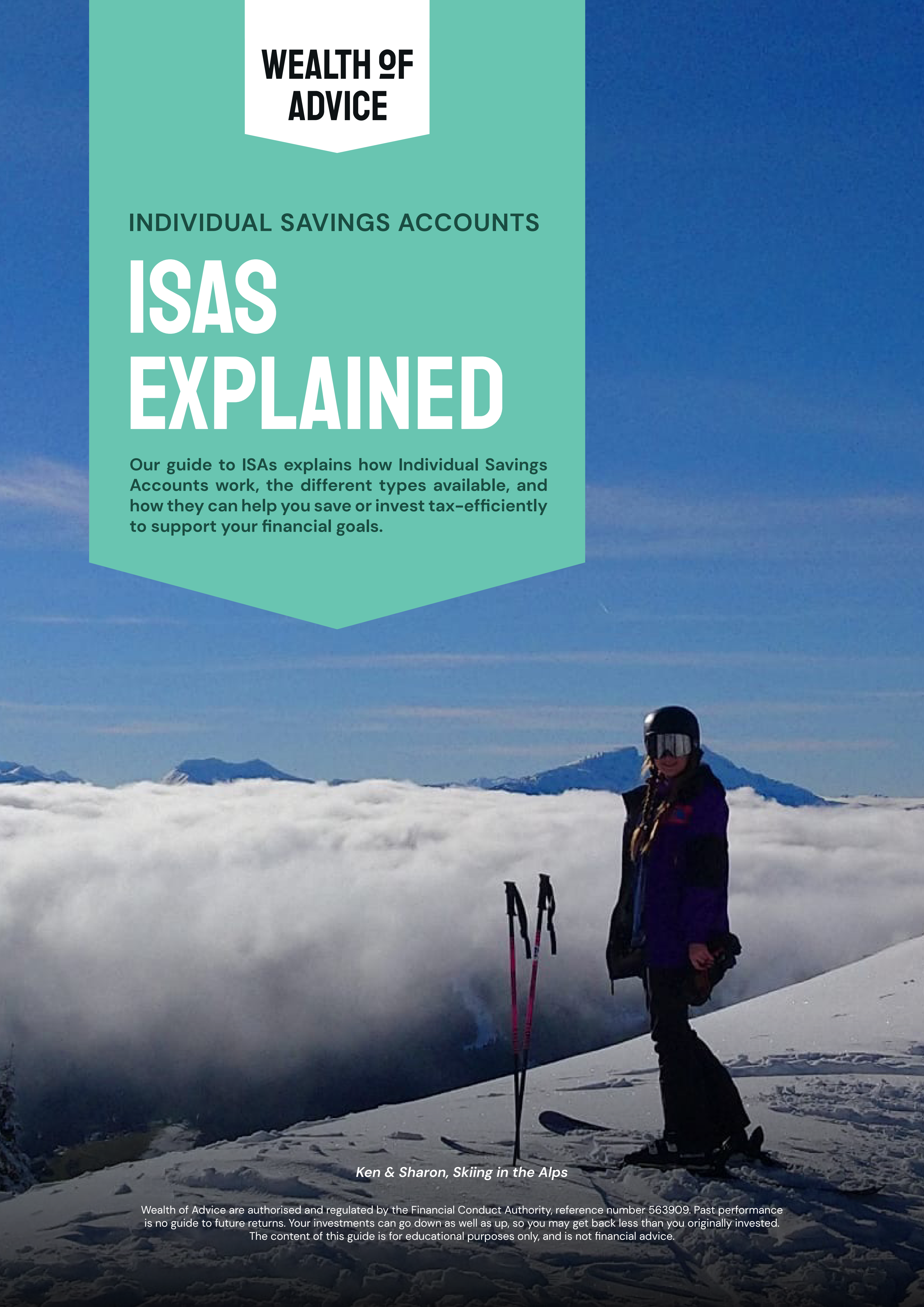
WEALTH OF ADVICE

INDIVIDUAL SAVINGS ACCOUNTS

ISAS EXPLAINED

Our guide to ISAs explains how Individual Savings Accounts work, the different types available, and how they can help you save or invest tax-efficiently to support your financial goals.



