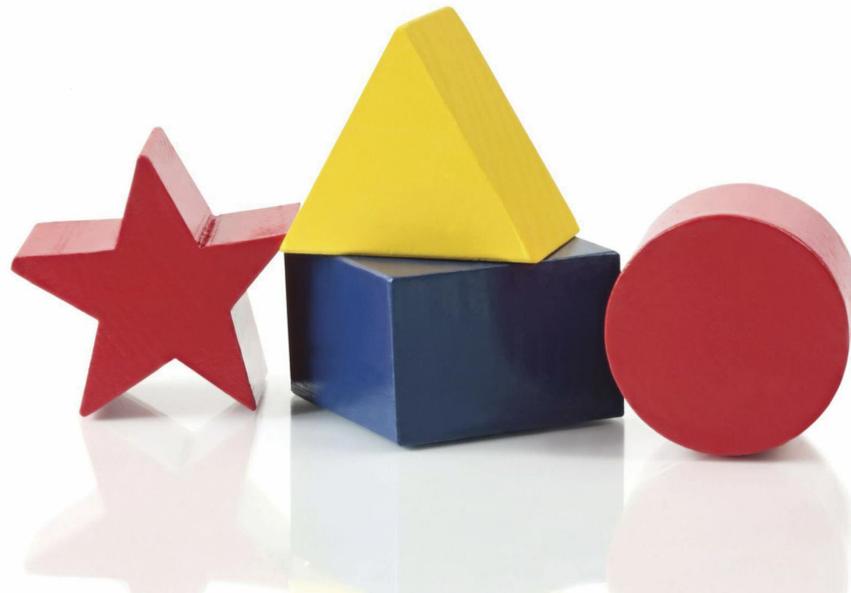


# The Chelsea Guide to Junior ISAs



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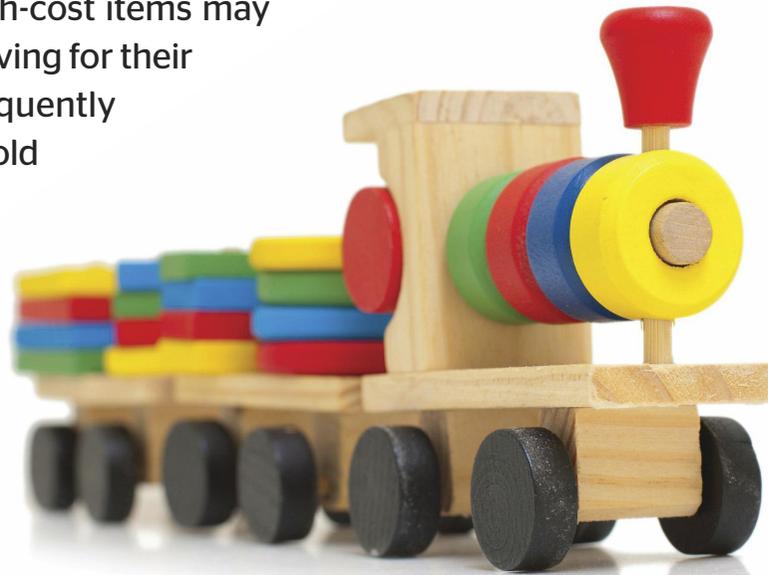


# Introduction

This is a guide to the Junior ISA, an investment wrapper for children, which we at Chelsea believe is an excellent way to save for your children and give them a brighter future.

The spiralling cost of university fees, increasingly large deposits required for first-time house buyers and life's other inevitable expenditures, mean that children today are likely to face significant financial pressure as they enter adulthood. It will be nearly impossible for them to stay out of crippling debt without the continued financial support of parents and grandparents.

Even more concerning, these high-cost items may inhibit future generations from saving for their retirement, which could consequently plunge them into poverty in their old age. The need for long-term savings for children has never been greater.



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# What is a Junior ISA?

A Junior ISA is a tax-efficient investment wrapper, that allows parents, grandparents, and family friends to invest in cash and/or stocks and shares on behalf of a child.

Junior ISAs must be opened by a parent or guardian but are held in the child's name. The person opening the Junior ISA will be making all the investment decisions about where to invest until the child reaches 16, at which point the child can choose to become involved in these decisions.

