Junior Stocks & Shares ISA Guide

For the Tax Year 2025/26

TACIT

Investing for a child can give them a head start as they grow and start their adult life. A Junior Individual Savings Account (Junior ISA or JISA) is a great way to invest for your child's future, completely tax-free. By starting early, even small contributions can grow significantly over time. It also helps multi-generational families pass down excess wealth.

What is a Junior ISA (JISA)?

A Junior ISA is a tax wrapper specifically designed as a medium to long term tax-efficient savings and investment account for children.

They work in a similar way to adult ISAs, by allowing a parent or a guardian to save money for their child's future, without paying Income Tax or Capital Gains Tax on the interest or returns they receive.

The money in a Junior ISA belongs to the child. Other than in limited circumstances, no withdrawals are permitted, and funds must remain invested in the JISA wrapper until the child's 18th birthday.

What type of JISAs are available?

As with the adult ISAs, there are 2 types of JISAs that you could choose to open, and your child can have one or both types of Junior ISA.

- **a Junior Stocks and Shares ISA** – where your cash is invested, and you will not pay tax on any capital growth or dividends you receive
- **a Junior Cash ISA** – which is similar to a normal bank or building society savings account, except that you will not pay tax on interest on the cash you save.

What is the annual allowance?

The UK government limits how much can be paid into a JISA each year. The annual allowance for JISAs is currently £9,000. You can pay into a Junior Cash ISA, a Junior Stocks and Shares ISA, or split the amount between the two, subject to the overall ISA subscription limit.

In the tax year the child turns 18, they can still make JISA subscriptions up to the JISA limit. If the full subscription is not used within the tax year, there is no opportunity to carry it forward, and the annual allowance will be lost.

Who is eligible?

A child can have a Junior ISA if they:

- Live in the UK, and
- Are under 18

You cannot have a Junior ISA as well as a Child Trust Fund (CTF) if it has not already been transferred to a Junior ISA.

A new JISA cannot be opened on behalf of a child who lives outside the UK, unless the following both apply.

- You are a Crown servant (in the UK's armed forces, diplomatic service or overseas civil service, for example)
- they depend on you for care

As long as the child was eligible when the account was first set up, further subscriptions can be made to an existing JISA.

Who can open a Junior ISA?

A child under 16 cannot complete a JISA application themselves. Only a parent or guardian with parental responsibility (the Registered Contact) can open a Junior ISA and manage the account, but the money belongs to the child, until at least the child's 18th birthday.

Paying money into a Junior ISA

Once established by the registered contact, a Junior ISA welcomes contributions from anyone, regardless of their relationship to the child or residence status.

Contributions must be made in cash (including electronic transfers and cheques) rather than direct asset transfers, with all payments constituting irrevocable gifts to the child.

Contributions can be made as a one-off payment or through regular deposits at any time, subject to the minimum and maximum limit.

Grandparents frequently leverage Junior ISAs for tax-efficient wealth transfer, though these contributions follow standard inheritance tax gift rules.

Contributors who aren't the registered contact have no authority over investment decisions or account management, with all contributions subject to the annual allowance limits and accessible only when the child reaches 18.

Registered Contact

A JISA account must have a registered contact and, most often, this will be the person who completed the JISA application, and they are authorised to give instructions about the management of the account, and who we will send all client correspondence and statements to.

There can be only one registered contact for a JISA at any time, and the registered contact will be either:

- a person with parental responsibility for the child holding the account; or
- the child holding the account – unless, in England or Wales they lack mental capacity or in Scotland or Northern Ireland they are suffering from mental disorder – if they are aged over 16 and have taken on management of the account by making an application to the account provider for registered contact status.

The registered contact cannot be changed until the existing registered contact gives consent to another person taking over the role, except where one of the following applies:

- the applicant for registered contact status is the account holder who is 16 years or older (i.e. the child can take control of the JISA).
- on the death or incapacity of the existing registered contact.
- the JISA manager has received no communication from the existing registered contact in the previous twelve months and post has been returned unopened.
- a court order ends the existing registered contact being a person with parental responsibility for the child.
- a court has appointed a guardian or a special guardian of the child who holds a court order that the person who is the existing registered contact should cease to be so.
- the new registered contact has adopted the child under an adoption order.

