

Junior Individual Savings Account (JISA) Factsheet

2020/2021

Junior ISAs are available to children under the age of 18 who do not already hold a Child Trust Fund (CTF).

There are currently two types of Junior ISA available:

1 Stocks and Shares Junior ISA

Investments permitted include: stocks, shares, bonds, unit trusts, OEICs and even cash (temporarily).

2 Cash Junior ISA

A Cash ISA account may offer a variable or fixed interest rate for an open or fixed period. There may also be a fixed duration during which withdrawals cannot be made.

A child can have one or both types of Junior ISA at any time but can only contribute up to £9,000 (2020/21). The tax benefits are the same as an adult ISA. Anyone can pay money into a Junior ISA, but the total amount paid in cannot exceed the available allowance for the given tax year.

The account is in the name of the child and legally owned by them. It can be opened by the person with parental responsibility for the child. The child can manage the investment from the age of 16 and assume full ownership from the age of 18 (when the account becomes a full adult ISA). Unlike the adult ISA no withdrawals are permitted before age 18, except in cases of terminal illness or death.

A child can have a full adult Cash ISA from age 16 and contribute £20k alongside their Junior ISA. Therefore, between age 16 and 18 they can effectively use £29,000 worth of ISA allowances.

Transfers

A child holding a CTF can transfer this to either type of Junior ISA.

A cash Junior ISA can be transferred to a Stocks & Shares Junior ISA and vice versa.

ISA Key Facts

- Tax free method for saving which shelters the existing funds and any subsequent growth within the wrapper from personal income tax and capital gains tax when funds are withdrawn from age 18.
- For 2020/2021 a child can contribute a maximum of £9,000 to a Junior ISA.
- A child can contribute to different **types** of Junior ISAs in any one tax year with different providers if the total contributions to all ISAs does not exceed £9,000. However, a child can only have one active cash and one active stocks and shares Junior ISA in a single tax year.