

From 6 April 2024, the UK Government made some changes to ISA rules:

- The age to open a Cash ISA increased from 16 to 18.
- Individuals can subscribe to multiple ISAs of the same type within the same tax year.
- Partial transfers of current-year ISA subscriptions are allowed.
- Allowances for capital gains tax and dividends have been lowered.

Transitional arrangements are in place for individuals who are aged under 17 or under on the 6 April 2024, but who hold an existing ISA. Please see the section called - Transitional Arrangements.

What is a Cash Individual Savings Account (ISA)?

A Cash ISA is a type of savings account that offers tax-free interest. This does not affect your individual Personal Savers Allowance (the amount of interest you can earn each year across all of your bank accounts without paying tax).

If you're aged 18 and over, and a UK resident for tax purposes (Crown employees, or those married or in a civil partnership with a Crown employee, may also qualify) you can open a Cash ISA, often with as little as £1.

Your ISA must be held in your sole name only.

The amount you can save into a Cash ISA is set by the UK Government and can change at the start of each new tax year (the tax year starts on the 6 April and ends on the following 5 April). The current ISA allowance for the tax year 2024/25 is £20,000. The ISA allowance resets at the start of each new tax year.

There are also Junior Cash ISAs which are available for those under the age of 18. The current Junior Cash ISA allowance for the tax year 2024/2025 is £9,000.

What type of Cash ISAs are available?

There are typically two types of Cash ISAs - a Fixed Rate Cash ISA, and a Variable Rate Cash ISA, both of which are available through Chorley, and both offer the same tax-free status.

With a Variable Rate Cash ISA, the interest rate can go up or down. With a Fixed Rate Cash ISA, the interest rate remains the same throughout the term of the product, provided the account terms and conditions are followed. Different features apply to both, please speak to our friendly advisers who can help you decide which is the best Cash ISA product for you.

Can I pay into more than one ISA?

New rules introduced on the 6 April 2024 mean you can now pay into multiple ISAs of the same type, with different providers, within the same tax year (except for Lifetime ISAs and Junior ISAs) – e.g., two Cash ISAs.

You remain responsible for managing your overall subscription limits, meaning you must ensure that collectively the total subscriptions remain within the overall ISA limit for the tax year.

- Individuals holding either a Lifetime ISA (LISA) or Junior ISA (JISA) can only subscribe to one LISA and one JISA per tax year.

- Under 18s affected by the transitional arrangements are not permitted to subscribe to more than one Cash ISA in a tax year

Does my ISA have to be with same Provider?

No, you can hold several ISAs, each with a different provider, unless it is a LISA or JISA, or you are aged under 18.

Can I transfer a Cash ISA between providers?

Yes, you can transfer a Cash ISA from one provider to another. Not all providers accept transfers therefore you must check with the provider before going ahead. You can transfer all or part of your savings from previous tax years and from current tax years subscriptions. Please also be aware that not all providers accept a partial transfer of current year subscriptions, it is therefore important to check with the provider first.

It is also important to remember that different rules apply to taking money out of an ISA. If you transfer all or part of your cash ISA to another provider, you must complete an ISA Transfer Authority form with the new provider. The new provider will arrange for the money to be transferred which protects the tax-free status.

Chorley accept Cash ISA transfers, please speak to one of our friendly advisers who can arrange this for you.

Is money in a Cash ISA protected?

Yes, Cash ISAs are covered by the Financial Services Compensation Scheme (FSCS), the UK's deposit guarantee scheme. Chorley are a member of the FSCS, this means eligible deposits with Chorley are protected up to a total of £85,000.

Transitional Arrangements

The new ISA rules applicable from 6 April 2024 permit individuals to subscribe to multiple ISAs in the same tax year. This is only permitted for those who are aged 18 or over on the 6 April 2024.

Individuals who are aged 17 or under from the 6 April 2024 can only subscribe to one Cash ISA per tax year.

What transitional arrangements are in place for individuals aged 17 or younger who do not currently have an ISA account?

If, at the 5 April 2024, you are aged 16 or 17 and do not have an existing Cash ISA, you will be eligible to apply for, and subscribe to, a single Cash ISA in any tax year until your 18th birthday. Once you reach 18, the ISA rules applicable at that time will apply.

What transitional arrangements are in place for individuals 17 or younger who already hold a Cash ISA?

If, at the 5 April 2024, you are aged 16 or 17 and hold an existing Cash ISA, you may continue to subscribe to it or transfer it to another cash ISA after 6 April 2024.

What if I am aged under 17 and I hold a Fixed Rate ISA?

If you are aged 16 or 17 and hold a Fixed Rate ISA or an ISA with fixed terms, and the product matures, you can:

1. Transfer the maturing funds to a new Cash ISA. Any current year subscriptions must be transferred in full. You can continue to pay into the ISA up to the current ISA limit. The current ISA allowance for the tax year 2024/25 is £20,000. **OR**
2. The existing provider may transfer funds to a new or continuing product where this is provided for in the term and conditions of the existing account.

Providers are able to accept a transfer of an existing Cash ISA held by an individual aged 16 or 17, but all current year subscriptions must be transferred, and the original account closed.

Please be aware - not all providers will accept an ISA transfer for those aged 16 or 17 and who fall into the transitional arrangements, it is therefore important to check with the provider first.

When do the transitional arrangements end?

The transitional arrangements end at midnight on 5 April 2026.