in society would you like your money to support the most?

Global poverty, human rights, peace and environmental sustainability to name a few.

I am a committed internationalist. In the UK specifically, energy, agriculture and housing strongly relate to the climate crisis and I'd like to see more investment options that help in those areas.





# UNDERSTANDING RISKS

As individuals we take risks every day. For the most part we do these unconsciously, such as driving a car, riding a bike, or crossing a road. However, being consciously aware of taking a risk and trying to weigh up the pros and cons associated with it can be unnerving for anyone.

This can be the same for first time impact investors as, like any investment, it's different to putting your money into a savings account, because the value of your investment can go down as well as up. But while investment risk should always be taken seriously, there are things you can do to gain a better understanding of risk and what levels you may be comfortable with. A good place to begin is to ask questions of yourself, your money and, in the case of impact investment, what you're passionate about supporting.

Here's how many of our investors start their journey towards understanding impact investment risk:



by Roger Hattam  
Director of Retail Banking, Triodos Bank UK

## What are your short-term and longer-term money goals?

Mapping out your short-term and long-term goals is a great place to start. Once these are clear it's easier to understand what you'd want this investment to do, for example to generate a return to save for a big life event or for future financial security.

In addition, do you have savings that could support any short-term or unplanned costs? Due to the risk involved in investments, returns aren't guaranteed so it's important to have cash savings set aside as well.

Many experts suggest having an emergency fund that could cover your outgoings for between three to six months.



## **What amount of money do you want to consider investing and for how long?**

Next is identifying what money you can afford to invest and how long you'd be comfortable with it being invested. Our impact investments have been designed to be long-term – five years or more – so you should only invest money that you don't plan to touch for this amount of time.

While you can take your money out from our funds should you need to, investing for five years or more increases your chances of being able to ride out any short-term volatility in the market. Selling at the wrong time could mean that you get back less than you put in.

Be aware there is always risk associated with investing as investments can go up as well as down and you may not get your capital back.

## **What's important to me?**

Broadly this starts with establishing the answers to questions like 'What are my values and financial goals, and how do I want to align my investment to those?'

Then it's a matter of looking at individual investments to see if any align with the kind of impact you want to make, as well as your goals. For example, the Triodos Pioneer Impact Fund invests in smaller listed companies that are pioneering in the field of sustainability, whereas the Triodos Global Equities Fund supports globally listed companies which are moving towards greater sustainability. The Pioneer Fund is higher risk, but has a potentially greater impact.

Whenever you're investing in a fund, read the Key Investor Information Document (KIID) first. This should tell you what

kind of sectors it invests in, the types of investments it holds, and the risks it's subject to. There's risk with all investments and you should seek advice if you're not sure.

## **Is this the right provider and do I understand the fees and charges?**

When exploring the marketplace, you should look for a provider you trust and whose vision aligns with yours. This also includes understanding what your money would be invested in and for what purpose, the fees and charges involved, and clarity on what the expected impact is. These answers should always be very clear and don't be afraid to ask for more information if not.

You should also watch out for investment fraud by checking that you're dealing with a genuine, regulated provider.

Visit [www.fca.org.uk/scamsmart](https://www.fca.org.uk/scamsmart) for help with this.

## **Have I got other investments?**

Some investors like to diversify their investments with impact investments. This helps to spread your risk by having a portfolio of investments with different risks associated with it.

You might like to consider lower risk investments like bonds if you hold lots of higher risk investments such as equities (also known as shares).

We always talk about all the risks associated with investments such as our Impact Investment Funds. These are always clear and there's supplementary information available under each fund page on our website.





# FIND OUT MORE

## Learn more about investing

If you're considering investing but still not sure, our articles can help you decide whether it might be right for you. Keep in mind that these articles and our website are not advice. If you're unsure about whether an investment is right for you, you should consider financial advice.

[triodos.co.uk/is-investing-right-for-me](https://triodos.co.uk/is-investing-right-for-me)

[triodos.co.uk/how-does-a-fund-work](https://triodos.co.uk/how-does-a-fund-work)

## Explore our global investments map

You can see where our funds are invested through our interactive global map and how each company is contributing to the UN sustainable goals.

Explore our map at:

[triodos.co.uk/impact-investments/  
where-our-investment-goes](https://triodos.co.uk/impact-investments/where-our-investment-goes)

## Want to get started with a Triodos ISA?

Visit: [triodos.co.uk/ethical-isas](https://triodos.co.uk/ethical-isas)

Get in touch:

 [triodos.co.uk](https://triodos.co.uk)  [Triodos Bank](https://www.facebook.com/TriodosBank)  [triodosuk](https://www.instagram.com/triodosuk)

## About Triodos Bank UK

Triodos Bank was founded in 1980 with the intention of providing sustainable financial products that enable individuals and organisations to use their money in ways that benefit people and the environment.

UK investment into our award-winning Triodos Impact Investment Funds has grown significantly over the last few years and as one of the world's leading impact investors we're proud of our heritage and expertise.

Triodos Investment Management, the investments arm of Triodos Bank, is a driving force in the transformation towards ensuring a thriving planet for future generations. They have identified five key transitions for this transformation - the food transition, resource transition, energy transition, societal transition and the wellbeing transition. In the UK, our Impact Funds deliver across these, with differing levels of risk and return.

**Triodos**  **Bank**

[< Contents](#) [<](#)