Ken & Sharon, Skiing in the Alps

IMPORTANT INFORMATION

We have written this guide to help you understand more about Individual Savings Accounts and it is not personal advice.

If you're thinking about investing and you're not sure if a particular investment is right for you, please ask for advice.

If you choose to invest within an ISA, just remember that, unlike the security offered by cash, investments can go down as well as up in value, so you could end up with less than you put in.

The information in this guide is correct as of April 2026. UK tax rules can change at any time and its impact depends on your circumstances.

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ENQUIRIES@WEALTHOFADVICE.CO.UK

WWW.WEALTHOFADVICE.CO.UK

0191 384 1008

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LOOKING FOR FINANCIAL FREEDOM?

Whether you're thinking about investing or looking for a better way to save, ISAs are a sensible option.

They're easy to understand, flexible, and best of all, you don't have to pay income or capital gains tax on your savings or investments.

In this guide we'll take you through the different types of ISA, how they work and the benefits and risks.

An ISA is an Individual Savings Account. There are different types of ISA to help you save or invest, depending on your goals.

The main types are:

- Cash ISA
- Invested ISA
- Lifetime ISA
- Innovative Finance ISA
- Junior ISA

ISA ALLOWANCES

£20,000

ISA ALLOWANCE 2026/27

Cash ISA	Stocks & Shares ISA	Lifetime ISA (£4,000 maximum)	Innovative Finance ISA

You can split your allowance into one of each kind of ISA, each tax year.

£9,000

JUNIOR ISA ALLOWANCE 2026/27

Junior Cash ISA	Junior Stocks & Shares ISA

ISA BASICS

If you're a UK resident over 16 you can have a Cash ISA.

From age 18, you can also have a Stocks & Shares ISA, Lifetime ISA (if opened before age 40) and an Innovative Finance ISA.

A Junior ISA can be opened by a parent or legal guardian for children under age 16. The money is deemed the child's and they can access it from age 18.

THE ISA ALLOWANCE

From April 2027 the maximum you can save in a Cash ISA will be limited to £12,000 per year for those under 65 years old.

You can only open one of each type of ISA each tax year. You can distribute the £20,000 allowance between the ISAs you open or you can invest it all into one.

The ISAs you open do not close at the end of the tax year. You can save into them in the following tax year.

If you open a Flexible ISA you can replace any withdrawn funds in the same tax year without using your ISA allowance. If your ISA is not flexible, this means any withdrawals cannot be replaced and you must have sufficient allowance remaining to save back into the ISA.

If you put £20,000 in a Stocks & Shares ISA and your investments grow, the growth won't count towards your allowance, but is still free from UK income and capital gains tax. This way, over time you could potentially hold quite a substantial savings pot tax-free in an ISA.

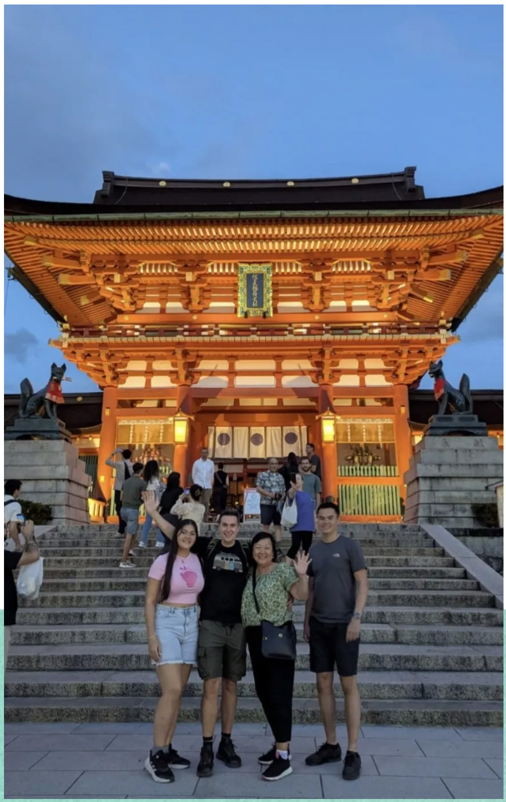
HOW MANY ISAs CAN YOU HAVE?

