

# Individual Savings Accounts (ISAs)



## WHAT I WISH I KNEW

What are the different types of ISA?



Cash ISAs



Lifetime ISAs



Stocks & Shares ISAs



Innovative Finance ISAs

Junior ISAs

In the UK, Junior ISAs allow for a person with parental responsibility, to invest in a long-term, tax-free way on behalf of a child (person under 18).

Junior ISAs can only be open for children who do not already have a Child Trust Fund.

The money in a Junior ISA belongs to the child but they cannot take the money out until they are 18.



## CASH ISA

In the 2022 to 2023 tax year, the maximum you can save across your ISAs is £20,000.

A Cash ISA is similar to a savings account, however, you do not pay tax on any interest.

Cash ISAs are available from most banks and building societies, as well as the Post Office, supermarket banks and other providers.

You can have multiple Cash ISAs, but you can open only one ISA in each tax year.

### Advice & Support

For general enquiries, advice or support with managing your ISAs, you can contact the HM Revenue & Customs Savings helpline on: 0300 200 3300

Opening times:  
Monday to Friday:  
8am to 6pm

(no bank holidays)

Your ISA provider should reject any deposit that pushes you over your tax-free annual allowance, and if, for whatever reason, this does not happen HMRC will contact you to rectify your ISA records.



Funds in an ISA may be transferred from one ISA provider to another, but the transfer must be arranged by the new ISA provider with your current ISA provider.



It is important to note that in certain cases, an ISA provider *may* charge you to withdraw or transfer and, may deduct some interest.

The rates on ISAs vary so you should search the market to make sure you get the best deal.

Lifetime ISA

Adults aged between 18 and 39 can open a Lifetime ISA.

The government will pay an annual bonus of 25% (capped at £1,000) on any contributions made during the tax year, and you receive tax-free interest on contributions.

The savings and bonus can be accessed (tax-free, no penalties) once you are 60 years old, or in order to buy a first home worth up to £450,000.

You can withdraw for other reasons, but a 25% charge will apply to the amount withdrawn. Exceptions would be if one is terminally ill or deceased.

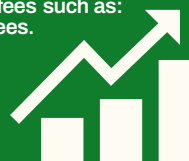
You can have multiple Lifetime ISAs, but you can only pay into one Lifetime ISA in a single tax year.

## Stocks & Shares ISA

Stocks & Shares ISAs allow you to invest in funds, bonds and shares in individual companies. This type of ISA allows you to use your ISA allowance to invest and all gains and interest are tax-free!

Typically, with a Stocks & Shares ISA, you'll also have to pay a few different fees such as: platform charge, annual management charge, trading fees and transfer out fees.

With a Stocks & Shares ISA, you are taking a risk, as the value of your investments can also go down. If you no longer want to take risk and change your mind, you can convert your Stocks & Shares ISA into a Cash ISA.



IF-ISA

An IF-ISA is an investment ISA that allows you to earn tax-free interest through peer-to-peer lending.

With an IF-ISA, you are lending your money to borrowers (individuals, businesses, property developers) in return for a set amount of interest.

IF-ISAs allow for you to earn higher rates of interest, compared to traditional savings accounts, but it involves considerable risk.

ISAs - Individual Savings Accounts  
IF-ISA - Innovative Finance ISA

### References

1. UK Government: Individual Savings Accounts (ISAs). Available from <https://www.gov.uk/individual-savings-accounts>
2. MoneySuperMarket: Cash ISA Guide. Available from <https://www.moneysupermarket.com/isas/cash-isa-guide/>
3. Barclays Bank Plc: Guide to Lifetime ISAs. Available from <https://www.barclays.co.uk/savings/isas/guide-to-lifetime-isas/>
4. Money Saving Expert: Stocks & Shares ISAs. Available from <https://www.moneysavingexpert.com/savings/stocks-shares-isas/>
5. Which?: Innovative Finance ISAs explained. Available from <https://www.which.co.uk/money/investing/types-of-investment/innovative-finance-isas-explained-aq1tx2u2ms9j>
6. Money: What is an ISA? Available from <https://www.money.co.uk/savings-accounts/what-is-an-isa.htm>
7. UK Government: Savings Helpline Available from <https://www.gov.uk/government/organisations/hm-revenue-customs/contact/register-to-receive-bank-and-building-society-interest-without-tax-taken-off>

At The Heart is a registered charity in England & Wales.  
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To find out more about the charity At The Heart or for more 'What I Wish I Knew' information sheets, please visit [attheheartuk.org](http://attheheartuk.org).