The money cannot be accessed by anyone until the child's 18th birthday, at which point the Junior ISA becomes a standard ISA, the property of the child and fully accessible.



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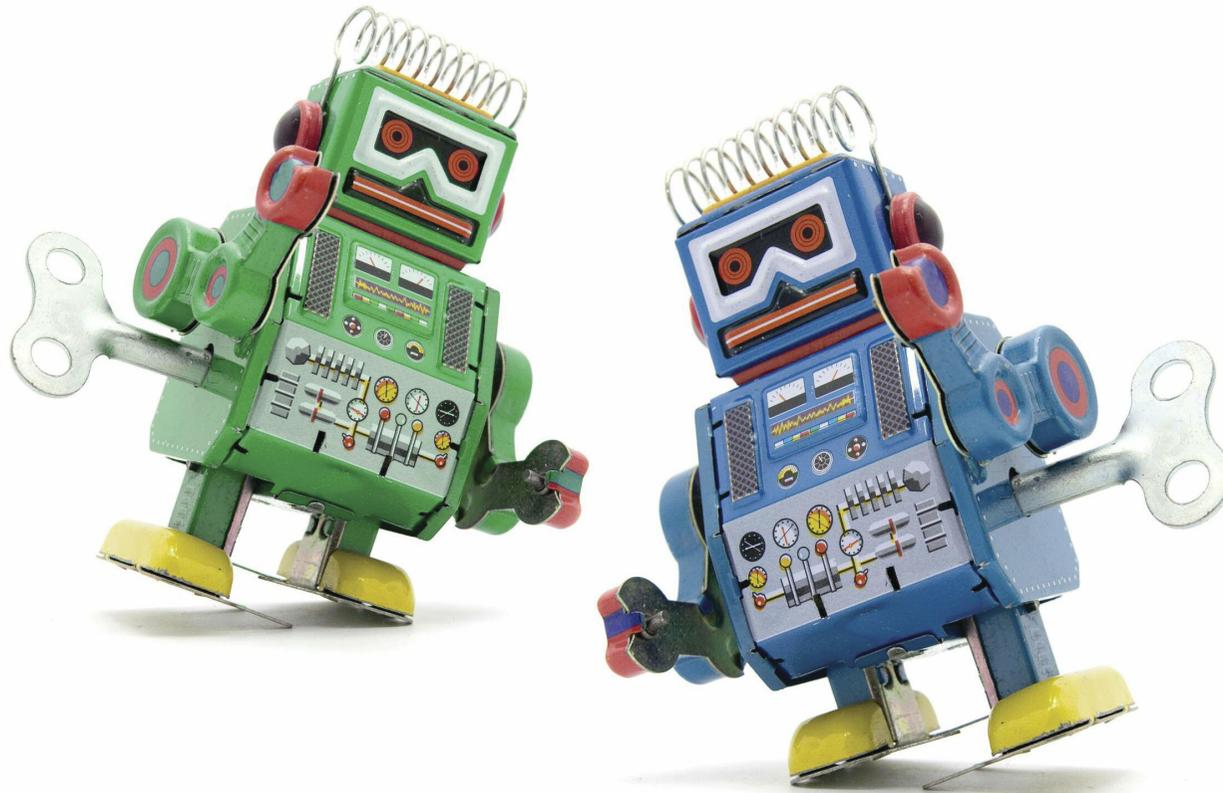
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# Who is eligible?

Junior ISAs are available for any child who is resident in the UK.

If a child already has a Child Trust Fund, it can now be transferred into a Junior ISA.



