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GRAYSIDE

FINANCIAL SERVICES

Lifetime Individual Savings Accounts

Saving flexibly for a first home and retirement

FACTSHEET

Lifetime Individual Savings Accounts are being launched by the Government to help 18–40-year-olds to save and invest flexibly for the long term. The aim is that people will not have to choose between saving for their first home and retirement.

They can use some or all of the money to buy their first home or keep it until they're 60. Similar to normal Individual Savings Accounts, they won't have to pay any Capital Gains Tax or further Income Tax on profits taken.

GOVERNMENT BONUS

Individuals can save and invest up to £4,000 each year and receive a government bonus of 25% – that's a bonus of up to £1,000 a year, and they can use some or all of the money to buy their first home or keep it until they're 60 – it's up to them.

Lifetime ISA accounts will be available from 6 April 2017 and can be opened between the ages of 18 and 40, and any savings put in before their 50th birthday will receive an added 25% bonus from the Government.

There is no maximum monthly contribution – someone can save as little or as much as they want each month (up to £4,000 a year), with the total amount they can save each year into all

Individual Savings Accounts being increased from the current £15,240 to £20,000 from 6 April 2017. The £20,000 ISA allowance excludes contributions to any Junior ISAs, which have their own distinct allowance applying to each child.

SAVING FOR A FIRST HOME

Any time from 12 months after opening a Lifetime ISA, individuals will be able to use their savings and bonus from one of the accounts towards a deposit on their first home worth up to £450,000 in the UK.

If they have a Help to Buy Individual Savings Account, they can transfer those savings into a Lifetime ISA in 2017 or continue saving in both, but they will only be able to use the bonus from one of the accounts to buy a house.

SAVING FOR RETIREMENT

After their 60th birthday, they can take out all the savings tax-efficiently. If they withdraw the money

before they turn 60, they will lose the government bonus (and any interest or growth on this). They will also have to pay a 5% charge. ■

QUALITY PROFESSIONAL FINANCIAL ADVICE

Creating and maintaining the right investment strategy plays a vital role in securing your financial future. We can provide the quality professional financial advice, comprehensive investment solutions and ongoing service to help you achieve your financial goals. To find out more, please contact us.

