

Jon's Savings Blog



ISA Changes in 2027

Why 2026/27 might be your last chance for a £20,000 ISA Allowance...

There's a famous saying: "The best time to plant a tree was 20 years ago. The second best time is now." Well, when it comes to ISAs... the tree is about to get a little smaller.

If you follow the financial press, you might already know that changes are coming to the ISA system from April 2027. Whilst some of the headlines have been a little dramatic (the financial press does love a good scare...), one thing is clear:

For many savers, the ability to put up to £20,000 per year into an ISA will be reduced from April 2027 onwards. That means the 2026/27 tax year could be your last opportunity to make full use of today's generous ISA rules. So, let me break down what's happening, what it means for you, and why now might be a very good time to take action.

So... what's actually changing?

The Government has announced a restructuring of the ISA system from April 2027. Their aim is to create a more streamlined, simplified ISA landscape, but through that simplification, some allowances will tighten up. While the finer details are still emerging, the big takeaway for everyday savers is this:

1. Cash ISA allowance cut from £20,000 to £12,000 per tax year (for anyone under 65).

The overall ISA allowance stays at £20,000, but anything above £12,000 must go into an investment-based ISA (Stocks & Shares, Innovative Finance, or Lifetime ISA).

2. Over-65s keep the full £20,000 Cash ISA allowance.

If you are 65 or older on 6th April 2027, you may continue to save £20,000 per year in Cash ISAs, unchanged.

3. New rules to stop people bypassing the lower Cash ISA limit.

The government will introduce anti-avoidance measures, including:

No transfers from Stocks & Shares ISAs or Innovative Finance ISAs back into Cash ISAs (for under-65s).

Tests to determine whether an asset in a Stocks & Shares ISA is "cash-like."

Charges on interest earned if "cash-like" assets sit inside non-cash ISAs.

4. Transfers remain allowed (with limits as above).

ISA transfers between providers will still be allowed and unlimited, subject to normal product terms. Only the new restriction applies: under-65s won't be able to transfer into Cash ISAs from investment ISAs.

It is important to highlight that The new rules will apply only to contributions made from 6 April 2027 onwards. Money already inside your Cash ISAs stays tax free and does not need to be moved.

Why this matters (even if you've never hit £20,000 before)

A lot of people hear "£20,000 allowance" and think:

"Well, I've never put that much away, so what does it matter?"

But here's the thing - ISA allowances are like umbrellas. You don't always need one... until suddenly you really do.

A few reasons you'll want to keep your full allowance while you still have it:

- Life can surprise you- an inheritance, a bonus, or the sale of an asset can create a one-off lump sum you'd love to keep tax free.
- Future-you might be a bigger saver than present-you- many people's strongest saving years are in their 40s, 50s, and 60s.
- ISAs protect you from tax you don't yet pay - but with interest rates generally stabilising more people are being dragged into paying tax on savings.

Losing the £20,000 allowance doesn't just affect high earners. It affects anyone who wants the option to tuck money away, tax free, in future.

2026/27: A golden window before the rules change

You've got just over a year before the new system kicks in, but the message from us is simple:

Make the most of this final full year while you have it.

- If you've been meaning to top up your ISA...
- If you've been thinking about shifting savings into something tax-free...
- If you've been procrastinating (we've all been there)...

The 2026/27 tax year is absolutely the moment to take action.

Think of it like the final call at your local pub - the opportunity's still there, but not for long.

How we can help

Whether you're an experienced saver or opening your first ISA, we're here to guide you through the changes and help you make the most of your allowance while it still exists in its current form.

If you'd like to talk through your options or even if you just want to understand what the changes mean for you- come and speak to us. No jargon, no pressure, just a good honest conversation (and occasionally a car related anecdote if you catch me on a nostalgic day...).

Final thoughts

Change is nothing new in the world of savings. But this one is significant and for many people, it's the last chance to shelter money tax free at today's generous levels.

So, whether you fill the whole £20,000 or only a fraction of it, the key message is use it while you can.

Your future self will thank you probably with a slightly smug smile, a healthy ISA balance, and the warm glow of knowing you got in just before the goalposts moved.

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