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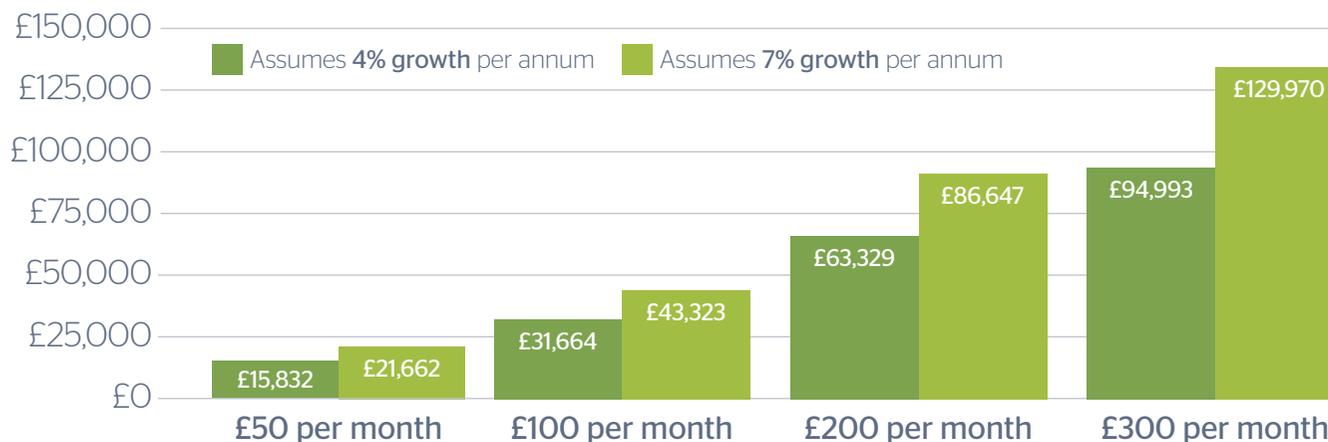
# How much can I invest?

The current annual limit is £4,080. Contributors can either invest lump sums or make regular monthly savings.

To give you an idea as to how much could be saved on behalf of a child, a monthly contribution of £50, assuming 7% growth per annum, could provide a pot of more than £21,000 over 18 years. A monthly contribution of £300 could grow to almost £130,000.

## MONTHLY SAVING EXAMPLES

The chart below shows the possible Junior ISA value that could be accumulated, based on the level of contribution and varying potential annual rates of return over 18 years (the amounts do not take into account charges or inflation).



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# What can I invest in?

You can invest money into a Cash Junior ISA, an Investment Junior ISA or a combination of both, as long as the total amount does not exceed your annual limit.

## TRANSFER OPTIONS

Transfers between Junior ISAs are possible so, if you wish, you can change the fund in which your child's savings are invested. Or, if you find a Junior ISA cash account with a better rate than your current provider, you can move the money. You must transfer the savings in full though. You can also transfer Junior ISAs from cash to stocks and shares and back again.

## INVESTING IN CASH

Cash is the safest form of investment. However, it may well not provide a real return if the interest earned is less than the rate of inflation, as can be the case today. If you choose a Cash Junior ISA you should shop around for the best rates and be aware of any temporary interest bonuses, which may run out after a certain amount of time.

For those willing to consider riskier assets in the hope of larger returns over the long term, an **Investment Junior ISA** may be the more attractive option.

*Chelsea offers an Investment Junior ISA. The Chelsea Junior ISA can invest in any fund available on the Chelsea FundStore\*. We do not currently have a Cash Junior ISA.*



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\*Cofunds is the ISA Plan manager for the FundStore

# Are there any downsides to a Junior ISA?

One downside of a Junior ISA is that, unlike the adult ISA, the investment cannot be accessed until the child is 18, and at this time the investment is passed entirely into the hands of your child.

At this point they could roll over their investment into an adult ISA, or use the money to pay for a university course, a car, a deposit on a house or a gap year. It is up to them what they do with this pot of money though.



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# Key benefits of the Chelsea Junior ISA

- Easy and straightforward way to invest for a child's future
- Invest up to £4,080 each tax year
- 0% platform and service charge, until further notice
- Start saving with as little as £25 per month, or a £50 lump sum
- Choose from more than 2,500 funds
- Exclusive Chelsea fund research and risk ratings to help you decide where to invest
- Selection of Chelsea Junior EasyISAs for those wanting ready-made portfolios
- 0% switching fees when you move money between funds
- Protects the investment from income and capital gains tax
- No need to declare on a tax return
- Converts into a standard Chelsea ISA on the child's 18th birthday
- Income can be taken tax-free from the ISA from age 18