You can open one of each type of ISA every tax year, if you wish. You can make transfers from existing ISAs to another ISA whilst not using your ISA allowance for the tax year. Therefore, the number of ISAs you hold can vary.

Since April 2024 you are able to open and save into multiple ISAs of the same type in a single tax year, subject to the £20,000 allowance. You can only pay into one Lifetime ISA per tax year, up to the maximum £4,000 allowance.

For Junior ISAs, the child can only hold one Junior Stocks & Shares ISA and one Junior Cash ISA at any time. A new Stocks & Shares and Cash ISA cannot be opened each tax year.

A child who reaches 16 may hold both a Junior Stocks & Shares and Junior Cash ISA and is also eligible to hold an adult Cash ISA.



Graham & Janet on a family holiday, travelling China & South Korea.

TYPES OF ISA

CASH ISA

A Cash ISA works just like a normal savings account, except you don't pay income tax on the interest you earn.

It's a popular and stable way to save, since your money won't be invested in the market.

From April 2027 the maximum you can save in a cash ISA will be limited to £12,000 for those under 65 years old.

There are two main types of Cash ISAs - variable and fixed rate.

Variable products, such as easy access accounts, give you the freedom to withdraw your money when you like, but the rate can change at any point.

Fixed rate products offer a guaranteed interest rate for the duration of the product, but you can usually only access your money when the fixed rate term ends. They normally pay a higher rate than variable products and, typically, the longer you fix for, the better the rate is.

IS A CASH ISA RIGHT FOR YOU?

A Cash ISA is a low-risk way to save, but it isn't risk-free. Inflation will reduce the real value of your money over time so you should keep an eye on the interest rate and compare it to the rate of inflation.

It's always a good idea to keep enough of your money in cash to cover emergencies and any known expenses within the next five years. This could be something like a new car, home improvements, or anything else you're saving for. But once that's done, a Cash ISA might not always be the best way to save for the long term. If you can accept the risk that your money will go down as well as up in value, an Invested ISA could be a better option.

If you're going to open a Cash ISA, make sure you shop around for a good interest rate for the duration of the term you are looking for, and keep an eye out for high rates that drop after their initial period. Remember you can always transfer an ISA between providers, or to a different type of ISA later if you want to.

CASH ISAS: SUMMARY

- Low-risk way to save money
- No UK income tax
- Fixed and variable rates available
- Withdraw cash when you need to
- Growth can be limited when interest rates are low
- Inflation could reduce your savings worth over time

WHAT IS A
STOCKS & SHARES ISA?

With a Stocks & Shares ISA, you can buy shares and several types of investments and funds.

The money you invest is free from UK capital gains and income tax.

With Stocks & Shares ISAs you can potentially achieve greater returns than those received from Cash ISAs.

But there is risk with investing, because investments can go down in value as well as up, meaning you could lose money.

Stocks & Shares ISAs invest in the markets and it is advised to take an approach to investing for at least five years. This allows your investment to ride out short-term market volatilities and gives it the chance to outperform cash.

When your money's invested in a Stocks & Shares ISA you can still withdraw it when it is needed but it may take a few days depending on the liquidity of your investments.

Investment Options

In a Stocks & Shares ISA, you can usually invest in:

- Shares in companies
- Bonds, both Corporate and Government (Gilts)
- Investment funds such as unit and investment trusts and OEICs.
- Cash

Is investing right for you?

