Guide to Junior Individual Savings Accounts

2023 – 2024

BROOKS MACDONALD

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Who is eligible for a Junior ISA?

Any child who is resident in the UK who is under 18 years of age and who does not have a Child Trust Fund can have a Junior ISA.

Who can open a Junior ISA?

Anyone with parental responsibility for the child or the child themselves if over 16. This person is known as the Registered Contact. However, in addition the child must be a relative of an existing client of Brooks Macdonald Asset Management Limited.

What is the responsibility of a Registered Contact?

The Registered Contact is the only person who can give investment instructions for a Junior ISA. In addition, all communication related to the account will be sent to the Registered Contact.

What are the Junior ISA limits for 2023/24?

Each child under the age of 18 may invest up to £9,000 in a combination of Cash and/or Stocks and Shares Junior ISAs.

What is the difference between a Cash and Stocks and Shares Junior ISA?

The Cash Junior ISA can only hold cash or near cash type investments. A Stocks and Shares Junior ISA is to be invested in qualifying investments as laid down by the Junior ISA regulations.

What Junior ISAs do Brooks Macdonald offer?

Brooks Macdonald offer an execution only Junior ISA for both MPS and BPS clients investing into either the SVS Brooks Macdonald Blueprint Balanced Fund, SVS Brooks Macdonald Blueprint Cautious Growth Fund or SVS Brooks Macdonald Blueprint Strategic Growth Fund.

How many plan managers may I have in the 2023/24 tax year for my Junior ISA?

You may have two plan managers for a Junior ISA at any one time. One to manage a Cash Junior ISA and one to manage a Stocks and Shares Junior ISA. You can only have one of each type.

What happens if I inadvertently exceed the annual allowance of £9,000?

You will be advised by HMRC (the Government body tasked with the regulation of Junior ISAs) if you have oversubscribed. Your Junior ISA managers may be asked to return the oversubscription to you.

What tax benefits are there for a Junior ISA?

Profits made on investments held within a Stocks and Shares Junior ISA are free of capital gains tax and income tax deducted from certain types of investment can be reclaimed by your plan manager. Interest arising on a Cash Junior ISA is free of income tax, though interest from Cash in a Stocks and Shares Junior ISA is subject to 20% deduction known as a ‘flat rate charge’.

Do I have to declare any Junior ISA dividends etc. on my tax return?

No, the Junior ISA is deemed the property of the eligible child.

Can I make a withdrawal to assist the child in some way?

With the exception of terminal illness or closure of a Junior ISA, withdrawals are not permitted until the child attains the age of 18 when the Junior ISA vests into their name.

What happens when the child attains the age of 18?

The Junior ISA will be automatically converted into an ISA and Brooks Macdonald as plan manager will henceforth only be able to accept instructions from the child.

Who may make contributions into the Junior ISA?

Whilst it is expected that the parents or other near relatives of the child will usually be the contributors, Brooks Macdonald will accept payments from non-related individuals although we reserve the right to seek evidence confirming their identity.

Is the annual subscription automatically completed each year by Brooks Macdonald?

The application form does not constitute an automatic rolling subscription. Brooks Macdonald will get confirmation each year from either the Registered Contact or appointed IFA to subscribe to the Junior ISA. However, there is no need to get a new application form signed each year to subscribe again.

Important Information

Investors should be aware that the price of your investments and the income from them can go down as well as up and that neither is guaranteed. Past performance is not a guide to the future and investors may not get back the amount invested.

Changes in rates of exchange may have an adverse effect on the value, price or income of an investment.

Investors should be aware of the additional risks associated with funds investing in emerging or developing markets.

Tax treatment depends on your individual circumstances and may be subject to change in the future.

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