



THE COMPOUND PARENT

Junior ISAs and Junior SIPPs

In plain English. What they are, what the government adds, what people get wrong, and what changes in April 2027.

Give them more time.

thecompoundparent.co.uk · Figures for the 2026/27 UK tax year

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The UK picture

Some context before the mechanics — because most parents assume they're behind, and the truth is more useful than that.

1.37m

Junior ISAs received contributions in
2023/24

£1,347

The average annual contribution, against
a £9,000 allowance

1 in 7

Roughly the share of eligible children with
an active Junior ISA

~45,000

Under-18 pensions in the whole UK,
against about 13 million children

Two things follow from those numbers. Most families who do this are contributing far less than the maximum, so the allowance is a ceiling, not a target. And 36% of Junior ISA money still goes into cash — down from 42% the year before, but it means a large share of long-horizon money is sitting somewhere it will struggle to beat inflation.

HMRC Annual Savings Statistics, 2023/24 — the most recent full-year data. Under-18 pension figure from analysis of HMRC data.

The two accounts

Junior ISA

WHAT IT IS	A tax-free savings or investment account for a child under 18.
ANNUAL LIMIT	£9,000 per child. Held at that level until 2030/31.
WHO OPENS IT	A parent or legal guardian.
WHO CAN PAY IN	Anyone.
WHEN IT UNLOCKS	At 18 — and it becomes entirely theirs.
CASH OR INVESTED	Both exist. Over eighteen years, inflation is the risk nobody prices in.

Junior SIPP

WHAT IT IS	A pension for a child. Yes, really.
ANNUAL LIMIT	£2,880 in. £3,600 lands.
WHO OPENS IT	A parent or legal guardian.
WHO CAN PAY IN	Anyone — but £3,600 covers every contributor combined, so families need to coordinate.
WHEN IT UNLOCKS	Pension age. 55 now, 57 from April 2028, likely later for today's children.
THE POINT	The lock is the feature. Money nobody can touch compounds uninterrupted.

The bit almost nobody knows

YOU PAY IN

£2,880

+ £720 tax relief

YOUR CHILD GETS

£3,600

Not a projection. Contribute to a Junior SIPP and the government adds 20% basic-rate tax relief automatically, before a single fund moves — even though the child has no earnings of their own.

A 25% uplift on your money. No form, nothing to claim.

One caution alongside the good news. The government gives you 25% on the way in; charges quietly take a share every year thereafter. Over eighteen years the difference between a 0.25% and a 1.25% annual cost is not a rounding error — on the same contributions and the same returns it can amount to tens of thousands of pounds by the time a child reaches retirement. It's the one variable you fully control, which is why "compare the fees" is the least exciting and most valuable sentence in this guide.

Five things people get wrong

Only a parent can open a Junior ISA — but anyone can pay into one. This trips up grandparents constantly. A grandparent cannot open the account, but once a parent has, anyone can contribute. Same for a Junior SIPP.

The £100 rule catches parents, not grandparents. If money you give your child earns more than £100 of income a year in an ordinary savings or investment account, the whole amount is taxed as yours, not theirs. It's per parent, per child — and at today's rates you'd hit it with roughly £2,500 saved. Inside a Junior ISA it doesn't apply at all. Gifts from grandparents, aunts and uncles aren't caught by it either. This is the clearest answer to “why bother with the wrapper?”

The £3,600 Junior SIPP cap covers everyone combined. Not £3,600 from each contributor. If a grandparent is paying in and so are you, the total across all of you is what counts. Families breach this without realising because nobody is tracking the other side.

A child can't hold both a Child Trust Fund and a Junior ISA. If your child has a CTF, you'd need to transfer it to open a JISA — see the next section.

The 16 and 17-year-old loophole closed in April 2024. You may still read that a 16-year-old can hold a Junior ISA and an adult cash ISA at the same time, saving £29,000 in a year. The minimum age for an adult cash ISA rose to 18 on 6 April 2024. It's £9,000 now, full stop.

Worth checking today

Every child born in the UK between 1 September 2002 and 2 January 2011 was given a Child Trust Fund by the government, seeded with at least £250. The scheme closed to new children in 2011 and was replaced by the Junior ISA.

In practice that means a child who is under 18 today and has a CTF is aged roughly 15 to 18. If your children are younger than that, they won't have one — the scheme had already closed.

Two things to do with that:

If your child is 15 to 18 and has a CTF, you can transfer it into a Junior ISA — usually for better fund choice or lower fees. The whole balance has to move, the CTF closes, and it typically takes a few weeks. The Junior ISA provider you're moving to handles the paperwork. A child can't hold both.

If you or an older child has never claimed one, it's still there. More than 750,000 matured accounts are sitting unclaimed, worth around £1.5 billion between them — an average of a little under £2,000 each, and 27,000 holding more than £10,000. The money doesn't expire.

