ISA Additional Information

This Leaflet includes questions and answers for the Executor/Personal Representative for the estate and the surviving spouse or civil partner regarding ISA information.

What is a continuing ISA of a deceased investor?

Where an ISA investor held an ISA in their name when they died, the ISA may remain open as a 'continuing ISA of a deceased investor'. It will continue to receive the tax-free benefits until the earlier of:

- The administration of the deceased's estate is complete
- The ISA is closed
- 3 years after the date of death

Where payments are made from the continuing ISA as part of the administration of the estate, this will impact the tax-free benefits. It may also reduce the additional ISA allowance available to the surviving spouse/civil partner, known as the Additional Permitted Subscription (APS).

What is an Additional Permitted Subscription (APS)?

APS is an additional ISA allowance available to the surviving spouse or civil partner of an ISA investor who has died. The APS allowance must be used within a permitted period.

The APS allowance is independent of the spouse's/civil partner's normal yearly ISA allowance.

Where the deceased held multiple ISAs with different ISA providers, there will be a separate APS allowance with each of the ISA providers.

The ISA APS allowance may be used with the deceased's ISA provider or with an ISA provider chosen by the surviving spouse/civil partner. If the spouse/civil partner selects a different ISA provider, the unused APS allowance is transferred to their chosen ISA provider. Please see the 'How to use the APS allowance with a different ISA provider' section below.

The allowance cannot be transferred to another person, it must be used solely by the surviving spouse or civil partner of the deceased. If there's no surviving spouse/civil partner, then there will be no APS allowance.

The APS allowance does not apply to Junior ISAs or Child Trust Funds.

What is the 'permitted period' (time limit) for using the APS allowance?

For APS allowance subscriptions/payments made in cash, the allowance is available for 3 years after the date of death or for up to 180 days after the administration of the estate is complete, whichever is the later. This is known as the 'permitted period'.

Additional Permitted Subscriptions made by the transfer of investments

Some ISA providers allow Additional Permitted Subscriptions to be made by transferring the inherited ISA investments directly from the deceased's ISA to the surviving spouse/civil partner's Stocks and Shares ISA, with the same ISA provider without selling the investments (in specie transfer).

The value of investments at the time the transfer is made counts towards the APS allowance limit. An 'in specie' Additional Permitted Subscription must be made within 180 days of the date that beneficial ownership of the investments held in the deceased's ISA passed to the surviving spouse or civil partner.

Please note - HSBC does not offer in specie Additional Permitted Subscriptions.

Who is eligible for an APS allowance?

The surviving spouse or civil partner of the deceased ISA investor. The deceased and their spouse/civil partner must have been living together at the date of death and not separated:

- Under a court order
- Under a deed of separation
- In circumstances where the marriage or civil partnership has broken down

Where the deceased or the surviving spouse/civil partner was living in a care home at the time of the deceased person's passing, this isn't generally considered as being legally separated for APS purposes. Where the deceased and their spouse/civil partner lived at different residential addresses at the time of the deceased person's passing, we may request an explanation for this, as this is not generally considered as living together.

The availability of the APS allowance is not limited to UK residents. Customers who have moved abroad but whose spouse/civil partner still held an ISA(s) in the UK at the date of their death will be entitled to the APS allowance. In certain circumstances, how they use the allowance will be limited by the fact that they live abroad. Any questions or concerns should be directed to the ISA provider.

How is the APS calculated?

The ISA APS allowance available to the surviving spouse or civil partner is the higher of:

- The value of their late spouse's/civil partner's ISA(s) at the date of death. (known as the APS1 value in financial services) and
- If known/available the earlier of the value of their ISA(s) when they are closed as part of the administration of the estate or the third anniversary of the date of death (known as the APS2 value in financial services).

If multiple ISAs are held with one ISA provider, the APS allowance will be the total value of all ISAs at the date of death (APS1) or the total value of all ISAs at the earlier of the date that all ISAs have been closed or the third anniversary of the date of death (APS2).

When the APS allowance is first used, in whole or in part, the value of the APS allowance is fixed at that point. If the spouse or civil partner decides to use some or all of the ISA APS allowance as at the date of death (APS1), i.e. before the potentially higher APS2 value at subsequent account closure or third anniversary of death becomes known, they cannot then use the potentially higher APS2 value. If some of the APS allowance is used, any further payments up to the limit must be made with the same ISA provider.

The availability of the ISA APS allowance is not dependent on the surviving spouse or civil partner inheriting the actual money or investments in the deceased's ISA(s). They are closed as part of the normal estate process.

How to get details of the APS allowance available?

The surviving spouse or civil partner (or their attorney) need to contact the deceased's ISA provider(s) for details of how to request the APS allowance available to them. In all instances, the death must have been registered with the ISA provider(s) before they can supply information about the APS allowance.

> HSBC ISA(s) - where the deceased investor held an ISA with HSBC, the surviving spouse/civil partner (or their attorney) will need to complete a short declaration to verify their entitlement to the APS allowance.

To complete the declaration, the spouse/civil partner will need their late spouse's/civil partner's full name, address, date of birth, date of death and National Insurance Number (if known). The spouse/civil partner will also need to give their date of marriage, their full name and address.

The spouse or civil partner (or their attorney) can provide the declaration over the telephone or by post:

- A verbal declaration may be completed over the phone by calling our Bereavement Support Team on 0345 850 0088 or +44 (0)114 252 0249 if calling from outside the UK. Lines are open from 8:30am to 6:00pm Monday to Friday and 9:00am to 2:00pm on Saturdays (excluding Bank Holidays).
- An 'ISA – Additional Permitted Subscription (APS) Valuation Request' (declaration) – may be downloaded or accessed via our website. Please send the completed 'ISA – Additional Permitted Subscription (APS) Valuation Request' (declaration) to HSBC Bereavement Services, Abbey View, Penfold Drive, Wymondham, NR18 0WZ or take into a local HSBC Branch.

