

For customers

# Junior ISA:

Small contributions. Big future



**With each generation living longer on average, more children born today are expected to reach 100. And with longer lives, planning for the future has never been more important.<sup>1</sup>**

Whether you're looking to give a child a financial head start or want to support tax-efficient intergenerational wealth planning, our junior products are designed to help you build a secure pathway towards your child's financial future.

In this guide we'll take a closer look at the Junior ISA available on Aegon Retirement Choices (ARC) and we've prepared a few examples to see how regular contributions could potentially grow.

## Why a Junior ISA?



### Exempt from our annual charge

Our Junior ISA is exempt from our annual charge until the child turns 18 years old.



### Longer-term investment growth

Junior ISAs can allow for long-term growth due to compounding, as the earlier the contributions start the more time the investments have for growth potential. Capital at risk.



### Contribute up to £9,000 per tax year

Currently the annual allowance for a Junior ISA is up to £9,000 per tax year, per child.



### Financial independence

One in four children born in the UK today are predicted to live to almost 100.<sup>1</sup> A Junior ISA can help start a child on the path towards securing a financial future, tax-efficiently.



### Tax-efficient growth

Investments held within a Junior ISA grow free from any personal liability to capital gains tax and income tax.



### Seamless transition at 18 years old

Once the child reaches 18, we'll convert the Junior ISA into a standard stocks and shares ISA, keeping the investments in the market and allowing the young adult the ability to continue their investment journey.

<sup>1</sup> **Past and projected period and cohort life tables - Office for National Statistics.**  
Data source: Office for National Statistics. February 2025.

# Important to know

**These case studies are for illustration purposes only. They show how regular contributions to a Junior ISA could grow over time and help you save towards a child's key milestones in their future.**

## Assumptions

The examples in this guide are based on **Aegon Retirement Choices (ARC)** illustrations to show the potential impact of long-term investing on savings. All figures are illustrative and designed to give you an indication only.

- **Payments and timeframe:** Projections are based on monthly payments made for a child from age 8 to age 18 - in this case, from January 2026 to January 2036 - as this is a Junior ISA no withdrawals are allowed until the child reaches age 18.
- **Investment choice:** In our projections, we've placed the contributions in the **WS Aegon Risk-Managed Fund 4**, which currently has an investment charge of 0.25% (as at January 2026), and we've included this in the figures shown. The fund aims to achieve capital growth and manage risk by regularly reviewing and adjusting its mix of investments. It targets risk level 4 on a scale of 1-6, where 1 is the lowest risk and 6 is the highest. Although risk is actively managed, this does not remove the possibility of loss. Other funds are available, actual investment charges will depend on the fund selected and are subject to change.
- **Charges:** The Junior ISA has a 0% ARC annual charge until age 18 - although this may change in the future.
- In addition to the fund investment charge, if you use an Adviser and/or Discretionary Fund Manager (DFM) they will charge you for their services. No allowance for any Adviser or DFM charges has been made in the projections provided.
- **Risk and returns:** Investment values can fall as well as rise and are not guaranteed. The child may get back less than has been invested. Projections are based on current assumptions and are not a reliable indicator of future performance. Actual outcomes will depend on future market conditions, contributions, and individual circumstances.
- **Tax:** Tax rules may change, and the tax benefits of a Junior ISA depend on individual circumstances.
- **Inflation:** Figures shown do not allow for inflation, so future values won't reflect the reduced buying power of money over time.

If you're interested in opening a Junior ISA on ARC, your first step should be to speak with your financial adviser. They can provide a personalised illustration based on your circumstances, helping you decide whether a Junior ISA is right for you. This illustration will also outline any adviser or Discretionary Fund Manager (DFM) charges that may apply. Please note that advisers may charge for their services. If you don't have a financial adviser, you can find one in your area at [moneyhelper.org.uk/choosing-a-financial-adviser](https://www.moneyhelper.org.uk/choosing-a-financial-adviser).



# Meet Neil and Kelly

Neil and Kelly have an eight year old daughter, Lilly. They want to support her with buying her first car when she turns 18. Their bills are manageable, and after reviewing their budget, they feel comfortable contributing £50 a month toward her future.

