



# Types of ISAs - Matching activity

Type of ISA	Description
	Also known as an investment ISA. These can enable a person to make investments, such as in stocks (shares in a company or companies) and bonds (a loan to a company or a government), and not have to pay tax on any profit made. They help to make a higher rate of interest return on the money put into the ISA compared with other types of ISAs, but it is important to know that the value of the investments can go down, so money can be lost too. They should be viewed as a medium to long term investment, and ideally be held onto for at least 5-10 years before taking money out.
	These types of ISAs work like a savings account with the bonus that they are tax efficient. Unlike a normal savings account, where any interest made will be taxed as it is considered income, in an ISA, any interest made is tax free. There are two types of interest you apply to an ISA: fixed rate (set interest rate over a defined period) and variable rate ISAs (interest rate changes over time).
	Parents/guardians can open an ISA on behalf of their child (the child must be under 18 years old and living in the UK) and manage the account but the money belongs to the child. The child can take control of the ISA when they turn 16 years old but cannot withdraw cash until they are 18 years old. This can be a cash or stocks and shares ISA, or both. The maximum that can be saved in this type of ISA per year is £9,000
	These ISAs can help a person get on the property ladder or save for their retirement. Every tax year a person can pay up to £4,000 into this ISA account and receive a 25% bonus from the government. This equates to £1 for every £4 paid into the ISA account. The person must be over 18 years and under 40 years of age to open this type of ISA. They can make their last payment into the ISA at the age of 50. They can hold both cash and investment ISAs within this ISA.

CASH ISA

STOCKS AND  
SHARES ISA

LIFETIME ISA

JUNIOR ISA