

Junior ISAs

Junior ISAs (JISAs) were launched on 1st November 2011.

Unlike some investments, that have to be taken out on behalf of a child under 18 by an adult in their own name, Junior ISAs can be set up in the name of the child. This eliminates the need for any additional paperwork such as placing the investment in Trust, or designating individual accounts.

Each eligible child can have only one Cash JISA and/or one Stocks and Shares JISA at any time, although it is possible to switch provider and/or transfer between JISA types.

A child is eligible for a JISA if they:-

- Live in the UK; and
- Are under the age of 18 (there is no minimum age); and
- Do not already have a Child Trust Fund account; and
- Are not eligible for a Child Trust Fund account (i.e. they were born before 1st September 2002 or after 2 January 2011).

Subscriptions

Any person may contribute (parents, grandparents or other family members etc.), as long as the total subscriptions do not exceed £3,600 in each tax year. From 6th April 2013 this subscription limit will increase in line with the Consumer Prices Index (CPI).

Subject to not exceeding the overall £3,600 limit, the subscriptions may be made to:-

- A Cash JISA account
- A Stocks and Shares JISA account
- Or split in any proportion between a Cash JISA and a Stocks & Shares JISA

Using the JISA allowance does not affect the child's eligibility to open an 'adult' Cash ISA once they reach 16 years old.

Maximum subscriptions to existing Child Trust Fund accounts have been increased to £3,600 per annum to match the JISA maximum. It is not possible to transfer a Child Trust Fund into a JISA, or vice-versa.

Withdrawals

No withdrawals are permitted before the child has attained age 18. However, a payment may be made if the child dies or is deemed terminally ill before age 18.

Tax Benefits

- All income and capital gains arise free of tax. Note:- Fund Managers for Stocks & Shares JISAs are not able to reclaim the 10% tax credit on equity dividend income.
- The parental settlement income tax anti-avoidance rule will not apply. This means that if income in a tax year derived from subscriptions of a parent exceeds £100 gross, it will not be assessed for tax on that parent.

Once the child reaches the age of 18, the account becomes an 'adult' (ordinary) ISA.





Gibbs Denley

Crystal House, Buckingway Business Park, Swavesey, Cambridge. CB24 4UL
Tel: 01954 233650 Fax: 01954 232379 Email: info@gibbsdenley.co.uk Web: www.gibbsdenley.co.uk



Ling Cook

17, Angel Hill, Bury St Edmunds, Suffolk. IP33 1UZ
Tel: 01284 722600 Fax: 01284 750009 Email: info@lingcook.co.uk Web: www.lingcook.co.uk



Pinney Moore

Crystal House, Buckingway Business Park, Swavesey, Cambridge. CB24 4UL
Tel: 01954 234370 Fax: 01954 232379 Email: info@pinneymoore.co.uk Web: www.pinneymoore.co.uk



Lee & Co

17, Angel Hill, Bury St Edmunds, Suffolk. IP33 1UZ
Tel: 01284 722600 Fax: 01284 750009 Email: advice@leeandco.net

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