HMRC runs a free finder at gov.uk/child-trust-funds. You'll need the account holder's National Insurance number and date of birth, and it takes a few weeks to hear back. There is no reason to pay anyone to do this for you.

Three steps

1

Choose a platform

Several UK platforms offer both accounts. Compare fees, fund choice, and how easy the account is to open. Some charge nothing on children's accounts. Research this one yourself — I won't tell you which to use.

2

Have your details ready

Your National Insurance number, the child's name and date of birth, a bank account. Some Junior SIPP applications still involve a paper form. It's an evening, not a week.

3

Set up a standing order

Whatever you can genuinely afford, monthly, automatic. Automation removes the decision — and the decision is what people fail at, not the maths.

Five things worth knowing

Starting small still works. Time matters more than amount. A modest monthly contribution begun early usually beats a larger one begun five years later — and five years is the one thing you can never buy back.

The two accounts do different jobs. The Junior ISA is money your child reaches at 18: education, travel, a deposit. The Junior SIPP compounds quietly for fifty years. Most families who use both treat them as two purposes, not one pot split in half.

At 18, the Junior ISA is entirely theirs. No conditions, no oversight, no way to claw it back. Worth thinking through before you start — and worth talking to your child about long before they turn 18.

Redirect the money already coming. Birthdays, Christmas, christenings — most of it gets spent on things forgotten within a month. A £50 contribution at age five, left alone, is worth several times that by the time your child can reach it. The conversation is easier than you'd think: most grandparents say yes immediately, and it costs your own budget nothing.

You can stop, and it still works. Life changes and budgets change. Pausing contributions isn't failure — whatever is already invested carries on compounding regardless. I stopped contributing years before my children became adults and the accounts kept growing anyway. Starting and stopping beats never starting.

The £20,000 mistake



Markets fall. When they do, every instinct tells you to act.

In October 2022 I was certain a further fall was coming, so I sold all four of my children's accounts to cash and waited to buy back cheaper. The fall never came. I sat out for nearly two years and bought back around 30% higher.

Had I done nothing, those accounts would be worth roughly £100,000 today. They're worth £80,830. That £20,000 gap is the most expensive thing I've ever learned.

I'd known better for a decade. I'd read the research, I'd told other people not to do it, and I still felt the pull. That's the part worth taking from this: the discipline to do nothing isn't knowledge, it's temperament under pressure — and almost everyone overestimates theirs.

If you take one thing from this guide, let it be that the boring version works and the clever version usually doesn't.

What changes in April 2027

This one is mostly for grandparents, and for anyone whose parents are thinking about what they leave behind.

From 6 April 2027, most unused pension funds and pension death benefits will count within the value of a person's estate for inheritance tax. That's confirmed law — it's in the Finance Act 2026, which received Royal Assent on 18 March 2026.

Until now, a defined contribution pension has generally sat outside the estate, which made “spend everything else, leave the pension untouched” a sensible way to pass money down. From April 2027 that stops working the way it did. Pensions left to a surviving spouse or civil partner keep their exemption. Pensions left to children or grandchildren may not.

The practical consequence is that more families are looking at giving money away during their lifetime rather than leaving it in a pension. And money given away during a lifetime needs somewhere to go.

The existing gifting allowances

£3,000 a year, free of inheritance tax. Unused allowance can be carried forward one year.

£250 per person per year, to as many different people as you like — but not to anyone who has already received part of your £3,000.

Regular gifts out of surplus income, with no upper limit, provided they genuinely come from income and don't reduce your standard of living. Records matter enormously here.

Anything larger is a potentially exempt transfer: outside the estate entirely if you live seven years, tapered if you don't.

A Junior ISA or Junior SIPP is one destination for money given this way. Anyone can contribute to either, once a parent has opened the account.

I'm not going to tell you whether to do any of this. Estate planning depends on your whole financial picture — property, other assets, who you're married to, what your will says — and it's genuinely one of the areas where paying a qualified adviser earns its cost. What I can do is make sure you know the deadline exists, because a lot of people don't yet.

Figures are for the 2026/27 tax year. Inheritance tax rules are complex and change; this is a description of the rules, not a recommendation to act on them.

Who wrote this

I'm Marc. Ten years ago I opened a Junior ISA and a Junior SIPP for each of my two children. I put in £42,369 of my own money; the government added £4,305 in tax relief on the pension contributions. Those four accounts are worth £80,830 today.

No adviser. One expensive mistake, described above.

I write The Compound Parent because the information exists, the accounts exist, and the government top-up exists — and almost nobody explains any of it in plain English using real numbers from a real family.

I write one email a week about this — real numbers, mine included, mistakes included.
thecompoundparent.co.uk

This is financial education, not financial advice. I'm not a financial adviser and nothing here is a personal recommendation. Past performance is not a guide to future performance, and the value of investments can fall as well as rise. Tax rules and allowances can change, and their benefits depend on your circumstances. Figures are for the 2026/27 UK tax year. Always do your own research and consider speaking to a qualified financial adviser before making investment decisions.