

Junior ISAs

The Junior ISA was introduced in 2011 to replace the old Child Trust Fund (CTF). A child cannot hold both a CTF and Junior ISA so you can either continue payments into the CTF or open a Junior ISA and ask the provider to transfer the CTF monies over.

How do Junior ISAs work?

- Every child resident in the UK and under the age of 18 is eligible to have a Junior ISA.
- Currently the annual savings limit for a Junior ISA is £9,000.
- Junior ISA accounts can be either cash, stocks and shares or both.
- You can invest by either regular payments or with a lump sum, at any time.
- Anyone can gift or contribute into a Junior ISA (including the child for whom it is held) making it a great alternative for Christmas or birthdays.
- The account must be opened by a person with parental responsibility or legal guardianship although the money belongs to the child.
- The money invested can only be accessed by the child once they reach 18 years of age.
- Any returns the investment generates will be free from income and capital gains tax.*
- Junior ISAs have the flexibility to switch from cash to stocks and shares and back again, giving you greater control over your child's investment.
- Investing in a Junior ISA will not affect your own annual ISA allowance, currently £20,000, and doesn't need to be declared on your personal tax return.
- As the investment is inaccessible until the child turns 18, they can be an ideal investment solution to help provide for a child's future.

Additional facts

- Unlike the previous Child Trust Fund, Junior ISAs will not be entitled to the £250 government contribution (or £500 for those on a low income).
- The account must be opened in the child's name, but all correspondence will be sent to a Registered Contact.
- From the age of 16, a child could have a Junior ISA as well as an adult Cash ISA.
- By default, the Junior ISA will roll over into an adult ISA on the child's 18th birthday.
- The main difference between a Junior ISA and an adult ISA is that the money cannot be accessed until the child reaches 18.

Please call us for guidance on the best options and rates available: tel : 01789 263257
or email: helen@jjsfsltd.com

This document is for information purposes only and does not constitute advice. The information is valid for the tax year 2026/27.