

## Is it time to invest in your grandchildren's future?

Protect their future with strategic planning to leave a lasting legacy

Investing for your grandchildren isn't just about giving wealth; it's about creating opportunities and stability for their futures. Whether it helps fund further education, a home deposit or even retirement, strategic planning enables you to leave a lasting legacy.

As a grandparent, providing financial support can be more tax-efficient than helping through the child's parents due to potential tax implications. By exploring optimal savings and investment options, you could maximise the impact of your generosity.

### **BUILDING A FOUNDATION WITH A JUNIOR ISA**

A Junior Individual Savings Account (Junior ISA or JISA) is often the first step in securing financial stability for grandchildren. These accounts provide tax-free growth, meaning that any interest or gains are not liable for Capital Gains Tax (CGT).

Contributions of up to an annual limit of £9,000 are allowed (2025/26), and the funds become accessible once your grandchild turns 18. It is important to note that children born before 3 January 2011 with child trust funds (CTF) can't have a JISA opened unless the CTF funds are transferred to a JISA, and the CTF is closed.

### **PLANNING FOR THE LONG TERM WITH A JUNIOR SIPP**

For grandparents looking to help secure a grandchild's long-term financial future, a Junior Self-Invested Personal Pension (Junior SIPP) could be a suitable choice. Designed explicitly as a retirement savings scheme, it allows you to invest up to £2,880 each year (2025/26), with the government offering 20% tax relief, increasing the total contribution to £3,600.

Although funds in a Junior SIPP are locked in until at least the age of 57, starting early enables decades for potential compound growth. This

foresight could lead to a substantial retirement fund, offering your grandchild the financial security they might need later in life.

### **HELPING THEM SAVE FOR LIFE'S MILESTONES**

When your grandchild turns 18, a Lifetime ISA (LISA) is an option to assist them in saving for their first home or planning for retirement. Each year, they can currently contribute up to £4,000, with the government providing a 25% bonus on these deposits, which can amount to up to £1,000 annually.

LISAs are particularly helpful for first-time home buyers, as funds can be accessed before age 60 for property purchases (a 25% charge applies if withdrawn before 60 for any other reason). If the savings remain untouched until age 60, the account becomes a tax-free boost for retirement. Offering this option provides flexibility for your grandchild's medium- or long-term financial needs.

### **MINIMISING INHERITANCE TAX THROUGH GIFTING**

One of the most effective ways to support your grandchildren is by minimising your estate's exposure to IHT. Using your current annual gifting allowance of up to £3,000, or arranging regular gifts from surplus income, ensures these gifts stay exempt from IHT. Alternatively, to maintain control and safeguard the funds, grandparents might consider setting up trusts. ■

### **IS IT TIME TO GET PROFESSIONAL ADVICE TAILORED TO YOUR FAMILY?**

Investing in the future of the next generation is one of the most meaningful decisions you can make. Ensure it is done wisely, securely and with their best interests at heart. If you would like to explore options or require professional advice on managing investments for your grandchildren, please contact us.

THIS ARTICLE DOES NOT CONSTITUTE TAX, LEGAL OR FINANCIAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH. TAX TREATMENT DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF EACH CLIENT AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE. THE VALUE OF YOUR INVESTMENTS CAN GO DOWN AS WELL AS UP, AND YOU MAY GET BACK LESS THAN YOU INVESTED.

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS THE PLAN HAS A PROTECTED PENSION AGE). THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.