General Investment Account Factsheet 2025/2026

A general investment account is an unwrapped investment which holds shares in Open-Ended Investment Companies, units in Unit Trusts or sometimes cash.

Open-Ended Investment Companies (OEICs)

An Open-ended Investment Company (OEIC) is a collective investment vehicle which pools your money with other investors and is invested in either stocks and shares or property, depending on which type of fund is chosen.

The value of the OEIC is linked to the performance of its underlying financial assets which are managed by `fund managers` who buy shares in companies on the stock market on behalf of the fund. You purchase shares in the OEIC, and their value moves up and down with the performance. This is reflected in the net asset value of each share and is priced daily.

The fund managers pay tax on income received by the fund but do not pay tax on capital gains made within it therefore the fund theoretically grows more tax efficiently than a personal holding of stocks and shares.

There is no penalty for withdrawal at any time, but we recommend that you do not encash the investment within the first 5 years. This is because its value will fluctuate with the movement of the underlying stocks & shares and in the early years there may not have been time for any decreases in value to recover and be exceeded by growth.

It should be noted that when we switch out of funds, every fund manager has the right to apply a cancellation charge upon sale of shares within their fund. This can be as high as 10% in exceptional circumstances, and we will endeavour to obtain notification of this before selling on your behalf.

Unit Trusts

The fundamentals of Unit Trusts are similar to those of OEICs. Although when investing in Unit Trusts you buy units, not shares, and a unit trust is governed by Trust Law not Company Law as with an OEIC. A further difference is the pricing as detailed below.

General Investment Account Key Facts

On encashment, any profit made becomes potentially taxable, but if this amount falls within your personal Capital Gains Tax allowance (£3,000 in 2025/26) for the tax year (and you have made no other gains) then no tax will be due.

This may be a useful investment if you have already utilised your tax efficient ISA and pension allowances.

Some funds offer the choice between income units which make regular payouts of any dividends or accumulation units which are automatically reinvested in the fund.

If you receive dividend income from your investment account, then you may need to complete a self-assessment tax return. You have a tax-free dividend allowance of £500 (2025/2026) and any dividends received in excess of this allowance are taxed at the following rates:

8.75% (basic rate tax payer)
33.75% (higher rate tax payer)
39.35% (additional rate tax payer)

Pricing

OEICs only quote one price making it easier to see the cost of investing. An OEIC can adopt `swing pricing` to protect existing investors when there is a dilution in the fund caused by other investor transactions. There may also be initial charges.

Unit trusts quote a bid price and an offer price. The bid price is the per unit price you will receive if you sell your shares back to the fund manager and is usually based on the bid price of the underlying securities held by the fund. The offer price is the per unit price you will pay to purchase units in the fund. The difference between the prices is called the bid offer spread. This difference aims to ensure that new or redeeming investors do not dilute the value of existing investors' units.

Some OEICs and Unit trusts operate on a dual priced basis. This can be either on a quoted-spread basis or a full-spread basis. A quoted spread basis means the OEIC/UT can switch between pricing on a bid or offer basis depending on inflows or outflows, but the spread would be a fixed amount, for example 0.25%. A full spread basis is the same as above however the spread would not be quoted so could vary. For example, Property funds generally operate on a full spread basis of c4.5%. Effectively, this means purchases will be bought at a 4.5% premium and the day after purchase the investment will only be worth 95.5% of this.

The full product particulars supplied by the insurer or investment house should be read for specific details as this is only a summary. Once you have made the investment, its value can go down as well as up. Past performance is no guarantee of future performance. You may not get back the amount originally invested.

Information is based on our current understanding of taxation legislation and regulations. Any levels and bases of, and reliefs from taxation are subject to change.