Whether investing is the right option for you depends on your goals, how comfortable you are making investment decisions, and how you feel about taking risks.

Choosing Investments

Whether you're new to or experienced in selecting investments, you can use investment updates, research articles and guides to learn about opportunities and grow more confident in your own decisions.

However, this is not for everyone. You can seek financial advice on the investment options that are better suited to your needs. This can alleviate any worry of the selection process. Together with an adviser, you will review your investments on an ongoing basis to ensure they remain appropriate to your needs.

Understanding Risk

It's good to remember that not all investments have the same level of risk. Investing does not have to entail taking higher risk and selecting individual company shares.

You are able to invest in funds which can vary in risk and diversification. You can build a portfolio of funds made of different investment approaches and strategies. This can spread the risk of your investment.

For example, a more conservative portfolio might mean slower growth, but it can offer peace of mind that it will likely come with greater stability, in comparison to taking a higher risk by directly investing in companies. If you're more adventurous, you could find yourself with higher growth, though you need to be comfortable with higher risk.

Whatever level of risk you choose to take, no investment can be risk-free. The value will go up and down, so you could get back less than you put in.

How to get stared

If you are prepared to invest you will first need to select your provider. Your provider will then have a range of investment options available for you to choose from. Some providers offer more limited investment ranges than others, at varying levels of cost.

Financial Advice

Knowing what option is right for you can seem a big task. You can seek advice from a financial adviser who can navigate you through the process of creating and maintaining a successful Invested ISA.

Stocks & Shares ISA: Summary

- No UK income or capital gains tax
- Freedom to invest in line with the risk you are prepared to accept
- Although investing is for the long term, you can withdraw money when needed
- Investing in the markets does introduce the risk of capital loss
- Usually you can access your investment at any time if your funds are immediately available.

WHAT IS A LIFETIME ISA?

Lifetime ISAs, commonly referred to as LISAs, are specifically designed to encourage saving to help purchase your first home and/or save for retirement.

The government provides an incentive to save into a LISA by providing a 25% top-up on the money you save. The maximum saving you can make into a LISA in a tax year is £4,000.

You can hold cash in a LISA, or choose to invest it, just as you would in a Stocks & Shares ISA.

HOW IT WORKS

For every £4 you save into a LISA the government will top it up with £1. The annual maximum you can save into a LISA is £4,000 and the maximum government top-up you can receive is £1,000.

The savings you make into a LISA, subject to the maximum £4,000, will utilise part of your available £20,000 allowance for the tax year.

The bonus is added every year, enabling you to earn interest on that bonus. Bonuses will continue to be paid until age 50. At this age you are no longer entitled to make further contributions.

You are able to use the balance of your LISA to purchase your first home or for use beyond the age of 60.

Your first home must have a value less than £450,000 and be based in the UK. Once you have used the LISA to fund your house purchase you can continue to benefit from it for use beyond age 60.

Once you've reached 60 you can access the money saved and bonus for whatever you need. Note, the government top-up stops on your 50th birthday.

Accessing the LISA for any other reason will trigger a 25% charge on the value of the withdrawal made, which can result in you receiving less than what you paid in. The exception is if you are terminally ill and have a life expectancy under 12 months.

LIFETIME ISAs SUMMARY

- Save for your first home or retirement
- Get up to £1,000 a year from the government to age 50
- Save into a Cash LISA or accept a risk with a Stocks & Shares LISA
- Available to open if you are over 18 but must be below age 40, with savings to be made to age 50.
- Withdrawals without a 25% charge are restricted to a first home purchase or withdrawals beyond age 60.

HELP TO BUY ISAs

Help to Buy ISAs were introduced to help first time buyers save toward their first home. Savings up to £200 per month can be made with the government boosting this by 25%. The maximum that will be paid by the government is £3,000.