## Key decisions to discuss with their financial adviser

- Their goal is to build funds for Lilly's first car at age 18.
- Lilly will need access to the money at that point.
- They prefer manageable monthly contributions rather than a lump sum.
- They have a 10 year investment timeframe.

## How the ARC Junior ISA could help

The ARC Junior ISA is exempt from the Aegon annual charge until age 18 (other charges apply). Lilly will gain full access to the savings when she turns 18.

Junior ISA investments grow free from personal liability to capital gains tax and income tax. Currently up to **£9,000** can be invested each tax year. Their planned **£600 per year** is well within this allowance.

## Investment illustration

Based on £50 monthly contributions from age 8 to 18, invested in the WS Aegon Risk-Managed Fund 4 (0.25% ongoing charge) with mid rate growth of **4.4% a year**:

Point in time	Value
End of year 1	£614
End of year 5	£3,350
End of year 10	£7,490

By investing £50 a month for 10 years, the Junior ISA could grow to £7,490 to support Lilly's first car.



# Meet Jen and Henry

**Jen and Henry have an eight year old son, Kai. They want to help build a fund for university costs when he turns 18. Their finances allow them to invest £250 a month for his future.**

## Key decisions to discuss with their financial adviser

- Their goal is to help Kai with a future university fund.
- They'll contribute until he turns 18, after which Kai can continue the investment himself.
- They prefer monthly saving rather than a lump sum.
- They have a 10 year investment timeframe.

## How the ARC Junior ISA could help

The ARC Junior ISA is exempt from the Aegon annual charge until age 18 (other charges apply). Kai will have access to the funds when he becomes an adult.

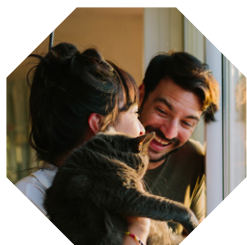
They can currently contribute up to **£9,000** per tax year. Their planned **£3,000 per year** fits comfortably within this limit.

## Investment illustration

Based on £250 monthly contributions from age 8 to 18, invested in the WS Aegon Risk-Managed Fund 4 (0.25% ongoing charge) with mid rate growth of **4.4% a year**:

Point in time	Value
End of year 1	£3,070
End of year 5	£16,700
End of year 10	£37,400

**By investing £250 a month for 10 years, the Junior ISA could grow to £37,400 to support Kai's university costs.**



# Meet Daniel and Isabelle

**Daniel and Isabelle have an eight-year-old daughter, Sofia. They want to build a savings pot to help her with a deposit for her first home when she reaches adulthood. Daniel is a high earner, and his income significantly exceeds their normal living expenses. This provides him with enough regular surplus income to personally fund £750 a month into a Junior ISA for Sofia as part of his normal expenditure.**

## Key decisions to discuss with their financial adviser

- They want a savings pot Sofia can access at age 18.
- They prefer monthly contributions over a lump sum.
- They have a 10 year investment timeframe.
- Daniel's high income means he can comfortably make the monthly contributions from surplus income, potentially qualifying for the normal expenditure out of income IHT exemption.

## How the ARC Junior ISA could help

The ARC Junior ISA is exempt from the Aegon annual charge until age 18 (other charges apply). Sofia will have full access to the funds when she turns 18.

Junior ISA investments grow free from personal liability to capital gains tax and income tax. Contributing **£750 a month** totals the current **£9,000 Junior ISA annual allowance**.

## Investment illustration

Based on £750 monthly contributions from age 8 to 18, invested in the WS Aegon Risk-Managed Fund 4 (0.25% ongoing charge) with mid rate growth of **4.4% a year**:

Point in time	Value
End of year 1	£9,210
End of year 5	£50,200
End of year 10	£112,000

**By investing £750 a month for 10 years, the Junior ISA could grow to £112,000, giving Sofia a significant deposit towards a house.**



# About Aegon

**As the UK's largest investment platform, Aegon has been helping people plan for a brighter financial future since 1831. Today, we support around 3.5 million customers with over £220 billion in assets (as at 31 December 2024).**

We offer a broad range of tax-efficient solutions - from pensions and ISAs to investment accounts, bonds, trusts and junior products - all designed to help you in partnership with your financial adviser to build savings and pass on your wealth with confidence.

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