

Inherited ISA Allowances

Key processing information

Pre-investment information

Key Points

- **Inherited ISA Allowance** – also known as the ‘additional permitted subscription’.
 - Where the ISA investor died between 3 December 2014 and 5 April 2018, the allowance equals the value of the ISA at the date of death.
 - Where the ISA investor died on or after 6 April 2018, the allowance equals the higher of the value at date of death or the value of the ISA at the date the ISA account closes. Note ISA accounts are automatically closed 3 years after the date of death.
- **Deadline dates** – the surviving spouse/civil partner has:
 - In the case of cash subscriptions 3 years from the date of death or 180 days from when the administration of the estate is complete, whichever is longer.
 - In the case of non cash subscriptions (inspecie) 180 from when these assets are distributed from the deceased individual's estate.

The survivor can choose to use the inherited ISA allowance with us where the deceased held accounts on our platform. It is also possible for them to use the allowance with us if the deceased had ISAs with other providers by transferring the inherited ISA allowance to us.

- **Future ISA transfers** – it's only possible to transfer the inherited ISA allowance once, so once you have chosen a provider to accept the additional allowance, then all the contributions towards that additional allowance need to be made to that provider. It would be possible subsequently to transfer out the funds to another provider (but not any unused allowance). The allowance cannot be transferred if it has been partly used.

Key Fidelity inherited ISA allowance information

Question	Comment
Can I transfer the inherited ISA allowance from one provider to another?	<ul style="list-style-type: none">• Yes, the transfer process allows clients to move the inherited ISA allowance from one ISA provider to another (for example to Fidelity).
How long may it take to transfer an ISA to another provider, or to Fidelity from another provider?	<ul style="list-style-type: none">• You will receive a notification from us which states 'Thank you for sending us your client's application to transfer an inherited ISA allowance. We have forwarded the form to the company currently managing the deceased's ISA investments and we will contact you when we receive confirmation of the value of the inherited ISA allowance'. Our expectation is that we would receive the transfer within 30 days of receiving our request.• Where a request to transfer an ISA allowance away from Fidelity, we would again expect this action to be carried out within 30 days, so long as we had already been notified of the death of the individual.
What if the deceased had several ISAs with different providers?	<ul style="list-style-type: none">• The surviving spouse/civil partner is eligible to transfer the inherited ISA allowance from all providers. Where the spouse/civil partner may have held separate ISAs, we would require separate forms for each provider to enable this.
Future ISA transfers	<ul style="list-style-type: none">• It is only possible to transfer the inherited ISA allowance once. However, clients could transfer out their ISA funds in the future (but not any unused additional allowance).
Will a transfer between providers move my spouse/civil partners holdings over to Fidelity?	<ul style="list-style-type: none">• The ISA inheritance transfer is purely the movement of the ISA allowance; no money will change hands between providers as part of this process, although money can be invested after.• The other provider will follow its own procedures upon the death of the ISA holder and may encash the existing ISA assets depending on the executor's instructions.• The original provider will need to confirm to us the inherited ISA allowance the individual has become entitled to.• Once our systems have been set up to show the inherited ISA allowance the individual can invest funds to utilise the additional allowance using the appropriate form.
Where can I get the application forms?	<ul style="list-style-type: none">• All forms are available online.
If transferring the allowance to Fidelity, when can I send in money to utilise the additional allowance?	<ul style="list-style-type: none">• Once we have confirmation from the other provider regarding the spouse/civil partner's details we will write to you and your client to inform them that the transfer has been completed and you are free from that point to invest into the additional allowance.• Money should not be sent to us until the client has received confirmation from us that the transfer of the allowance has been completed. You will need to use one of the forms on the following pages to use the allowance.

How long do I have to invest into the additional allowance once the transfer of the inherited allowance has been completed?

- The surviving spouse/civil partner has 3 years from the date of death, or 180 days from when the administration of the estate is complete whichever is later, to invest in the additional allowance.

Can I move the allowance away from Fidelity once the transfer of the allowance has been completed?

- No, it's only possible to transfer the additional allowance once. When you have chosen a provider to make the additional contributions to, then all contributions in respect of that additional allowance must be made to the chosen provider. It would be possible to transfer out the ISA assets subsequently, but the transfer would not take any 'unused' additional allowance with it. Any additional allowance not used in the 3 year period is lost.

What if the deceased individual already held ISA's with us?

