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Halifax 6% JISA: One Year On

A year ago Halifax injected a dose of competition into the kids' tax-free savings market and has since established itself as a leading provider of Junior Cash ISAs (JISA).

Launched on 13 February 2012, the Halifax JISA offers a competitive 3% AER variable rate. However, the account also presented a fresh challenge to the market by boosting its variable rate to an unrivalled 6% AER when the person with parental responsibility for the child also has their own ISA with Halifax.

This 'relationship rate', which is still offered by Halifax, is acknowledged as a significant factor of the account's success. The majority of Halifax JISA customers benefit from the 6% rate and it has retained a consistent 'Best Buy' status since launch as a result.

Richard Fearon, head of Halifax savings, explains, "Our Junior Cash ISAs is a clear demonstration that there is the opportunity for innovation in children's savings. It encourages a positive savings habit from an early age and allows children to learn that habit from their parents when they save tax free with us too."

Those that take advantage of the current £3,600 annual limit, at the 6% rate, from birth to the age of 18, would have a tax free savings pot of £117,936* when the product matures into an adult ISA. This is £31,115 more than an account paying 3% AER.

Age of Halifax Junior Cash ISAs customers

By age group, 0-3 year olds make up the greatest proportion of Halifax's JISA customers, accounting for over a third (36%) of all accounts that have opened in the last 12 months. 13-15 year olds are the second largest group (29%), while 10-12 year olds are the third largest (19%) group of account holders. This age group split is explained partly by the fact those born between 1 September 2002 and 2 January 2011 are not eligible for JISAs.

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13/02/2013

Average Balance of Junior Cash ISAs

The average Halifax JISA balance increases with age, which indicates parents and children are moving kids' savings balances held in other accounts to maximise the benefits of the rate and the tax free status. While the average overall balance of a JISA stands at £1,974, 16-17 year olds have an average balance of £2,949, while for 0-3 year olds this is £779.

PRODUCT DETAILS

- Minimum opening balance £1
- For children under 18
- Open in branch only
- Interest paid annually on 5 April (or previous working day if this falls on a non-working day)
- No withdrawals permitted until the child is 18, except in the exceptional circumstance of the child's death or terminal illness
- Transfers-in and transfers-out are permitted

ENDS

NOTES TO EDITORS

*Assumes the deposits are made at start of year i.e. Year 0 would mean a deposit of £3,600 on the birth of the child with a total 18 deposits, the last one being on their 17th birthday. Final Balance is at end of Year 17. Assumes interest is credited at the end of the year

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