

Lifetime ISA



What is it?

The Lifetime ISA encourages saving for later on in life, or to use towards your first house. You'll be able to save up to £4,000 per year, with a bonus of £1,000 from the government. This means you'll save with tax-free investment growth until you reach 60 years of age.

You must be over 18, but under 40 to open an account. £4,000 is the maximum amount you can pay in. The government will add a 25% bonus, which will be £1,000 if you pay in the maximum amount per year.

Withdrawal charges

There will be a 25% charge to withdraw cash from a Lifetime ISA. This doesn't apply if you're:

- Buying your first home.
- Aged 60 or over.
- Terminally ill, with less than 12 months to live.

Buying your first home

You can put your savings towards your first home. A few rules will apply:

- The property must cost £450,000 or less.
- You need to have bought the property 12 months after you've opened the ISA.
- You must use a Conveyancer or Solicitor to act for you in the purchase; the ISA provider will pay the funds directly to them.
- You need to buy a house with a mortgage.

Buying with somebody else

If the person you're buying with also has a Lifetime ISA, they can use their savings and government bonus too. They'll pay a 25% withdrawal charge to use their Lifetime ISA if they own or have a legal interest with another property. You are only permitted to use a government bonus from a Lifetime ISA or a Help to Buy ISA, but not both. You can transfer money between ISAs but there's a 25% charge to transfer money from a Lifetime ISA to a Help to Buy ISA.

Saving for later on in life

You're able to access your savings without penalty once you've reached 60. If you transfer from the ISA before then, you'll be charged 25% of it. If you die before you've withdrawn money from your ISA, the funds can be withdrawn without charge.