

THE Openwork PARTNERSHIP

YOUR GUIDE TO MAKING THE MOST OF YOUR
ANNUAL ISA ALLOWANCES



Make your money work harder, tax free

ISAs (Individual Savings Accounts) offer one of the simplest and most effective ways to save and invest tax efficiently. Whether you're setting aside money for the future, investing for growth or helping your children or grandchildren, ISAs can make your money work harder over time. Saving through an ISA means you don't pay income tax or capital gains tax (CGT) on the interest, dividends or growth, helping your money go further.

Make the most of your ISA allowance

For the 2025/26 tax year, you can save or invest up to £20,000 in ISAs. This allowance applies across all ISA types combined. You can spread it between Cash, Stocks and Shares, Lifetime and Innovative Finance ISAs in any proportion, but the total cannot exceed £20,000.

If you have a Lifetime ISA (LISA), the maximum you can pay into it is £4,000 each year. This £4,000 forms part of your overall £20,000 annual limit, not in addition to it.

You can take money out of your ISA at any time, but once the tax year ends you cannot replace what you've withdrawn without using your next year's allowance (unless you have a flexible ISA). If you don't use your allowance before 5 April, it's lost. You can't carry it over to the next tax year.

Cash or Stocks and Shares: which is right for you?



Cash ISA

Offers stability and peace of mind, but your returns may struggle to keep up with inflation over time.



Stocks and Shares ISA Gives your savings more potential to grow, but values can fall as well as rise, so there's a higher level of risk.

The right choice depends on your goals, time horizon and attitude to risk, which is why it's important to speak to your adviser before deciding.

Junior ISAs: give them a head start

Junior ISAs are a great way for parents, grandparents and guardians to start building a nest egg for a child's future. You can save up to £9,000 each year on their behalf, with all the interest, dividends and growth sheltered from tax. The child can take control of the account at age 16 but cannot access the funds until 18, giving the money time to grow tax free.

Why advice matters

ISAs are simple in principle but can become complex when you have several accounts, different goals or a mix of savings and investments. Your adviser can help you decide the best approach for your situation, and make sure your money is working as hard as it can.

Choosing the right ISA for your goals

With a range of ISA types available, each designed for different purposes and life stages, your adviser can help you decide which mix is right for your goals.

Cash ISA*	Stocks and Shares ISA	Lifetime ISA (LISA)	Junior ISA (JISA)	Innovative Finance ISA (IFISA)
Who can open it Age 18+	Who can open it Age 18+	Who can open it Age 18-39	Who can open it Age 18+	Who can open it Age 18+
Annual allowance Up to £20,000	Annual allowance Up to £20,000	Annual allowance Up to £4,000**	Annual allowance Up to £9,000	Annual allowance Up to £20,000
Key features Works like a savings account but interest is tax free. A good option if you want access to your money and prefer lower risk, though returns may be modest.	Key features Lets you invest in shares, funds or bonds. Offers potential for higher long-term returns than cash, but values can rise and fall, so you could get back less than you invest.	Key features Designed to help you buy your first home or save for later life. The government adds a 25% bonus (up to £1,000 a year). Withdrawals for other purposes may incur a penalty.	Key features A tax-free way to save for a child's future. Anyone can contribute, but only a parent or guardian can open the account. The child can access it from age 18.	Key features Lets you lend money to individuals or businesses through peer-to-peer platforms. Can offer higher returns but also higher risk, and there's no protection from the Financial Services Compensation Scheme (FSCS).

Recent changes to CGT

ISAs also play an important role when thinking about other taxes you might pay on your investments. From April 2024, the annual CGT allowance fell from £6,000 to £3,000. If you hold investments outside an ISA, any gains above that threshold may be taxable. Moving investments into an ISA can shelter future growth from CGT, but it might mean paying some tax on gains now. Your adviser can help you weigh the costs and benefits, and decide whether it's worth transferring investments into your ISA for the long-term tax advantages.

Get advice on making the most of your ISAs

Regular reviews of your savings and investments can help keep you on track to reach your goals. Contact your adviser to make sure you're making full use of your ISA allowance and that your overall plan continues to meet your needs.

Top tips for saving and investing

- Use your ISA allowance each year – once the deadline passes, it's gone.
- Start early in the tax year to maximise potential growth over time.
- Think long term – leaving money invested allows compound growth to work in your favour.
- Consider combining ISAs with pensions and other savings to build a well-rounded plan.
- Review your ISAs regularly with your adviser to ensure they still match your goals.

* If you were born between 6 April 2006 and 5 April 2008, you can open a cash ISA before turning 18, as a temporary transitional arrangement. This is an exception to the new rule that the minimum age for an adult cash ISA is 18. ** Part of £20,000 limit.

An ISA is a medium to long term investment, which aims to increase the value of the money you invest for growth or income or both. The value of your investments and any income from them can fall as well as rise. You may not get back the amount you invested.

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