



User Guide

Investing for Children

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Integrated Financial Arrangements Ltd

A firm authorised and regulated by the Financial Conduct Authority

Transact currently offers a number of investment solutions for children via JISAs, pension wrappers and bare trusts. The suitability of each depends upon the client's specific goals. You can, of course, set up each one of them and use them together to meet all your client's needs.

Here we outline some of the technical parameters you need to consider when providing advice.

	Junior ISA 'Stocks and shares' and 'cash'	Bare Trust	Personal Pension
Contribution limits	£9,000 per year Only one of each type can be held at any time.	None	The greater of: (a) £3,600 gross (£2,880 net) per year or (b) 100% of the child's UK relevant earnings for the tax year.
Who can apply?	The child's parent or legal guardian, who then becomes the registered contact.	The trustees of the bare trust.	The child's parent or legal guardian on behalf of their child.
Who can contribute?	The child's parents, legal guardian or any Transact Portfolio holder who is resident in the UK.	The settlor and/or Trustees.	The child, their parents or legal guardian.
When can the money be withdrawn?	From age 18.	No restrictions, but if before age 18, the money must be for the benefit of the child The child has an absolute entitlement to the money from age 18.	From normal minimum pension age (or earlier if in ill health).
Account held in the name of	Child	Trustees	Child

	Junior ISA 'Stocks and shares' and 'cash'	Bare Trust	Personal Pension
Benefits	<p>Free from UK income and capital gains tax.</p> <p>Subscriptions can be invested.</p>	<p>Trustees can invest on behalf of a child.</p>	<p>Free from UK income and capital gains tax.</p> <p>Tax relief on contributions.</p> <p>Contributions can be invested.</p> <p>Pension Commencement Lump Sum available at retirement.</p>
Taxation applicable	<p>None</p>	<p>Normally within child's tax allowances, but if income in excess of dividend or savings allowance excess subject to income tax rates.</p> <p>If income from parental gift exceeds £100 all of the income is taxable on the parent.</p> <p>Child's Capital Gains Tax allowance available.</p>	<p>None</p>
Taxation of withdrawals	<p>None</p>	<p>None</p>	<p>Pension income subject to PAYE.</p>
Wrapper eligibility	<p>Children born between 1 September 2002 and 2 January 2011 who have a Child Trust Fund must transfer their Child Trust Fund to a Junior ISA in order to open the wrapper.</p> <p>Child must be a UK resident when the JISA is taken out (child can transfer JISAs after a child is no longer UK resident).</p>	<p>None</p>	<p>Child must be a UK resident when pension is taken out (existing pensions can be transferred after a child is no longer UK resident).</p>

	Junior ISA 'Stocks and shares' and 'cash'	Bare Trust	Personal Pension
Transact Wrapper Fee applicable	£3 per quarter	None	Waived for clients in a linked family group and born after 30th September 2003 until they reach age 18.

We accept child trust fund, pension and ISA transfers, so that you can switch providers and keep all your client's investments together in one centralised place. The full range of Transact wrappers, including LISAs, are available from age 18.

Questions and answers

I'm a grandparent, can I open a JISA for my grandchild?

Unfortunately not. Only parents/legal guardians can open a minor portfolio on behalf of a minor. However, we can accept contributions from any Transact Portfolio holder.

Do you require Anti Money Laundering (AML) for the child?

Yes, we do. If you provided a passport for the child this will also be sufficient when they turn 18, and no further AML documents will be required.

What happens if AML evidence is not provided?

The Portfolio will have a status of 'Open Awaiting Final Approval'. After 30 days of the Portfolio being opened without any AML, the Portfolio will be frozen and no instructions can be placed. No adviser fees will be paid until AML is received. If AML is still not received after 90 days, we may return the funds and close the Portfolio.

Who can deposit funds/make regular contributions into a minor portfolio?

We can accept one-off deposits from any eligible Transact Portfolio holder. For regular contributions via direct debit then the contributor must be a Transact Portfolio holder who has completed a Direct Debit Mandate (T006) and Bank Account Verification.

What happens to a JISA when the minor turns 18?

The 'Registered Contact' will be removed and the Portfolio will then be held solely by the 18 year old as the client. Once the minor turns 18 (and not before their 18th birthday), they will need to open an ISA wrapper signed by the client and also complete a Portfolio Application form (T001) signed by both the client and adviser. AML may still be required if a passport wasn't previously provided.

If you would like further guidance you can contact your Adviser Support Manager, who will assist you further.

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