

ISA Additional Permitted Subscription

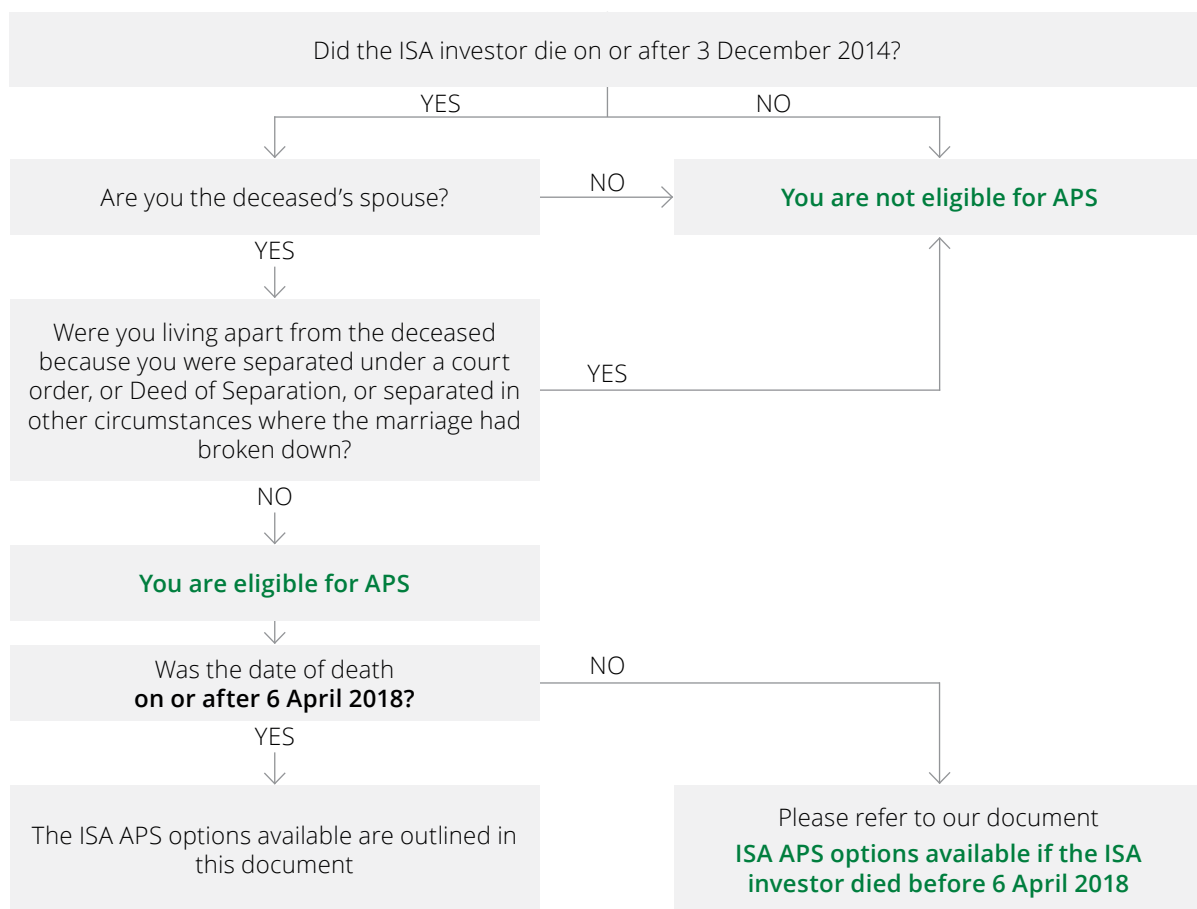
– Options available if the ISA investor died on or after 6 April 2018

What is an Additional Permitted Subscription (APS)?

When an ISA investor dies on or after 3 December 2014, if there is a surviving spouse* they could be eligible to invest in an ISA, over and above the annual ISA allowance. This is known as an 'Additional Permitted Subscription' or APS.

*Throughout this document, references to 'spouse' also mean civil partner.

Are you eligible for the APS?



How much is the additional allowance?

Where the date of death was on or after 6 April 2018, the APS allowance is limited to the higher of:

- the value of the deceased's ISA as at the date of death (referred to as **APS1**)
- the value of the deceased's ISA when it ceases to be a '**continuing account**'* (referred to as **APS2**).

The value used will be subject to certain conditions being met – these are detailed in the options explained in the following pages (any conditions shown in italics are those outlined in HMRC regulations).

- ***Continuing account** The deceased's ISA will cease to be a 'continuing account' on the earlier of the following:
- completion of the administration of the deceased's estate
 - the third anniversary of the death
 - the closure of the account.



We strongly recommend that you seek advice from a financial adviser about the options available.

1. If the deceased's ISA was held with Quilter, the APS options are:

1.1 Move inherited ISA assets 'in specie'

If you inherited the ISA, the assets held within it can be moved into an ISA in your name, without actually selling them. This is also sometimes referred to as an 'in specie' transfer.

