

# Target Market Statement

## Novia Junior Stocks and Shares Individual Savings Account (JISA)

November 2024

### 1 Product Overview

The Novia Junior Stocks and Shares ISA (JISA) is a tax-efficient investment account designed for children under the age of 18, managed on their behalf by a Registered Contact (a parent or guardian). This product offers long-term growth potential through access to a broad range of investment options, with any gains and income being free from UK tax. The JISA is held in the child's name, and when the child turns 18, it converts automatically into an adult Stocks and Shares ISA, allowing the funds to remain tax efficient.

### 2 Who is this appropriate for?

- **Registered Contacts:** (Parents, Guardians, or Carers) of children under 18 who wish to invest in a tax-efficient savings account for the child's long-term benefit. The Registered Contact must have parental responsibility and be over the age of 16.
- **UK Resident Children:** Children who meet HMRC's residency requirements or are dependents of Crown servants.
- **Long-Term Investors:** Registered Contacts looking to make regular or lump-sum contributions on behalf of the child with an investment horizon of at least five years. The primary goal is building wealth for the child until adulthood.

- **Advised Clients:** Those who have received financial advice to ensure the suitability of the JISA and who wish to access a range of eligible investments such as equities and funds.
- **Clients Transferring from a Child Trust Fund (CTF):** If the child has a CTF, it can be transferred fully into the JISA. A CTF is not required to open the account.

### 3 Who is this not appropriate for?

- **Children Aged 18 and Over:** Once the child turns 18, the JISA automatically converts to an adult ISA and is not available for new applications at that point.
- **Clients Seeking Cash-Only Investments:** Those preferring to hold cash rather than invest in funds or equities are not suited to this product.
- **Clients Desiring Joint Ownership:** The JISA must be held in the child's name, making it unsuitable for those seeking joint ownership.
- **Short-Term Investors:** Individuals aiming to access the funds in less than five years or those with a low-risk tolerance.
- **Non-Residents:** Clients who do not meet HMRC's UK residency criteria, including U.S. citizens and those with U.S. tax obligations.
- **Russian or Belarussian clients:** Wealthtime are unable to accept Russian nor Belarussian clients on platform tax obligations.

- **Clients Without £30,000 in Combined Investments Across Platform Wrappers:** The product may not be effective for managing smaller sums, and clients with less than £30,000 across platform wrappers may find it unsuitable.

## 4 Key Features

- **Tax-Free Growth:** All gains and income within the JISA are tax-free in the UK, allowing investments to grow efficiently until the child reaches 18.
- **Flexible Contributions:** Parents, guardians, or third parties can make regular or lump sum contributions, up to HMRC's annual limit for Junior ISAs.
- **Long-Term Investment Focus:** The account is designed for long-term savings and investment growth, with access to a diverse range of eligible investments.
- **Automatic Conversion:** When the child turns 18, the JISA automatically converts into a Stocks and Shares ISA, continuing to benefit from tax efficiency.

## 5 Product Complexity

The Novia Junior Stocks and Shares ISA is moderately complex, requiring advisers to explain the risks associated with equity-based investments and the importance of a long-term investment strategy. Registered Contacts must understand the implications of managing investments on behalf of the child, and advisers should ensure they are fully informed of the product's features and risks.

## 6 Fair Value Assessment

The Novia Junior Stocks and Shares ISA offers good value for Registered Contacts seeking a tax-efficient way to build a child's future wealth. With its transparent fee structure and potential for long-term capital growth, the JISA remains a cost-effective and flexible savings option. Regular reviews of the investment strategy are recommended to ensure that the product continues to meet the child's needs as they approach adulthood.

Advisers should work with the Registered Contact to assess whether the account's investment choices align with the child's financial situation and objectives, particularly as they near 18.

## 7 Risks

- **Investment Risk:** The value of investments may fluctuate, and the child could receive less than the total amount invested. Advisers should ensure that the Registered Contact understands the investment risks and that the child's investment horizon is appropriate for equity-based investments.
- **Liquidity Risk:** The investments within the JISA cannot be accessed until the child reaches 18. Advisers should explain to Registered Contacts that certain assets may not be easily convertible to cash, particularly during periods of market volatility.
- **Fee Impact:** Platform and investment management fees may reduce overall returns. Advisers must ensure that clients are aware of the cost structure.
- **Regulatory Risk:** Changes to tax laws or JISA regulations may affect the benefits of the product. Advisers must keep clients informed about any regulatory changes.

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