What if my child has a Child Trust Fund (CTF)?

If your child was born between 1 September 2002 and 2 January 2011, they could have a Child Trust Fund (CTF). The CTF scheme, which was the predecessor to Junior ISAs (JISAs), closed to new accounts in 2011.

A child cannot have both a JISA and a CTF at the same time, even if only one is being contributed to. To open a JISA, the entire CTF must first be transferred. If the CTF has a nil balance, the transfer process must still be completed so the provider can formally close their records.

Unlike CTFs, which have annual subscription limits based on the child's birth year, JISA subscription limits follow the tax year. When transferring a CTF to a JISA, the CTF provider is not required to pass on subscription details. This means that once the transfer is complete, you can contribute up to the full JISA allowance for that tax year, regardless of any previous CTF contributions.

Only the CTF’s registered contact can request a transfer.

If you’re unsure where your child’s CTF is held or who the registered contact is, you can check with HMRC by visiting www.gov.uk/child-trust-funds/find-a-child-trust-fund.

Can you make withdrawals from a JISA?

Junior ISAs operate with a restriction preventing access to funds until the child reaches adulthood to safeguard the investment's long-term growth potential.

Until the child's 18th birthday, capital remains securely invested with no withdrawals permitted, except in extremely limited circumstances, such as terminal illness or to cover charges associated with account management.

This mandatory preservation period ensures the investment benefits from maximum time in the market, uninterrupted compounding, and complete protection from premature depletion that might otherwise compromise the account's intended purpose.

What are the tax benefits of JISAs?

A Junior ISA offers compelling tax efficiencies that significantly enhance long-term wealth accumulation for your child.

- **Complete Tax Exemption** – All investment growth, dividend income, interest earnings, and capital gains within a Junior ISA remain entirely free from UK taxation, allowing every pound of return to remain fully invested and compound over time.

- **Parental Settlement Protection** – Junior ISAs provide a valuable exception to the parental settlement rules that would typically attribute a child's investment income back to parents for tax purposes when exceeding £100 annually.
- **Generous Contribution Allowance** – The current £9,000 annual allowance (2025/26) provides substantial scope for tax-privileged investing, whether through initial lump sums, regular monthly contributions or flexible top-ups.
- **Simplified Gifting Framework** – While parents or guardians must establish the account, the Junior ISA structure welcomes contributions from grandparents, other family members and friends, creating a versatile vehicle for intergenerational wealth transfer that maintains its tax-protected status.

This combination of tax benefits creates a powerful long-term savings environment, with the mandatory lock-in until age 18 ensuring that tax advantages accumulate uninterrupted throughout childhood—maximising the potential for significant wealth creation during these formative years.

Why choose a Junior ISA?

A Junior Stocks & Shares ISA might be the right investment for you if you are looking for a tax-efficient way to invest for your child's future.

Early investment creates significant potential, as even modest regular contributions can accumulate substantial value over time, providing essential funding for university education, property acquisition, or other pivotal life events.

The medium to long term nature of a Junior ISA, with funds intentionally secured until your child reaches 18 maximises the power of compound investment returns over an extended timeframe.

The Junior ISA offers a generous tax-advantaged wrapper, shielding all investment gains from both income and capital gains tax, ensuring every pound of growth remains fully invested and working toward your child's future prosperity.

For grandparents and parents, contributions represent an effective inheritance tax planning mechanism, with gifts falling within annual allowances exempt from inheritance tax liability, creating a seamless vehicle for intergenerational wealth transfer.

Beyond the financial benefits, a Junior ISA offers an invaluable platform for cultivating financial literacy. As your child matures, involving them in investment conversations develops essential wealth management skills and instils sound financial principles.

Upon reaching adulthood, your child gains access to an established tax-efficient investment vehicle with a meaningful financial resource, underpinned by years of education in responsible wealth stewardship and prudent financial decision-making, supporting their ongoing wealth creation journey.

Why might a Junior ISA not be suitable?

While Junior Stocks & Shares ISAs provide compelling tax advantages and growth potential, discerning investors should carefully evaluate whether this vehicle aligns with their family's broader wealth objectives.