Help to Buy ISAs are no longer available but if you already hold one you can continue to save into it until 2029 with the bonus to be claimed by 2030.

The bonus can only be claimed by a solicitor/ conveyancer at the time of purchasing a property.

They can only be held in cash and cannot be invested.

WHAT IS A JUNIOR ISA?

Thinking about saving or investing for your child's future?

A parent or legal guardian can open a Junior ISA for a child under 18 years old.

Just like adult ISAs, there are Junior Cash ISAs and Junior Stocks & Shares ISAs. Their yearly ISA allowance is different from adult ISAs – this tax year it's £9,000.

Anyone can add money to your child's Junior ISA – for example grandparents, friends and relatives.

If your child is 16 or 17 years old they can still hold their Junior ISA and open an adult's Cash ISA – meaning their total ISA allowance could be £29,000 in the 2026/27 tax year.

When your child turns 18, their Junior ISA becomes an adult ISA. The money saved in a Junior ISA always belongs to the child.

However, they can only access the savings from age 18. From this age they can also save and invest themselves.

CHILD TRUST FUNDS

If your child already has a Child Trust Fund, you can't open a Junior ISA for them straight away. You'll need to transfer their Child Trust Fund to a Junior ISA first.

A Child Trust Fund (CTF) is a tax-free savings account, similar to a Junior Cash ISA. They were available for children born in the UK between 1 September 2002 and 2 January 2011.

JUNIOR ISAS SUMMARY

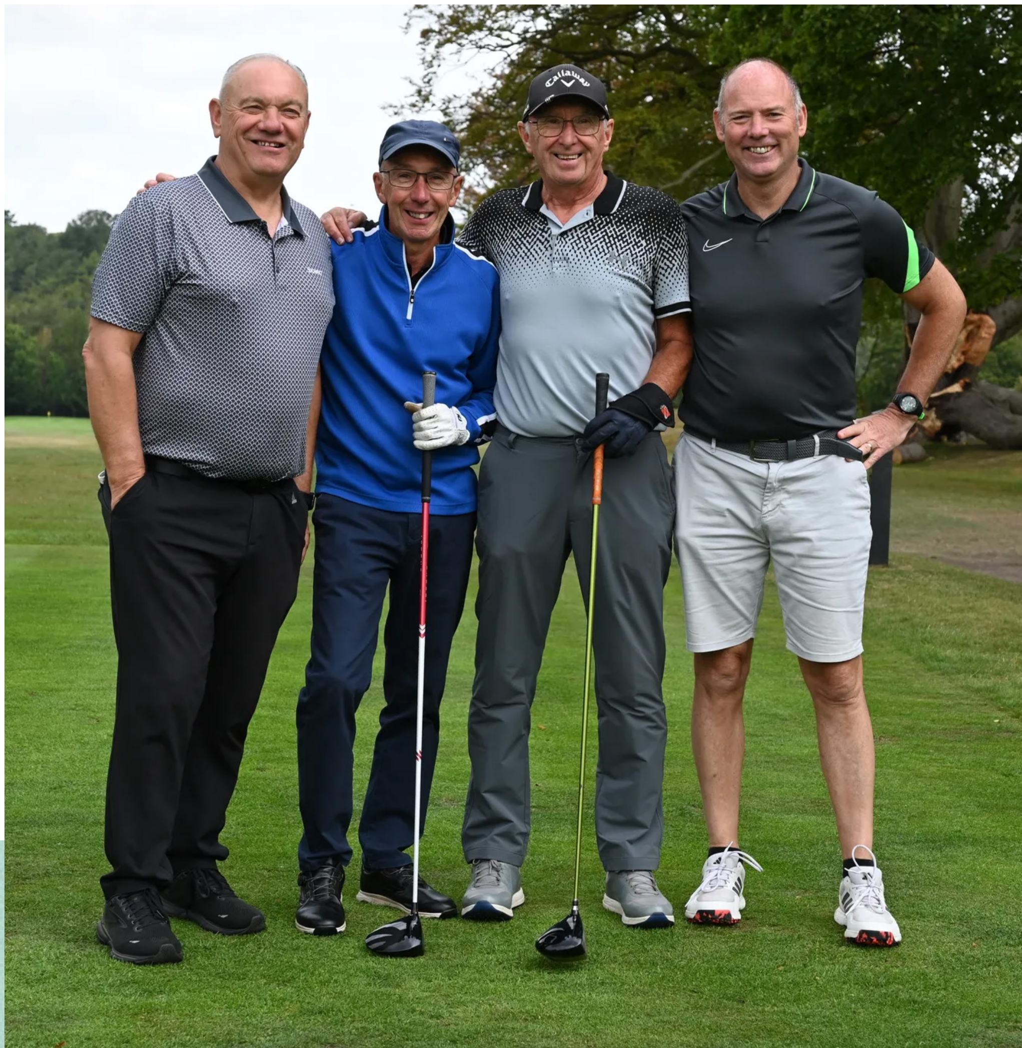
- Start saving or investing early for a child under 18
- Anyone can add money to your child's Junior ISA
- Choose from Junior Cash or Junior Stocks & Shares ISAs
- Transfer a Child Trust Fund to a Junior ISA
- Only your child can withdraw money from their 18th birthday
- Junior Stocks & Shares ISAs are subject to market movements and their value can fall as well as rise
- Maximum you can put in a Stocks & Shares ISA 2026/27 tax year: £9,000

