

# ISA

## Adviser guide

### Key facts about ISAs

ISAs remain one of the basic building blocks of financial planning. Many people start with paying into their ISA before considering other types of tax wrappers.

The base concept of ISAs is simple and this simplicity has resonated with customers. But through multiple Government interventions, there are now at least six variations of ISAs, all targeting slightly different customer needs.

This guide summarises the key facts about the different ISA types and ISA products.

	Stocks & shares ISA	Junior ISA	Lifetime ISA	Cash ISA	Help-to-buy ISA	Innovative finance ISA
<b>Introduced</b>	6 April 1999	1 November 2011	6 April 2017	6 April 1999	1 December 2015.  This has now closed to new investors – however, current investors can continue paying in until November 2029.	6 April 2016
<b>Age restrictions</b>	18 or over	Under 18 (stocks & shares JISA); under 16 (cash JISA)	From 18 <sup>th</sup> birthday to the day before 40 <sup>th</sup> birthday	16 or over	16 or over	18 or over
<b>Subscriptions</b>	Maximum of £20,000 (2020–2021) across all types of adult ISA	Maximum of £9,000 (2020–21) across two types of JISA*	Maximum payment of £4,000 (2020–21). This normally counts as part of overall adult ISA subscription limit of £20,000. Investor can pay in up to the day before 50 <sup>th</sup> birthday.	Maximum of £20,000 (2020–2021) across all types of adult ISA	Maximum of £200 per month (although investors could have made an initial deposit of £1,000). Overall subscriptions to the account cannot exceed £12,000. This counts as part of the overall adult ISA subscription limit of £20,000.	Maximum of £20,000 (2020–2021) across all types of adult ISA

	Stocks & shares ISA	Junior ISA	Lifetime ISA	Cash ISA	Help-to-buy ISA	Innovative finance ISA
<b>Bonus</b>	None	None	25% Government bonus added to payment.  Bonus paid directly into the LISA.	None	Bonus of 25% on total savings. Can only be claimed once at least £1,600 has been saved. Bonus is paid on completion of property purchase (so it cannot be used to fund the deposit). Bonus only applies for purchase of a first home.	None
<b>Investments</b>	List of allowable investments on HMRC ISA manager guidance.  Includes cash, equities, bonds, funds.	Can either be cash JISA or stocks & shares JISA	Can either be cash LISA or stocks & shares LISA	Cash	Cash	Peer-to-peer loans, crowdfunding
<b>Withdrawals</b>	Allowed at any age with no charge	No withdrawals allowed unless child has a terminal illness or dies.  Converts to adult ISA at age 18, after which withdrawals are allowed at any age.  The child can take control of the JISA from age 16.	Withdrawal charge of 25% – reduced to 20% for period 06/03/20 to 05/04/21.  No withdrawal charge will apply if the investor:  1. uses the funds to buy their first home;  2. is aged 60 or over;  3. is in serious ill health; or  4. dies.	Allowed at any age with no charge	Allowed at any age with no charge. If withdrawal is not used for house purchase, the investor doesn't receive the Government bonus.	Allowed at any age with no charge

	Stocks & shares ISA	Junior ISA	Lifetime ISA	Cash ISA	Help-to-buy ISA	Innovative finance ISA
<b>Restrictions on number of ISAs</b>	Can only subscribe to one stocks & shares ISA in a tax year (but can hold multiple stocks & shares ISAs from different tax years).	Can only hold one stocks & shares JISA and one cash JISA.  A child cannot open a JISA if they already hold a Child Trust Fund (unless they transfer the CTF into the JISA).	Can only subscribe to one LISA in a tax year (but can hold multiple LISAs from different tax years).	Can only subscribe to one cash ISA in a tax year (but can hold multiple cash ISAs from different tax years).	Cannot pay into a cash ISA and a help-to-buy ISA in the same tax year unless the cash ISA is closed.	Can only subscribe to one innovative finance ISA in a tax year (but can hold multiple innovative finance ISAs from different tax years).
<b>House purchase</b>	N/A	N/A	The investor must be a first-time buyer. The property must be their main residential home. It must be in the UK, be subject to a mortgage and it cannot cost more than £450k.  A couple can have a LISA each and both use them towards the same house purchase. The LISA must be open and funded for 12 months before they can purchase the property.	N/A	A 25% Government bonus on total savings will be paid if it's the investor's first home, is in the UK, is subject to a mortgage and costs less than £250k (£450k in London**).  The Government bonus must be claimed by 1 Dec 2030.	N/A

## Notes

\* 16–18 year olds. In the tax year the child turns 16, they can subscribe the full JISA limit of £9,000. From their 16th birthday, they can subscribe the full adult ISA limit to a cash ISA. This gives them a total of £29,000 they can subscribe.

\*\* 'London' means the 33 local authority districts of the Greater London administrative areas.

## IMPORTANT

This information is based on current understanding of ISA tax rules. This is provided for information only; we do not provide advice.

Tax rules may change in the future and the tax treatment depends on personal circumstances. This guide is provided for professional advisers' use only.

If you choose to save in a Lifetime ISA instead of enrolling in, or contributing to, your workplace pension scheme you will miss out on the benefit of your employer's contributions to that scheme and your current and future entitlement to means tested benefits may be affected.