Here are some key considerations:

- **Access Restrictions** – The statutory lock-in period until age 18 creates an unavoidable liquidity constraint. For families requiring flexibility to access funds earlier, alternative savings options or a bare trust may be more suitable.
- **Investment Risk Profile** – The market-based nature of Stocks & Shares ISAs inherently exposes capital to volatility and potential depreciation. For those prioritising capital preservation or seeking assured returns, a Junior Cash ISA or other low-risk savings options may better complement your risk management approach.
- **Loss of Parental Control at 18** – The automatic transfer of complete control to the child at 18 represents a significant consideration for wealth succession planning. Families seeking more control and influence over generational capital deployment may consider exploring trust arrangements.
- **Contribution Ceiling** – The current £9,000 annual allowance presents a material constraint for substantial wealth transfer objectives. High-net-worth families pursuing more comprehensive intergenerational planning may benefit from exploring discretionary trust structures, offshore investment bonds, or pension arrangements offering greater contribution capacity and enhanced tax efficiency.

Before opening a Junior ISA, it is important to assess whether it aligns with your financial goals and the needs of your child.

What happens when the child reaches 18?

Upon your child's 18th birthday, their Junior ISA automatically converts to an adult ISA of the same type, preserving all investments and tax benefits without interruption.

This transition transfers complete ownership and control to your child, requiring only basic verification (National Insurance number, UK residency confirmation, and standard ISA declaration) to maintain functionality.

The account's annual contribution limit increases substantially from £9,000 to the full adult ISA allowance (currently £20,000), enabling continued tax-efficient investment growth with no administrative complexity.

Are there minimum amounts that can be invested?

For existing Tacit clients there are no minimum amounts required to open a Junior ISA.

Will I be charged a fee?

If you are an existing client, your child's Junior ISA will be managed under your existing service agreement and fee structure, alongside your main investment portfolio. When the child turns 18, they may choose to enter into a service agreement with Tacit for the continued management of a standard ISA.

What type of JISA is available with Tacit?

At Tacit, we focus exclusively on Stocks & Shares Junior ISAs rather than Cash ISAs, a deliberate strategic choice that reflects our core expertise in investment management and our commitment to delivering superior long-term value for your family.

If you're uncertain whether a Stocks & Shares Junior ISA aligns with your specific situation, your dedicated Tacit relationship manager can arrange a consultation with one of our experienced Financial Planners.

They can provide comprehensive guidance on whether a Cash Junior ISA or alternative savings structure might better serve your child's financial future based on your particular objectives and risk considerations.

Who is the JISA Plan Manager?

We have strategically chosen to partner with AJ Bell Securities Ltd, a specialist Custodian and ISA plan manager, to administer the regulatory and operational aspects of our Junior ISA offering.

This deliberate separation of responsibilities offers several distinct advantages:

- **Enhanced Security** - Your child's assets benefit from the robust safeguarding protocols of a dedicated custodian, with assets held separately from our firm's balance sheet.
- **Specialised Expertise -** Our custodian brings focused regulatory expertise in ISA administration, ensuring continuous compliance with evolving tax legislation.
- **Investment Focus -** This partnership allows our investment professionals to concentrate exclusively on portfolio management.

AJ Bell Securities Limited are one of the largest providers of investment platforms and stockbroker services in the UK., and is a member of the London Stock Exchange, authorised by HMRC to act as an ISA manager and authorised and regulated by the Financial Conduct Authority.

This guide is not personal advice. If you're at all unsure of the suitability of an investment for your circumstances, please ask your usual Tacit contact for advice.

Important things to remember

All the solutions we offer involve some form of investment risk and you should be aware that the value of investments can fall in value, so your child could get back less than the original capital you invested, and you should regard a Junior ISAs as long-term investments.

Whilst the JISA and tax rules we refer to are those that currently apply, they can change over time and their value and how you are taxed will depend on the child's and your personal circumstances, and ISA and tax rules at the time.

You have sole responsibility for the management of your tax and legal affairs including all applicable tax filings and payments and for complying with the applicable laws and regulations.

We may provide guidance on using tax-efficient structures such as making use of tax allowances. We are not specialist tax advisers and will not provide you with tax or legal advice and recommend that you obtain your own independent tax and legal advice, tailored to your individual circumstances.

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