WHAT IS AN
INNOVATIVE FINANCE ISA?

An Innovative Finance ISA (IFISA) is for peer-to-peer lending and investments.

It lets you use the yearly ISA allowance to lend funds directly to other investors via the Peer-to-Peer lending market. Like all other ISAs, your money is free from UK income and capital gains tax.

While interest rates tend to be generous in IFISAs, as with any form of investing, your capital is at risk and you could lose money.



Roy, Brian, Andy & Wayne at our Annual Client Golf Day

INFORMATION ON
TRANSFERRING ISAs

You can move your ISAs to a new provider as often as you like, and whenever you want.

The best part is, transferring doesn't count towards your ISA allowance (although if transferring to a Lifetime ISA it may count towards your Lifetime ISA allowance).

TRANSFERRING BETWEEN TYPES OF ISA

You can also move between types of ISA, for example if you'd like to transfer your Cash ISA to a Stocks and Shares ISA. Just remember that if you have a fixed rate Cash ISA and you transfer it before the fixed term rate ends, you may have to pay a penalty.

From April 2027, you will no longer be able to make transfers from non Cash ISAs into Cash ISAs. However, it will still be possible to transfer from a Cash ISA to a non Cash ISA.

TRANSFERRING PART OF AN ISA

You can transfer all or part of the savings in your Individual Savings Account (ISA) from one provider to another at any time. It can be to a different type of ISA or the same type. The investment can have been made this year or in previous years.

You can transfer cash from your innovative finance ISA to another provider – but you may not be able to transfer other investments from it.

Check with your provider for any restrictions they may have on transferring ISAs.

ISAs SUMMARY

An ISA is an Individual Savings Account. It lets you save and invest without paying UK income or capital gains tax.

- Each tax year there's a maximum allowance you can pay into ISAs.
- The 2026/27 ISA allowance is £20,000.
- From April 2027 the Cash ISA allowance will be reduced to £12,000
- A Cash ISA is for saving cash.
- A Stocks & Shares ISA is for investing in the stock market.
- A Lifetime ISA is for saving to buy your first home (or to use beyond the age of 60)
- An Innovative Finance ISA is for peer-to-peer lending
- Parents or legal guardians can open a Junior ISA for a child under 18. Any UK resident over 16 can have a Cash ISA - for all other types of ISAs you'll need to be 18 or older.
- Some providers do not permit children under 18 to open or manage an account independently.

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