

21 March 2007

ALLIANCE TRUST SAYS ISA LIMIT CHANGES ANNOUNCED IN TODAY’S BUDGET SPEECH FAIL TO MAKE UP LOST GROUND FOR INVESTORS

Malcolm Dodds, PEP and ISA Manager at Alliance Trust comments:

“Today’s announcement to increase the equity ISA limit to £7,200 is nothing more than a consolation prize. This move has let down those investors who were hoping for ISA limits for stocks and shares to rise in line with inflation. We hoped the Government would stimulate long-term saving by taking the full step needed to bring ISA limits up to the level they should be if they had kept pace with inflation. Instead, all we have seen today is mere tinkering.

“Our calculations show that if the ISA limit had increased to take account of inflation (Consumer Price Index) since the product was launched a decade ago, people would now be able to invest £7,892 a year, so even if this £200 rise took effect immediately, investors have still seen an effective 10 per cent cut in their tax free ISA allowance since launch. In fact, the new limit will not be in place for another year.”

“We will continue to call on the Government to offer real incentives to investors and to move the ISA model along with the times by increasing the investment limit to reflect inflation rates. This way people will not only be able to shelter a little bit more of their money in a tax-free savings-vehicle, but the government will also come closer to its goal to increase savings among the public. “

Year (*2007 figure as at February 2007)	CPI (%)	ISA limit (if linked)	Difference	Earnings (%) (**2007 figure as at January 2007)	ISA limit (if linked)	Difference
1999		£7,000			£7,000	
2000	0.6	£7,042	£42	5.5	£7,385	£385
2001	0.9	£7,105	£105	4.7	£7,732	£732
2002	1.5	£7,212	£212	2.9	£7,956	£956
2003	1.5	£7,320	£320	3.3	£8,219	£1,219
2004	1.1	£7,401	£401	4.7	£8,605	£1,605
2005	1.9	£7,541	£541	4.5	£8,992	£1,992
2006	1.8	£7,677	£677	4.0	£9,352	£2,352
2007*	2.8	£7,892	£892	4.2**	£9,745	£2,745
2008	<i>2</i>	£8,050	£1,050	<i>4.0</i>	£10,135	£3,135
2009	<i>2</i>	£8,211	£1,211	<i>4.0</i>	£10,540	£3,540
2010	<i>2</i>	£8,375	£1,375	<i>4.0</i>	£10,962	£3,962
Increase 1999-2010		19.6			56.6	

Note: Numbers in bold italics are projections; forecast for CPI for 2008 to 2010 uses 2% because that is target level of the Monetary Policy Committee. Earnings figures include bonuses.

Contacts

Jane Holligan, Media Relations Manager

Alliance Trust

Tel +44 (0)1382 306064

Mobile 07745 783212

Email jane.holligan@alliancetrust.co.uk

Web www.alliancetrust.co.uk

Richard Winder / Anna Schirmer

Lansons Communications

Tel +44 (0)20 7294 3641 / 3605

Email alliancetrust@lansons.com

Notes to editors

1. Alliance Trust is the brand name of Alliance Trust Savings, a financial services company that offers investment dealing, self-invested personal pensions and a choice of investment wrappers. Alliance Trust Savings and its subsidiaries administer more than £5.3bn on behalf of more than 42,000 customers (as at 31 January 2007). Alliance Trust Savings is a wholly-owned subsidiary of Alliance Trust PLC.
2. Alliance Trust Savings is a wholly-owned subsidiary of Alliance Trust PLC, a FTSE-250 company that manages around £2.9bn of assets. (as at 28 February 2007)
3. Alliance Trust Research Centre was formed to provide economic and social analysis to deepen understanding of economies, markets and socio-economic issues. The Research Centre is part of Alliance Trust PLC.
4. Photographs of Malcolm Dodds are available.