

Lifetime ISA

The Lifetime ISA combines all the lovely benefits of an ISA with some of the attractive features of a pension – a chunky 25% bonus from the government.

IN A NUTSHELL



Help-to-Buy Summary

1. Age: 16+
2. Use for first house purchase
3. Pay in up to £2,400 a year (£3,400 in year 1) - you can save monthly
4. There's a government bonus of 25% – for every £1 they will add 25p
5. But there is a max contribution from the Government of £3,000
6. Bonus will be paid at the end
7. But it's not paid until completion
8. The house can be worth up to £250,000 outside London, and £450,000 in London
9. Put your money in cash only
10. Change your mind and take it out – get back savings plus interest but without any bonus

↑
WHY IT'S GOOD
FOR YOU

LISA Summary

1. Age: 18-39 to open, pay in until 50
2. Use for first house purchase OR retirement
3. Pay in up to £4,000 a year
4. There's a government bonus of 25% – for every £1 they will add 25p
5. And a max contribution from the Government of £32,000
6. From April 2018 bonus will be paid monthly
7. And it's paid on exchange
8. The house can be worth up to £450,000 everywhere
9. Put your money in cash or shares
10. Change your mind and take it out – wham! 25% penalty and get back less than you paid in

Hmmmm – I already have a Help-to-Buy ISA. Can I move it?

Sorry you no longer can. Prior to April 6th you could have moved it across and got the LISA bonus on the full amount, but unfortunately this is no longer the case!

If you think a LISA is right for you then you can always withdraw funds from a Help to Buy ISA and put it into a LISA, but remember you can only pay £4,000 a year into a LISA and it needs to be open for 12 months before you can use it for a house. So if you want to buy within 12 months – stay put!

As a very basic rule of thumb:

1. If you're 39, think about opening a LISA before you hit the big 4-0. You can do this with a small balance (currently minimum of about £100) and it just gives you the chance to pay into this LISA until you're 50. Keeps your options open.
2. Already bought a house – is this good for retirement? If you're a higher rate taxpayer and/or a salaried employee, a pension is probably a better bet because you get a Govt top-up and an employer top-up. If you're a basic rate taxpayer AND self-employed, mug up on the LISA.
3. The exit fee of the LISA is ugly. Be sure that you will buy a house OR lock this money away till you're 60.

Learn

We've got plenty of advice and information on what's what.

Find out more about how you can make better sense of money.

[Learn more](#)



ALL THE FACTS.
WITHOUT THE FUSS.

Audio guide

Don't like factsheets? Listen to our audio guide on Lifetime ISAs at.

[Listen here](#)

Where can I get one?

Simple today – **AJ Bell Youinvest, Hargreaves Lansdown, Nutmeg, Skipton** and **The Share Centre**. The first two are cheaper. **Moneybox** launched a Stocks & Shares one in December.

What ‘flavour’?

Well today only stocks and shares are available. Don’t panic. You can always open one up with these guys, keep it in cash and move it later when you’re ready (Hargreaves Lansdown has a small exit fee). But if this is a 5 year + game well then stocks and shares are probably a better bet BUT returns are not guaranteed. The Share Centre estimates that over 10 years, if you put in £4,000 and get the £1,000 from the Government every year, a shares LISA could grow to £61,712.

Here are the web links in full:

Learn more	www.boringmoney.co.uk/learn/other-isas
Listen here	www.boringmoney.co.uk/learn/other-isas
AJ Bell Youinvest	www.youinvest.co.uk/lifetime-isa
Hargreaves Lansdown	www.hl.co.uk/investment-services/lifetime-isa
Nutmeg	www.nutmeg.com/lifetime-isa
The Share Centre	www.share.com/stocks-and-shares-isas-explained/lifetime-isa
Skipton BS	www.skipton.co.uk/savings/isas/lifetime-isa
Moneybox	https://www.moneyboxapp.com/lifetime-isa/