

HSBC - Additional Permitted Subscription (APS)

Questions and answers for the surviving spouse/civil partner

What is an Additional Permitted Subscription (APS) allowance?

Since 3 December 2014, where a person holding an ISA dies and that person was married or in a civil partnership, the surviving spouse/civil partner is entitled to an extra ISA allowance. This is referred to as the Additional Permitted Subscription (APS) allowance.

This is an additional allowance independent of the normal annual ISA allowance and may be used with the ISA provider of the deceased or an ISA provider chosen by the surviving spouse/civil partner. If the spouse/civil partner selects a different ISA provider, the allowance is passed to that ISA provider.

It is not dependent on the surviving spouse/civil partner inheriting the actual money or investment in the deceased's ISA, as they follow the normal estate process. However, if the surviving spouse/civil partner does inherit the deceased's ISA, the actual money or investment cannot be transferred or paid directly to the surviving spouse's/civil partner's ISA. APS is simply an additional allowance that equals the value of the deceased's ISA(s).

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

The APS allowance is not something that can be transferred to another person; it must be used solely by the spouse/civil partner of the deceased. If there is no surviving spouse/civil partner there is no APS allowance.

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

Generally, the time limit for using the allowance is three years from the date of death.

Who is eligible for an APS allowance?

Anyone whose spouse/civil partner died on or after the 3 December 2014 and at the date of death were:

- married or in a civil partnership;
- not legally separated or likely to become legally separated (If your spouse was in a care home this would not generally be considered as legally separated); and
- 16 years of age or over.

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 they live abroad. Any questions or concerns over this should be directed to the ISA provider.

How is an APS allowance calculated?

This depends on the date of death of the deceased ISA investor.

Where the ISA investor died between 3 December 2014 and 5 April 2018

The APS allowance equals the value of the ISA(s) at the date of death and there is a time limit for using the allowance – please see 'What time limits apply for using my APS allowance?' on the following pages.

Where the ISA investor died on or after 6 April 2018

Any ISA(s) held may remain open as a continuing account of a deceased investor, referred to here as a continuing ISA. The APS allowance equals the higher of the value of the ISA(s) at the date of death **or** the value of the ISA(s) at the date the ISA(s) cease(s) to be a continuing ISA. In simple terms, two values are available but you will need to wait until the ISA(s) cease to be a continuing ISA to determine the higher of the two values.

The account will cease to be a continuing ISA on the earlier of the following:

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

Where multiple ISAs are held with one ISA provider, the APS value will be the total value of all ISAs at the date of death or the total value of all ISA(s) at the date of closure of each continuing account.

When the APS allowance is used, in whole or in part, the value of the APS allowance is fixed and cannot be changed.

How can I find out whether I have an APS allowance and how much it is?

Contact the deceased's ISA provider(s) for more information and for details of how to request the APS allowance. In all instances the death must have been registered with the ISA provider(s) before they can supply information about the APS allowance.

What types of APS allowance subscriptions are possible?

APS allowance subscriptions, referred to here as payments, can be made to any type of ISA by using cash or by transfer of investments.

Restrictions on payments may apply depending on the type of ISA being used. Any questions should be referred to the ISA provider before an APS payment is made.

Payments made by cash

Payments can be made in cash to any type of ISA in the usual way, including by cheque or bank transfer, and do not have to be made using the money from the inherited ISA. If the surviving spouse/civil partner inherits the deceased's ISA and wants to use the money to utilise their allowance, the deceased's ISA must be closed as part of the normal estate process. The money cannot be transferred or paid directly from the deceased's ISA to the surviving spouse's ISA.

Payments made by transfer of investments

Payments can be made by the transfer of inherited investments which were held in the deceased spouse/civil partner's ISA, to an ISA with the same ISA provider without selling the investments (an *in specie* transfer). The value of assets at the time the transfer is made counts towards the APS allowance limit. *In specie* transfers apply only to ISAs where investments may be held such as a Stocks & Shares ISA. However, please note that not all HSBC ISA providers offer *in specie* transfers.

What time limits apply for using my APS allowance?