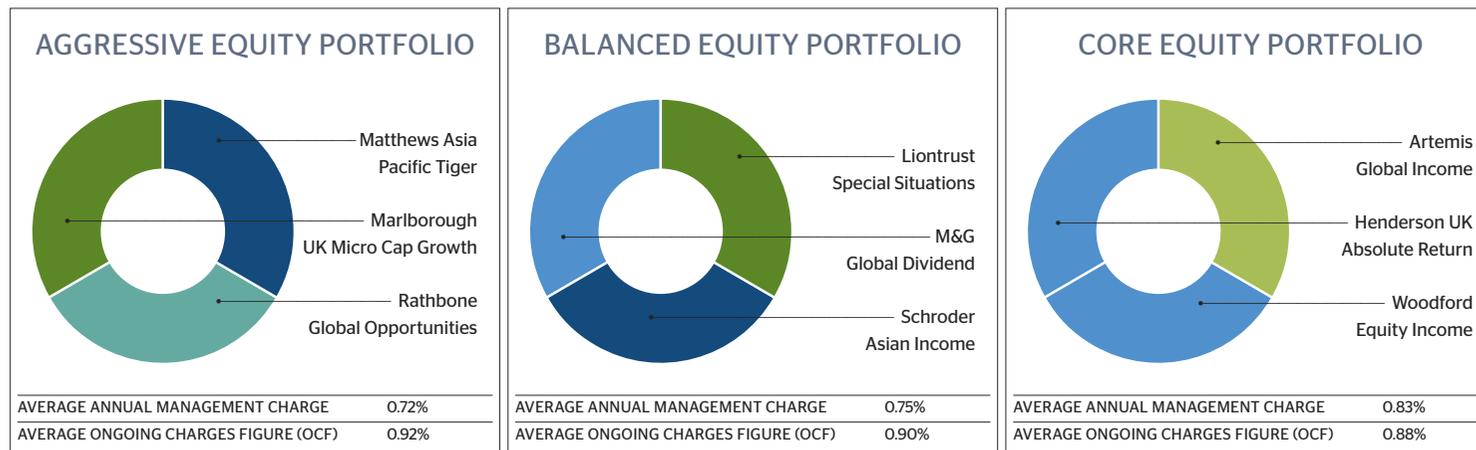
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# Unsure where to invest?

With the Chelsea Junior ISA, you have an amazing choice of funds and, as with all our other investment products, we aim to help you build an investment portfolio that will meet your objectives.

We know that having such a large choice of funds can be overwhelming, so we offer two ways to help you narrow down your investment choice:

- Firstly, we have produced three Chelsea Junior EasyISAs: **Aggressive**, **Balanced** and **Core**, each investing in three different funds with varying risk ratings. They are designed for investors willing to forgo the capital security of a Cash Junior ISA for potentially higher returns over the medium to long term. They offer diversification with long-term growth and you simply select the one which best suits your investment style and objectives:



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- Secondly, we have the **Chelsea Core Selection** and **Chelsea Selection lists** which contain funds the Chelsea research team believe to be best of breed.

# How do I invest?

Please familiarise yourself with the Terms & Conditions and Key Investor Information Documents on the 'Documents & Guides' page of our website, [chelseafs.co.uk](http://chelseafs.co.uk), then complete the application form or transfer form and return it to us.

Please make your cheque payable to Cofunds Ltd or complete the direct debit mandate if saving monthly.



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# Find out more

For more information please visit our website [chelseafs.co.uk](https://chelseafs.co.uk) or, to talk through the investment options available, please call our client service team on **020 7384 7300** who will be happy to help.

## IMPORTANT NOTICE

Chelsea Financial Services is authorised and regulated by the Financial Conduct Authority and offers an execution-only service. Past performance is not a reliable guide to future returns. Market and exchange-rate movements may cause the value of investments to go down as well as up. Yields will fluctuate and so income from investments is variable and not guaranteed. You may not get back the amount originally invested. Tax treatment depends of your individual circumstances and may be subject to change in the future. If you require individual investment guidance you should seek expert advice. Whilst we may draw attention to certain investment products we cannot know which of them, if any, is best for your particular circumstances and must leave that judgement to you. Investors are not normally entitled to compensation through the UK Financial Services Compensation Scheme for offshore funds. Discounts are subject to receipt of commission and may be subject to change if commission levels are altered. Cofunds is the ISA Plan Manager for the Chelsea FundStore, the Chelsea EasyISA and the Chelsea Junior EasyISA.

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