

Your ISA –
understanding the
Additional Permitted
Subscription (APS)
allowance



The Additional Permitted Subscription (APS) allowance was announced in the 2014 Autumn Statement and came into effect from April 2015. It's available if your spouse or civil partner dies and it lets you make contributions to an ISA on top of your normal annual ISA allowance. These are called "Additional Permitted Subscriptions".

In April 2018 changes to the APS calculation have been introduced for when a account holder dies on or after the 6 April 2018. There is now an APS 1 and APS 2 which are worked out as:

APS 1 – this is calculated at the date of death.

APS 2 – this is calculated at the earlier of:

- The completion of the deceased's estate
- The closure of the continuing account
- The 3rd anniversary of the death of the ISA client

When you apply for your APS valuation we will provide you with either APS 1 if APS 2 doesn't apply due to timing of the application or the higher of the 2 values if both APS 1 and APS 2 apply.

If you start to utilise APS 1 prior to APS 2 being applicable you will no longer be eligible for the APS 2 valuation.

You can contribute up to the value of cash and investments held in your spouse or civil partner's ISAs at either the date of their death or the estate completion date (if date of death is on or after the 6 April 2018).

You'll normally have three years from the date of death to use this extra allowance. There's more detail on the time limits below.

We've set out the key information about the APS allowance and the rules that surround it below.

Tax rules might change in future and the effects on you of any particular tax rule will depend on your individual circumstances.

The Additional Permitted Subscription (APS) allowance explained

You can have a separate APS allowance with each ISA provider that your spouse or civil partner held ISAs with. Your APS allowance will be the value of your spouse's ISA at either their date of death or the estate completion date (if date of death is on or after the 6 April 2018). If your spouse or civil partner held multiple ISAs with the same provider, the value of these ISAs will be combined to give you your APS allowance with that provider. You can use your APS allowances with the provider that held your deceased spouse or civil partner's ISA or with a provider of your choice. If you'd like to use your APS allowance with a different ISA provider you'll need to transfer your APS allowance.

Your spouse or civil partner's ISA will no longer lose its ISA status on the date of their death but will continue to follow the usual deceased estate process. The APS allowance is independent of the cash and investments held in your spouse or civil partner's ISAs. That means if the cash and investments are passed to another member of the family under the will, you can still apply for an APS allowance and contribute using cash you already hold or inherit. If you inherit assets from a spouse or civil partner's ISA, you can use them to subscribe to your APS allowance. If investments are held in the ISAs and you inherit them, you can transfer the investments to an ISA in your own name and use them to subscribe to your APS allowance.

Who can have an APS allowance?

It's available to the spouse or civil partner of an ISA holder who died on or since 3 December 2014 – the day of the Autumn Statement that announced this allowance. To qualify you needed to be married or in a civil partnership with this person and living together at the time of death. You can't use an APS if you were separated under a court order or Deed of Separation or separated under other circumstances that were likely to become permanent. If either yourself or your spouse or civil partner were living separately in a care home, you'd still be eligible.

You don't necessarily have to be a UK resident. You can still open an ISA to use the APS allowance, but you can't make subscriptions using the annual ISA allowance.

When is it available?

Your APS allowance will be available to use from either your spouse or civil partner's date of death or the estate completion date (if date of death is on or after the 6 April 2018). You'll need to get the value of your APS allowances from each ISA provider your spouse or civil partner held ISAs with. If you weren't given this information as part of the probate process you can request it directly from them. If investments were held in one or more ISAs then you'll need to get a probate valuation, which can take a couple of weeks. That means there could be a delay in letting you know about the value of your APS allowances.

You can apply for your APS allowance from the date of death but there are time limits on how long you have to use it. Any cash subscriptions must be made within three years of the date of death. If the administration of the estate takes longer than three years from the date of death, you're allowed to make cash subscriptions to your APS allowance within 180 days of completion of the administration of the estate. If you start to utilise APS 1 prior to APS 2 being applicable you will no longer be eligible for APS 2.

If you inherit the ISA investments and you want to use them to fund your APS allowance, you can do so by transferring them "in-specie" directly into your ISA. That means you don't have to sell and re-buy them within the ISA under the normal ISA rules. However, you'll need to do this within 180 days of ownership of the investments passing to you. Under normal ISA APS rules, you can only make in-specie transfers with the same ISA provider that your spouse or civil partner held the ISA investments with and where they continue to hold the investments.

If you want to make an "in-specie" transfer, you'll need to use your whole APS allowance with that ISA provider, but once you've subscribed to your APS allowance, you can transfer your ISA balance to another provider under the normal ISA transfer rules.

How can you use your APS?

You can subscribe to your APS allowance with a one-off lump sum payment or with multiple subscriptions within the required time limits. Check with your ISA provider if they have restrictions around this as some may only accept lump sum payments. This may mean you could lose the remaining balance of your APS allowance if you don't subscribe the full value of the APS allowance in the lump sum.