The APS allowance has been available since 6 April 2015. For APS allowance payments made in cash, the APS allowance is available for three years after the date of death, or for up to 180 days after the administration of the estate is complete (i.e. when the personal representatives have distributed the assets of the estate), whichever is the later. This is known as the 'permitted period'.

For deaths between 3 December 2014 and 5 April 2015, the time limit began on 6 April 2015. However, the permitted period for APS allowance payments made in specie is within 180 days of beneficial ownership passing to the surviving spouse/civil partner. [For distributions between 3 December 2014 and 5 April 2015, the permitted period began on 6 April 2015.] However, as advised above, not all HSBC ISA Providers offer in specie transfers.

Where can I use my APS allowance?

The APS allowance may be used with the deceased's ISA provider or another ISA provider.

Not all ISA providers will accept APS allowance subscriptions, but they are obliged to pass relevant APS allowance information on to another ISA provider.

How do I use my APS allowance?

ISA providers will require certain information from you (the spouse/civil partner) to open an ISA. They will also require an application form to use the APS allowance, which will typically include information such as:

- the deceased's date of birth
- your National Insurance Number and that of the deceased (if known);
- the date of death;
- the date of marriage or civil partnership; and
- the deceased's address at the date of death.

A declaration of eligibility for the APS allowance will be required and further declarations will be required every time an additional APS payment is made. Your ISA provider may ask you to provide 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 do allow payments in instalments.

If the lump sum payment is less than the total amount of the APS allowance, any remaining allowance will be lost.

The ISA provider can require that the APS allowance is used in a separate ISA or by topping up an existing ISA. HSBC do not require a separate ISA but please contact us to check our requirements before topping up an existing ISA.

How do I use my APS allowance with another ISA provider?

You can transfer your APS allowance, subject to the other ISA provider agreeing to accept the transfer.

The new ISA provider should be approached to start the transfer and once started, ISA regulations require that this takes place within 30 days.

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

APS allowances can be held with more than one ISA provider if the deceased held ISAs with more than one ISA provider.

Once I have made an APS payment can I transfer the ISA funds?

After an APS payment has been made, the cash and/or investments can be transferred to another ISA provider. 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 before they can be transferred.

The deceased spouse's/civil partner's ISA provider will be able to respond to any detailed queries about using the APS allowance.

Disclaimer

This information is current at 6 April 2018 and is intended to provide a summary of the ISA regulations regarding Additional Permitted Subscriptions based on BSA, TISA and UK Finance's understanding of current law and guidance.

While every care has been taken to ensure the accuracy of this information, HSBC cannot accept any responsibility for any inconvenience, loss, damage, or liability for any legal fees and costs incurred or caused as a result of any information provided.

HSBC ISA(s)

To obtain an APS allowance for an HSBC ISA, the surviving spouse/civil partner will need to complete a short declaration to verify their entitlement to the allowance. This can be done by completing the enclosed **APS Valuation Request** or by calling our **Bereavement Support Team on 0345 850 0088**. If calling from overseas dial +44 (0)114 2520249. Lines are open from 8.30am to 6pm Monday to Friday and 9am to 2pm on Saturdays (excluding Bank Holidays). Once the spouse/civil partner has been verified, we will write to them with details of the APS allowance(s) available.

For further information regarding APS or to request an HSBC APS application form, please call the relevant **ISA provider** below:

Cash ISA	0345 5873 443 Lines are open 9am to 10pm Monday to Friday, 9am to 7pm on Saturday
Selected Investments Funds ISA	0345 745 6123 Lines are open 8am to 6pm Monday to Friday (excluding bank holidays)
InvestDirect ISA	03456 076 180 Lines are open 7.30am to 9.30pm Monday to Friday and 10am to 4pm on Saturday (excluding bank holidays)
Global Investment Centre ISA	0345 745 6123 Lines are open 8am to 6pm Monday to Friday (excluding bank holidays)
First Direct ISA	0345 610 0124 Lines are open 8am to 6pm Monday to Friday (excluding bank holidays)
Premier ISA	Please contact your Premier Relationship Manager. Existing customer 0345 770 7070 Lines are open 24 hours a day If you do not have a Premier Relationship Manager, please call New customer 0800 328 1296 Lines are open 8am to 8pm Mondays to Friday and 10am to 3pm on Saturdays
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.