

LIFETIME ISA FACTSHEET

The Lifetime ISA is a tax-efficient account offering adults under 40 an attractive way to save for their first home or later life.

Q: WHO CAN TAKE ADVANTAGE?

Anyone aged between 18 and 39 can open a Lifetime ISA. Once opened, you can contribute up to £4,000 every year until your 50th birthday.

On everything you contribute, the government will add a 25% bonus. This means for every £4 you put in, the government adds a further £1 (up to a maximum of £1,000 a year).

Q: WHO IS IT DESIGNED FOR?

The Lifetime ISA is designed for people looking to save for their first home and/or later life.

Saving for your first home

You can use the funds in the Lifetime ISA (including the government bonus) to buy your first home in the UK costing up to £450,000.

You need to have had the Lifetime ISA open for at least 12 months in order to qualify for the government bonus.

Each individual under 40 can open a Lifetime ISA meaning two first time buyers (e.g. couples) can both benefit from their bonus when they buy together. If only one of the joint buyers is a first time buyer then only that buyer can benefit from the bonus.

In most cases, the individual must occupy the property as their only or main residence.

Saving for later life

Individuals can also use the Lifetime ISA to save for later life and withdraw all the money tax free after age 60. The Lifetime ISA can be used alongside other accounts (such as pensions). Just be sure to make the most of any employer pension contributions on offer first.

Q: WHAT IS THE MAXIMUM YOU CAN CONTRIBUTE?

The maximum you can contribute each year is £4,000. For every £4,000 you save, the government will add another £1,000.

Q: WHEN WILL I GET THE BONUS?

Your bonus will be paid four to nine weeks after every payment you make.

Q: WHEN CAN I WITHDRAW THE FUNDS?

You can withdraw the money for an eligible property purchase, after 60 or if you are diagnosed with a terminal illness. For any other withdrawal, a 25% government withdrawal charge will be deducted.

If you incur a withdrawal charge this may mean you receive back less than you have invested. For example, you contribute £4,000 and receive a £1,000 bonus. You then withdraw this £5,000 and are subject to a £1,250 government withdrawal charge and get back £3,750.

Q: CAN I OPEN OTHER ISAS ALONGSIDE THE LIFETIME ISA?

You can open and pay into other types of ISAs (Cash ISAs, Stocks & Shares ISAs or Innovative Finance ISAs) alongside your Lifetime ISA. As with other ISAs, you can only pay into one Lifetime ISA in each tax year.

You can pay in up to £20,000 across all ISAs, of which £4,000 can be paid to a Lifetime ISA. Please note, any Lifetime ISA bonuses (maximum of £1,000 a year) from the government will not count towards the £20,000 overall ISA limit.

Important Notes: this factsheet is based on our understanding of legislation as at 29 March 2018. It is a broad summary and cannot cover every nuance. You should not take, or refrain from taking, any action based solely on this information. Unless stated otherwise, all figures apply to the 2018/19 tax year. This information is not personal advice. If you are unsure an investment is right for you, contact us and we can put you in touch with an adviser. The value of investments can fall as well as rise so you may get back less than you invest. Tax rules can change and benefits depend on individual circumstances.

Q: LIFETIME ISA VS. HELP TO BUY ISA

The Help to Buy ISA is a type of Cash ISA designed to help first-time buyers get onto the property ladder. Similar to the Lifetime ISA, the government will add a 25% bonus to the Help to Buy ISA, but there will be some key differences (see table to the right).

Q: CAN I TRANSFER MY HELP TO BUY ISA TO A LIFETIME ISA?

Yes. If the value of your Help to Buy ISA is less than your remaining Lifetime ISA allowance, you can transfer it directly to the HL Lifetime ISA. The transfer will count toward your £4,000 Lifetime ISA allowance, but will not affect your £20,000 ISA allowance.

If the value of your Help to Buy ISA is over your remaining Lifetime ISA allowance, we can transfer the full value to an HL Stocks & Shares ISA. After this, you can choose to transfer up to £4,000 to the HL Lifetime ISA.

Q: CASH OR STOCKS & SHARES?

The Lifetime ISA can hold anything which can be held in a Cash ISA or a Stocks & Shares ISA. This includes cash, funds, shares, investment trusts, and corporate bonds.

If you expect to use the money in your Lifetime ISA within five years, cash is likely to be the most suitable option.

However, if you don't intend to access the money for more than five years, you may want to consider investing in the stock market which offers the potential for greater returns and could allow you to reach your goal quicker. Unlike the security offered by cash, however, the value of investments can go down as well as up so you could get back less than you invest.

LIFETIME ISA VS. HELP TO BUY ISA

	LIFETIME ISA	HELP TO BUY ISA
How much can you save each year?	£4,000	£2,400 (£3,400 in the first year)
Can you invest lump sums?	Yes	No – monthly payments only (£200 maximum per month) although you can make one additional payment of £1,000 in the first month
What is the maximum bonus?	£1,000 a year	£3,000
When do I receive the government bonus?	Monthly	When you buy your first home
Can I earn interest on, or invest the government bonus?	Yes. You can invest or earn interest on the government bonus as soon as it has been paid in to your Lifetime ISA	No. The bonus is paid to your conveyancer when you buy your first home
When can I use the money to buy a house?	After the Lifetime ISA has been open for at least 12 months	After £1,600 has been saved
Who can open the account?	Adults under 40	First-time buyers aged over 16
What's the maximum property value allowed?	£450,000	£250,000 (£450,000 in London)
Can I use the money other than to buy a house?	Yes, you can also withdraw the money tax free after age 60.	Yes, but you will not qualify for the government bonus on any amounts you withdraw

WHY CHOOSE THE HL LIFETIME ISA?

For over 30 years, we've helped investors save for the future and today we are proud to be trusted with more than £85 billion on behalf of over 1 million clients.

In our Lifetime ISA, you can invest in the stock market to grow your money and potentially reach your goals quicker. Although investments can go down as well as up in value so you could get back less than you invest. Here's how you could benefit....

- **Easy management** – keep up-to-date with your Lifetime ISA online or using our app for smartphones
- **Expert guidance** – our experts have hand-picked three funds which they believe could make great choices for Lifetime ISA investors

- **Wide choice** – select your own funds or shares or just open with cash and invest later
- **Great value** – annual fee of just 0.45% or less.

ANY QUESTIONS?

Our Investment Helpdesk will be happy to help:

Call us on **0117 900 9000** (Mon–Thurs 8am–7pm, Fri 8am–6pm, Sat 9:30am–12:30pm)

Email: helpdesk@hl.co.uk

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