

28 September 2021

Saving and investing for the future

Your guide to ISAs 2021/22

Schroders
personalwealth

Tax efficient investing

ISA, LISA or JISA? Key considerations

ISA – Individual Savings Account

- Invest up to a set limit each tax year (this year it is £20,000)
- The main types of ISA are either a Cash ISA or Stocks & Shares (investment) ISA
- Cash ISA available to anyone in the UK aged 16+. Stocks & Shares ISA available to those aged 18+
- Income or capital growth is free of tax (both within the account and when you decide to take it out)

LISA – Lifetime Individual Savings Account

- Can only be opened by UK adults aged 18-39.
- Can be paid into until age 50
- Designed for first-time buyers
- Invest up to £4,000 per year and there is a 25% government bonus for every £1 you save (potential extra £1,000 per year)
- Money can only be taken out as part of the deposit on your first home (or a limited range of other reasons e.g. illness)
- If you take money out for any other reason there's a withdrawal charge of 25%

JISA – Junior Individual Savings Account

- Must be opened before a child turns 18 years old
- Cash or Stocks & Shares (investment) JISA
- Invest up to a set limit each tax year (this year it is £9,000)
- Once the JISA account is set up, other adults e.g. grandparents can contribute
- Will turn to a fully-fledged ISA once the saver turns 18

The value of investments and the income from them can go down as well as up and cannot be guaranteed.

Detail above refers to the tax year 2021/2022.

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

ISAs – Quick glance

Key considerations

Type of ISA	Annual allowance ¹	FSCS protected ²	Government contribution?
Cash ISA	£20,000	Yes – up to £85,000	No
Stocks & Shares (S&S) ISA	£20,000	Yes – up to £85,000	No
Lifetime ISA	£4,000	Yes – up to £85,000	Yes – 25%
Junior ISA	£9,000	Yes – up to £85,000	No
Help to Buy ISA*	£2,400	Yes – up to £85,000	Yes – 25%
Innovate Finance ISA	£20,000	No	No

¹ £20,000 annual limit is spread across all of your ISA portfolio in total per year

² FSCS protection per person per financial institution

* Closed to new accounts on 30th November 2019. If you have already opened a Help to Buy ISA prior to this date you will be able to continue saving into your account until November 2029.

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