Please note that the verbal declaration/ISA – Additional Permitted Subscription (APS) Valuation Request' only enables us to provide the APS allowance(s) available and does not mean that the APS allowance has been used.

Once we receive the verbal declaration or the completed 'ISA – APS Valuation Request', we'll send a letter to the spouse/civil partner confirming the APS allowance(s) available to them within 14 days. Where their late spouse's/civil partner's ISA(s) are still open, we'll give the APS1 value. Where all their late spouse's/civil partner's HSBC ISA(s) have been closed or if the third anniversary of death has been reached we'll give the higher of the APS1 and APS2.

Where to use the APS allowance?

The surviving spouse or civil partner may use their APS allowance with the deceased's ISA provider or another ISA provider. Not all ISA providers will accept APS allowance subscriptions (accepting them is optional), but they are obliged, if instructed, to transfer the full unused APS allowance held with them to another ISA provider.

How to use the APS allowance?

> The chosen ISA provider may require the APS allowance to be used in a separate ISA or by topping up an existing ISA. HSBC does not require a separate ISA.

The chosen ISA provider will need the spouse/civil partner to complete an application form to use the APS allowance available. They will require certain information, such as:

- Their late spouse's/civil partner's full name, address, date of birth, date of death and National Insurance Number (if known) and
- The spouse's/civil partner's full name, address, date of birth, date of marriage and their National Insurance Number.

A declaration of eligibility for the APS allowance will also be required and further declarations will be required every time an additional APS payment is made. The chosen ISA provider may ask for additional documentation to open an account or to make an APS payment.

Some ISA providers will allow payments to be made in instalments whereas other ISA providers may require a lump sum payment. HSBC does accept payments in instalments. If the APS allowance has not been fully used, and the original ISA provider allows payments in instalments, any further APS payments must be made to the original ISA provider.

How to use the APS allowance with a different ISA provider?

The surviving spouse/civil partner may transfer their unused APS allowance to a different ISA provider, subject to the other ISA provider agreeing to accept the transfer. They should contact their chosen ISA provider for more information and to start the transfer. If accepted, ISA regulations require the transfer to take place within 30 days.

The APS allowance can only be transferred once, and only where no APS payments have already been made.

How to use the APS allowance with HSBC

Where the deceased investor held a HSBC Cash ISA:

The deceased's Cash ISA is to be closed as part of the normal estate process and the money must be transferred to (paid into) a non ISA account.

The money within the deceased's Cash ISA cannot be transferred directly to their spouse or civil partner's ISA. This includes where the spouse or civil partner inherits the deceased's ISA.

The APS allowance ISA subscription must be transferred from (paid from) a non ISA account in the surviving spouse's/civil partner's name.

Where the deceased investor held a HSBC Stocks and Shares ISA:

The deceased's Stocks and Shares ISA is to be closed as part of the normal estate process and cannot be transferred directly to their spouse/civil partner's Stocks and Shares ISA. This includes where the spouse/civil partner inherits the deceased's ISA.

The cash and/or investments in the deceased's Stocks and Shares ISA may be transferred directly to their spouse or civil partner's Taxable Investment account as part of the administration of the estate. However, should the spouse/civil partner decide to sell their Taxable Investment account investments to fund their APS allowance, any capital gain arising may be subject to Capital Gains Tax. If the investments within the deceased's Stocks and Shares ISA are sold as part of the normal estate process (within the ISA wrapper), Capital Gains Tax may not apply.

Please note that our Bereavement Support Team is unable to provide guidance about APS. For further information on how to use the APS allowance with HSBC or to request an HSBC APS application form, please call the relevant telephone number below:

HSBC Cash ISA – 0345 5873 4443

Lines are open 9:00am to 10:00pm Monday to Friday, 9:00am to 7:00pm on Saturdays

HSBC InvestDirect ISA - 0345 080 848

Lines are open 7:30am to 7:00pm Monday to Friday (excluding bank holidays)

HSBC Global Investment Centre (GIC) ISA – 0345 080 848

Lines are open 8:00am to 6:00pm Monday to Friday (excluding bank holidays)

Premier Investment Management Services (PIMS) ISA:

Existing customer 0345 770 7070 - Lines are open 24 hours a day. Alternatively, please contact your Premier Relationship Manager
New customer 0800 328 1296 - Lines are open 8:00am to 8:00pm Monday to Friday, 10:00am to 3:00pm on Saturdays

First Direct ISA - 0345 610 0124

Lines are open 8:00am to 6:00pm Monday to Friday (excluding bank holidays)

Further Information

The HMRC bereavement helpline team can be contacted on 0300 200 3300 and will be able to respond to any detailed queries about dealing with the APS allowance or the deceased's estate.

Accessibility

If you need any of this information in a different format, please let us know. **This includes large print, braille, or audio.** You can speak to us using the live chat on our website, visiting one of our branches, or by giving us a call.

There are also lots of other options available to help you communicate with us. Some of these are provided by third parties who are responsible for the service. These include a Text Relay Service and a British Sign Language (BSL) Video Relay Service. To find out more please get in touch. You can also visit: hsbc.co.uk/accessibility or: hsbc.co.uk/contact.

hsbc.co.uk

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Customer Information: HSBC Bereavement Services, Abbey View, Penfold Drive, Wymondham, NR18 0WZ