Form required: **Our ISA Additional Permitted Subscription (APS) – Spouse Inherited ISA Application.**

- Conditions:**
- ▶ the assets must have remained in the deceased's ISA with Quilter since the date of death, and you must either hold, or open, an ISA with Quilter to receive these assets
 - ▶ the assets must be moved within 180 days of the beneficial ownership passing to you
 - ▶ if the ISA was invested using our Managed Portfolio Service (MPS), the death of the account holder will terminate the MPS. If you wish to invest using the MPS, your financial adviser can help with this once the assets have been moved
 - ▶ if the value of the units has **fallen** between the date of death and the date they are moved, you can top up the ISA to maximise the APS allowance determined as at the date of death (APS1)
 - ▶ if you make an investment towards an APS allowance by cash before the in specie transfer, the available APS allowance will be 'locked in' at the APS1 value. Otherwise, the allowance used will be the higher of the APS1 and APS2 values
 - ▶ where the APS allowance has been 'locked in' at the APS1 value, and the value of the units has increased between the date of death and the date they are moved, the excess above the APS1 allowance will be paid in line with the instructions given in the form mentioned above
 - ▶ once the units have been moved the transaction cannot be cancelled.

1.2 Cash lump sum investment

You can invest up to the APS allowance using one or more cash lump sums within three years of the deceased's death (or 180 days after the administration of the estate is complete, if later).

Form required: You do not need a form - your financial adviser can submit your application online for you.

- Conditions:**
- ▶ once you have invested towards an APS allowance with Quilter, any future subscriptions towards that allowance **MUST** also be made with Quilter
 - ▶ we hold all ISA subscriptions in one account, so if you already have an ISA with us, the APS investments must be made into the existing ISA; they cannot be held separately
 - ▶ if you invest towards an APS allowance before the deceased's ISA stops being a **continuing account**, the APS allowance will be 'locked in' at the APS1 value.
 - However, if you wish to choose which APS allowance applies, APS1 or APS2, the deceased's ISA will need to be closed before you make the first lump sum APS investment. This is because the APS2 value cannot be determined until the account is closed.

1.3 Transfer the APS allowance to another ISA manager

You could invest the APS in an ISA elsewhere, by transferring your APS allowance to another ISA manager. You would need to contact your preferred ISA manager who will instruct us to transfer the allowance. This option only moves the allowance, not the ISA itself or its assets, which would need to be closed.

Form required: The other ISA manager's own form for authorising an APS allowance transfer.

- Conditions:**
- ▶ we can only transfer the APS allowance if you have not already subscribed towards that allowance with us (subscriptions towards a personal ISA allowance are still permitted and do not affect the APS options)
 - ▶ an APS allowance can only be transferred once, and the transfer cannot be reversed
 - ▶ once an allowance is transferred to another ISA manager, subscriptions may only be made in cash with the new ISA manager
 - ▶ it is not possible to cancel the transfer once we have returned the new ISA manager's form to them
 - ▶ if you ask us to transfer your allowance before the deceased's ISA stops being a **continuing account**, the APS allowance will be 'locked in' at the APS1 value
 - However, if you wish to choose which APS allowance applies, APS1 or APS2, the deceased's ISA will need to be closed before the transfer is requested. This is because the APS2 value cannot be determined until the account is closed.

2. If the deceased had an ISA with another ISA manager, the options are:

2.1 Transfer the APS allowance to Quilter

If you want to invest the APS allowance with Quilter, we can arrange for the APS allowance (not the assets) to be transferred to us from the other ISA manager.

Form required: **Our ISA Additional Permitted Subscription (APS) – Allowance Transfer***

* The original is required as the other ISA manager(s) might insist on sight of the form.

- Conditions:**
- ▶ the APS allowance can only be transferred if you have not already subscribed towards that APS allowance with the other ISA manager
 - ▶ an APS allowance can only be transferred once, and the transfer cannot be reversed
 - ▶ it is not possible to cancel the transfer once the APS allowance transfer form has been sent to us by the other ISA manager
 - ▶ if you ask to transfer your allowance before the deceased's ISA stops being a **continuing account**, the APS allowance will be 'locked in' at the APS1 value
 - However, if you wish to choose which APS allowance applies, APS1 or APS2, the deceased's ISA will need to be closed before the transfer is requested. This is because the APS2 value cannot be determined until the account is closed.
 - ▶ after the transfer, you can invest cash lump sums up to the transferred APS allowance with us
 - ▶ if the deceased had ISAs with more than one ISA manager:
 - you can subscribe towards separate APS allowances with each of the other ISA managers
 - the APS allowances (not the assets) can be transferred to us, if required, in which case a separate form will be required for each one
 - if more than one APS allowance is transferred to us, once a lump sum is invested, all APS allowances with us will be combined to create one overall APS allowance.

2.2 Transfer the allowance to a different ISA manager

You would need to liaise with the deceased's ISA manager to transfer the allowance to a different ISA manager.

2.3 Invest the APS allowance with the deceased's ISA manager

You would need to liaise with the deceased's ISA manager to use the APS allowance with them.



Any of our APS forms referred to in this document are available online for financial advisers to download, or from our Customer Service Centre by calling Freephone **0808 171 2626** or emailing **ask@quilter.com**.

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