You can use your APS allowance in either a Cash ISA or an Investment ISA or a combination of both with the same ISA provider. Where your spouse or civil partner had multiple ISAs with several providers, you'll have separate APS Allowances with each of those providers. You can subscribe to them separately, or combine them by transferring them to an ISA provider of your choice. Not all ISA providers allow you to use your APS allowance with them but they must allow you to transfer your APS allowance to another ISA provider of your choice.

Once you've applied to use an APS allowance with an ISA provider you must use all of it with that provider. You can't transfer it to another ISA provider once you've begun subscribing to it, however once you've subscribed, you can transfer your ISA balance to another ISA provider under the normal ISA transfer rules.

Examples of how you can use your APS allowance

If your partner held a Cash ISA, you can open an ISA account with the same provider and either transfer over the money – if you inherit it – or use your own money. You can also transfer the APS allowance to another provider, then open either a Cash ISA or an Investment ISA and fund it once the APS allowance transfer is complete.

If your spouse or civil partner's ISA held investments and you inherit them, you'll need to use your APS allowance with the same provider if you want to transfer the investments "in specie" to your own ISA, unless the investments qualify for the concession mentioned above. If you want to fund the APS allowance in cash alone, you can do this with your spouse or civil partner's ISA provider,

or transfer the APS allowance to another ISA provider then open an ISA and fund it once the APS allowance transfer is complete.

Transferring to another provider - checklist

If you're transferring your APS allowance to another provider you'll need to consider the following things:

- Make sure they'll allow you to use it
- You can hold APS allowances with more than one provider if your spouse held ISAs with multiple providers
- Your APS allowance is in addition to your Annual ISA allowance, so you can use both allowances with the same ISA provider or different providers
- If you've used some of your APS allowance already, you won't be able to transfer any remaining APS allowance to another provider, you'll need to use your remaining APS allowance with your existing provider
- Once a transfer is initiated, the ISA providers have a total of 60 days (30 days each) to exchange information
- Once you've transferred an APS allowance you can't transfer it again
- As soon as you make a payment towards your APS allowance with one provider you can't transfer the allowance held with that provider again. However any subscriptions made to your APS allowance can then be transferred to another ISA provider under the normal ISA transfer rules.

At Barclays we offer Cash ISAs as well as Investment ISAs, so we can support you no matter how you want to use your APS allowance. You can use the same APS allowance across both types of ISA if you want to.

If your spouse or civil partner held an ISA with Barclays Smart Investor you will not be able to open an ISA with this service nor transfer the investments held in their ISA into an ISA that you hold with the service.

In order to use the APS allowance without transferring to another ISA manager you need to select whether you want to hold a cash ISA or a stocks & shares ISA. You will then need to follow the instructions below.

Barclays Cash ISA:

- 1) If you do not have a cash ISA with Barclays you need to open one.
- 2) Apply for the APS to be calculated using the form entitled "Request for an APS allowance valuation".
- 3) Use the form "Cash ISA Application - Using APS Allowance" to use your APS.

Barclays Investment ISA:

- 1) If you already have an Investment ISA with Barclays Smart Investor you can use your APS allowance here or open a new Investment ISA with Barclays Smart Investor. You can then pay in money to this Investment ISA to use your APS allowance.
- 2) If you wish to transfer the assets in your spouse's ISA still invested you will need to do this using a Barclays Smart Investor Investment ISA. If you do not already have an Investment ISA you will need to open one.
- 3) Apply for the APS to be calculated using the form entitled "Request for an APS allowance valuation".
- 4) Use the Barclays Smart Investor "Application for an APS allowance" to set up your APS. Please remember if you use APS 1 prior to APS 2 being applicable you lose your rights to APS 2.

If your spouse or civil partner died before 14 December 2015 you will be able to make use of the concession referred to above and exceptionally transfer the assets in specie to another ISA provider outside the Barclays group to use your APS allowance.

Key things to think about

Here are the main things you'll need to think about.

- Did your spouse or civil partner have ISAs and if so do you want to keep some or all of your money in these tax efficient accounts?
- If your spouse or civil partner had an Investment ISA, do you want to keep the money invested? If you've inherited these investments, do you want to transfer them to an ISA in your name? If so, you'll need an ISA with the same provider to use your APS allowance, unless the investments qualify for the concession detailed earlier. However, once any subscriptions have been made to your APS Allowance you can then transfer your ISA balance to another ISA provider under the normal ISA transfer rules.
- Are you happy to use the same type of ISA and do you want to stay with the same provider or transfer to another ISA provider? Don't forget you can move ISAs to a new provider at any time and consolidate a number of ISAs with one provider to make it easier to manage them. Remember though, if you've used some of your APS allowance already, you won't be able to transfer any of that remaining APS allowance to another provider. You'll need to continue using the remainder of that APS allowance with your existing provider.

