



Junior ISA launches on Tuesday 1st November

With just a few days to go before [Junior ISAs \(JISAs\)](#) become available on 1st November, research suggests that nearly three quarters (74%) of parents of children aged 16 and under still haven't heard about the JISA. So if you are part of that 74%, you heard it here first!

Eligibility

All UK resident and ordinarily resident children under the age of 18 who do not have a Child Trust Fund (CTF) are eligible for JISAs. This includes children born before the launch of the CTF (the CTF was available to children born between 1st September 2002 and 2nd January 2011).

Anyone with parental responsibility for an eligible child can open a JISA for that child. Eligible children will be able to open JISAs for themselves from age 16.

Taxation

Any income or capital gains will be tax-free. Regardless of whether the funds originated from a parent and income exceeds £100 pa gross, there is no tax liability on the parent (or child).

Investments

Both cash and stocks and shares JISAs are available. Children can hold up to one cash and one stocks and shares JISA at a time (two accounts in total). The qualifying investments for both cash and stocks and shares JISAs are broadly the same as for the adult equivalents.

Contributions

The overall contribution limit is £3,600 per tax year for 2011/12 and 2012/13 and this can be split between cash and stocks and shares in any proportion. The contribution limit is to be indexed by CPI from 6th April 2013 onwards.

Unlike 'adult' ISAs where the investor can open and subscribe to new ISAs in each tax year, a child can only hold up to two JISAs (no more than one of each type) in total.

Any person or organisation can contribute to a child's JISA.

Control Accounts are owned by the child and withdrawals are not normally allowed until the child turns 18. The ISA effectively becomes an adult ISA at age 18 but will not affect the normal entitlement to ISAs.

A person with parental responsibility manages the child's JISA until age 16. This person is known as the 'registered contact'. Children will have the right to manage their accounts from age 16.

Transfers

It is possible to transfer Junior ISAs between providers but not to hold more than one cash and one stocks and shares JISA at any time. Unlike adult ISAs it is possible to transfer from a stocks and shares JISA to a cash JISA as well as the other way. However, it is not possible to transfer from a CTF to a JISA or vice versa.

The Next Step

If you have a unit trust or OEIC savings plan for a child who is not eligible for a Child Trust Fund, it would be sensible to convert it to a JISA provided you are happy with the control and access rules for JISAs.

If you are a parent or a grandparent and you would like to save for an eligible child, the JISA would seem to be the savings plan of choice.

For further help and advice on setting up a JISA, please speak to your usual **Johnston Financial** contact.

0131 556 4540

