The UK ISA Cheat Sheet 2026

Dutch Uncles — straight talk about money

Your ISA allowance this year: £20,000

That's the maximum you can put across all ISAs combined between 6 April 2025 and 5 April 2026. Miss it and it's gone — you can't carry unused allowance forward.

The five types at a glance

ISA type	Best for	Annual limit	Access
Cash ISA	Short-term savings (under 5 years)	£20,000 (combined)	Usually instant
Stocks & Shares ISA	Long-term wealth building (5+ years)	£20,000 (combined)	Yes
Lifetime ISA (LISA)	First home or retirement	£4,000 (gov adds 25%)	First home or age 60+ only
Innovative Finance ISA	Alternative lending — higher risk	£20,000 (combined)	Varies
Junior ISA	Children's savings	£9,000 (separate allowance)	At age 18

Which ISA is right for you? (30 seconds)

Money you might need in the next 5 years? → Cash ISA

Investing for 5+ years? → Stocks & Shares ISA

Under 40, buying your first home or saving for retirement? → Open a Lifetime ISA — it stacks with everything else

Have kids? → Junior ISA (separate £9,000 allowance, doesn't eat your £20,000)

Already maxed the above and want more? → IFISA — but read the risks carefully before you go near one

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The 5 mistakes that cost people the most

1. Not using any ISA at all. Every year you don't use your allowance, it's gone. Open one today, even with £1.

2. Leaving money in cash inside a Stocks & Shares ISA. Depositing money is not the same as investing it. Check that you've actually bought a fund — it won't happen automatically.

3. Withdrawing and redepositing instead of transferring. Moving money from one ISA to another? Use an official ISA transfer through your new provider — never withdraw first. Withdrawal loses the ISA wrapper.

4. Not opening a LISA if you're under 40. The government adds 25% on up to £4,000/year. That's £1,000 free money, annually, until you're 50. Open one with £1 today to lock in your eligibility.

5. Panic-selling when markets drop. Your Stocks & Shares ISA will fluctuate. That's normal and expected. Selling when it's down locks in losses and means you miss the recovery. Don't look at it daily.

Stocks & Shares ISA: platform fees at a glance

Platform	Annual cost	Minimum	Good for
Vanguard	0.15% (capped at £375/yr)	£500 lump sum or £100/mo	Simple, low-cost, passive
Freetrade	£4.99/month	£1	App-first, flat-fee structure
Trading 212	Free	£1	Zero cost, clean interface
Hargreaves Lansdown	0.45% (capped for shares)	£100	Widest choice, full service

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What to actually invest in

For most people starting out: **one globally diversified index fund.** That's it.

- **Vanguard FTSE Global All Cap** (0.23%/yr) — 7,000+ companies worldwide
- **Vanguard LifeStrategy 80% Equity** (0.22%/yr) — 80% stocks, 20% bonds, slightly smoother
- **iShares MSCI World ETF (IWDA)** — available on Freetrade, Trading 212, and HL

Set up a monthly direct debit into your chosen fund. Then leave it alone. That is the strategy.

LISA rules: easy to get wrong

- Must be aged **18–39** to open
- Contribute up to **£4,000/year** → government adds **£1,000** (25% bonus)
- Use it penalty-free for: **buying your first home** (up to £450,000 purchase price) or **retirement from age 60**
- Withdraw for anything else: **25% penalty** — this eats into your own contributions, not just the bonus
- You can hold a LISA alongside any other ISA type

A simple starting framework

1. **Emergency fund first** — 3–6 months of expenses in an easy-access Cash ISA or savings account
2. **Lifetime ISA** — if you're under 40 and eligible, open one and get the free bonus
3. **Stocks & Shares ISA** — everything else, invested in a global index fund via monthly direct debit

Three accounts. Clear purpose for each. One direct debit doing the work.

Want the full breakdown — every ISA type explained, common mistakes covered, best platforms compared?

[Read the Complete UK ISA Guide 2026 →]

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