Remember that tax rules can change and whether an ISA will benefit you will depend on your individual circumstances. Also remember that the value of investments can fall as well as rise and you may get back less than you invest. Investing is not for everyone. If you're unsure whether a Cash ISA or Investment ISA is suitable for you, please seek independent financial and tax advice.

APS allowances and Barclays ISAs

If your spouse or civil partner had ISAs with Barclays direct investing service or held a Barclays Investment ISA, Open Invest ISA or Single Company ISA and the investments have now transferred to Barclays direct investing service and you want to use the APS allowance, here's what you need to do.

- Tell us about the death of your spouse or civil partner. At this point we may ask if there's a surviving spouse or partner, particularly if the account is a Barclays Smart Investor Investment ISA.

- Apply for the APS allowance and decide how you want to use it – Cash ISA or Investment ISA. You will not be able to open an ISA with Barclays Smart Investor service nor transfer the investments held in their ISA into an ISA that you hold with the service. But, you can use your APS allowance with Barclays Bank in a cash ISA and with Barclays Smart Investor for an Investment ISA. If you inherit your spouse or civil partner's ISA investments you can transfer them to an account with Barclays Smart Investor still invested if you wish.
- If you're funding your APS allowance with cash then you're free to choose any ISA provider. Once you've applied for the APS allowance and its value is confirmed you can start to use it – through either a Cash ISA or Investment ISA or both. You can use the allowance in one go or through separate lump sums.
- You will have until three years from the date of death or 180 days after the completion of the administration of the estate if this is later to claim your APS. You will not be able to claim APS 2 however if you have claimed APS 1 within the three years.

FAQs

How does the APS allowance affect my annual ISA allowance?

There's no impact – you still have your annual ISA allowance. The APS allowance works separately and you can use it with the same ISA provider or a different one.

Can I have an APS allowance across multiple providers?

You can have separate APS allowances with each of the ISA providers that your deceased spouse or civil partner held ISAs with. If your spouse or civil partner held multiple ISAs with the same ISA provider, the value of these ISAs will be combined to give one APS allowance with that ISA provider.

You can also transfer your APS allowance to another ISA provider if you don't want to use it with your spouse or civil partner's ISA provider.

I'm not a UK resident, can I still use my APS allowance?

Yes, you can open an ISA and still use your APS. However, you won't benefit from having an annual ISA allowance too.

Do I have to inherit the ISA assets to be able to use the APS allowance?

No, the APS allowance and your spouse's ISA assets are treated separately. You can fund your APS allowance through a transfer of investments from your partner's ISA if you've inherited them or from cash you already hold. To do this you will need to transfer the assets using your APS allowance to an ISA account in your name with Barclays Smart Investor.

How do I find out the value of my APS?

You'll need to request the value of your APS allowances from each ISA provider that holds your spouse or civil partner's ISA accounts. They'll confirm the value of your APS allowances and you can then make subscriptions to a cash ISA with Barclays Bank or an investment ISA with Barclays Smart Investor to use the allowances. Each subscription must be accompanied by an APS declaration. Once the APS allowance has been calculated you can transfer this to another ISA provider.

Do I have to open a new ISA?

It depends on the arrangements your provider puts in place. With Barclays Smart Investor you will need to open a cash ISA with Barclays Bank, an Investment ISA with Barclays Smart Investor or transfer the allowance to another provider. If you want to transfer your spouse or civil partner's existing ISA investments held with Barclays without selling them and don't already have an ISA with Barclays Smart Investor, you'll need to open one. Once you've subscribed to your APS allowance you can then transfer the ISA balance in the normal way to a different provider.

Do all ISA providers allow APS?

A provider doesn't have to allow APS subscriptions into ISAs. However, if they won't allow you to use your APS allowance with them they must allow you to transfer it to another provider of your choice.

Who should I contact to get an APS allowance?

You need to apply to the provider or providers that your spouse or civil partner held their ISAs with. If they had multiple ISA accounts with separate ISA providers you'll need to apply to each provider separately. If you wish to use your APS allowance with a different ISA provider to the one your spouse or civil partner held their ISA with, you'll need to arrange a transfer of your APS allowance to your new provider.

The necessary forms are at the back of this booklet. If you have any questions please call us on 0800 279 6551*.

I've inherited my spouse or civil partner's existing ISA investments and I want to transfer them in-specie into my ISA to use my APS allowance, but they've changed in value since my spouse or civil partner's death. At what value will they be transferred?

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If you start to utilise APS 1 prior to APS 2 being applicable you will no longer be eligible for the APS 2 valuation.

If you need help or you have questions that we haven't answered please call us on 0800 279 6551* or our local number 0141 352 3909*.

***Call costs may vary. Please contact your telecoms provider.**

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