- In this case it is possible for us to transfer the ISA allowances from the deceased individual to the surviving spouse/civil partner. In addition you can sell the existing ISA assets and reinvest them into the survivor's ISA without the need for the proceeds to be paid out first. You should use the 'Inherited ISA Allowance Form'. If the date of death is after 6th April 2018 the ISA investments will be transferred by a stock transfer of units from the account into your Inherited ISA account. If the date of death is pre 6th April 2018 then the investments will be sold and repurchased based on the value at the date of death, this will usually take between 5-10 days but may take longer in certain circumstances.

What if the surviving spouse lives overseas or is a US person?

- Except for Crown Servants working overseas, there may be restrictions on opening accounts for overseas residents or US persons. Please contact us to discuss.

Fees and charges

- Ongoing adviser fees can be set up online after the ISA account has been created. If the client already has an ongoing adviser fee set up this will apply straight away.
- An Investor Fee (£45 pa) and Service Fee (0.25% pa) will apply unless there is an alternative arrangement in place.
- The fund charges will be relevant to the individual fund(s) held, including any 'fund manager buy' charge or 'bid-offer' spread.

Application forms and guidance notes

We recommend that you provide your client, i.e. the Executors or the Administrators with our guidance booklet, for information and to clarify the options available to them.

All guidance notes and application forms can be found in the **Help and Support** section of our website under **Client and account administration**. The application process is paper based. See explanations below for each form:

Application Forms/ Documents	Comment
Inherited ISA allowance – transfer from current ISA manager form	The surviving spouse/civil partner completes this application form where the deceased held their ISA(s) elsewhere (not on our platform) and they want to move the allowance to an ISA with us.
Inherited ISA allowance form	The surviving spouse/civil partner completes this application form to utilise the inherited ISA allowance on our platform. The client can use this allowance by cheque or selling the deceased ISA and funding the inherited ISA.
Sell your own Investment Account to use your inherited ISA Allowance	The surviving spouse/civil partner completes this application form when the Inherited ISA allowance is on our platform and the client would like to sell their own Investment account to fund the allowance (BED & ISA).
Grant of Representation	A copy of the Grant of Probate or Grant of Letters of Administration (where Grant of Probate is not applicable, i.e. in cases where there is no will) is required to be submitted with the application form.
Fidelity Small Estates form	To be completed where the value of the estate is less than Fidelity's current threshold and where a Grant of Representation is not being applied for.
Guide for executors and administrators	Guidance notes available to the surviving spouse/civil partner, Executor and Administrators to clarify the options available to them.

Example scenarios

Scenario 1	Mr Jones' other half passed away in January 2020 with an ISA valuation of £50k. The death certificate was received by us in March 2020. They had been living together for 34 years and had 3 children together, but had never got married nor were they in a civil partnership. Can Mr Jones utilise the additional allowance?
Response	No. To be able to utilise the additional allowance the customer has to be married or in a civil partnership (and not separated/in process of divorce) at the date of death.
Scenario 2	Mrs Barnes' husband passed away on 15 December 2022 with an ISA valuation of £100k. The death certificate was received by us in February 2023, but probate has yet to be received. Can Mrs Barnes utilise the additional allowance?
Response	Yes. Mrs Barnes can invest at least £100k into her ISA, more if her husband's ISA has increased since he died. Until probate is received however, the additional allowance would have to be funded by Mrs Barnes' own money (using an inherited ISA allowance form) or by transferring from her investment fund account (using 'Sell your own Investment Account to use your Inherited ISA Allowance form'). Once probate is granted, administration and distribution of the estate can continue, but the allowance cannot be used again

Scenario 3	Mr Adams' wife passed away on 3 December 2020 with an ISA valuation of £75k. We received the death certificate in January 2021 and then received probate in March 2021. Mrs Adams had left all her money to her 3 children. Can Mr Adams utilise the additional allowance?
Response	Yes. The husband/wife does not have to be the beneficiary owner of the estate to be able to utilise the additional allowance. Mr Adams can invest at least £75k in this ISA using his own money (using an 'Inherited ISA allowance form') or his existing investment fund account (using 'Sell your own Investment Account to use your Inherited ISA allowance form').
Scenario 4	Mrs Keane's husband passed away in January 2022. Mrs Keane has holdings with us but her late husband's ISA account was held with Barclays. Can Mrs Keane use the additional allowance she is entitled to with us?
Response	Yes. Mrs Keane will need to complete the 'Inherited ISA allowance - Transfer from current ISA manager form'. Upon receipt we will check with the original providers what the value(s) of the ISA holdings were as at the date of death and then upon receipt of the cash from the original providers, the surviving spouse/civil partner will be able to send us a cheque to invest up to the total inherited ISA allowance along with the 'Inherited ISA allowance form'. Mrs Keane will have up to 3 years from the date of death to complete this course of action.

The value of investments and the income from them can go down as well as up so your clients may get back less than they invested.