

Lifetime Individual Savings Account (LISA) Factsheet for Tax year 2023/2024

The Lifetime ISA is an account designed to help you save for your first house and or your retirement in a tax-efficient way.

There are currently two types of LISA available:

1. Stocks and Shares LISA

Investments permitted include: shares, bonds, unit trusts, OEICs and even cash (temporarily).

Once you have made the investment, its value can go down as well as up. Past performance is no guarantee of future performance.

2. Cash LISA

A Cash LISA account holds only cash. It may offer a variable or fixed interest rate for an open or fixed period.

Government Bonus

Introduced for adults below 40 years old to invest up to £4,000 pa until age 50. Contributions benefit from a 25% government bonus (£1,000 pa maximum). Contributions to LISAs are included in your total £20,000 ISA contribution limit.

The 25% bonus will be claimed automatically by the product provider and received after 4-8 weeks.

Using your Lifetime ISA

a) If you wish to use the LISA to purchase your **first home**, you will need to ask your conveyancer dealing with the purchase of the property to claim the funds from the provider. The home must be in the UK, worth less than £450,000, purchased with a mortgage and be your main residence.

b) If you wish to use your LISA in retirement, the assets can be withdrawn tax-free from the age of 60.

c) If you wish to access your LISA at any other point (unless you have a terminal illness), a 25% penalty will be levied on the withdrawal amount. For example, a penalty of £1,250 based on a £5,000 withdrawal.

Transferring your existing LISA

You can transfer a Cash LISA to a Stocks and Shares LISA and a Stocks and Shares LISA to a Cash LISA. Transfers are not counted as part of your annual ISA allowance limit of £20,000 and there is no loss of tax benefits. Transfers from an ISA to a LISA do however use your £4,000 pa LISA allowance.

Risks

The full product particulars supplied by the insurer or investment house should be read for specific details as this is only a summary.

Once you have made the investment, its value can go down as well as up. Past performance is no guarantee of future performance. You may not get back the amount originally invested.

Information is based on our current understanding of taxation legislation and regulations. Any levels and bases of, and reliefs from, taxation are subject to change.

LISA Key Facts

- Tax free method for saving which shelters the existing funds and any subsequent growth within the wrapper from personal income tax and capital gains tax when funds are withdrawn.
- You do not need to declare your LISA details on your tax return.
- For 2023/2024 you can contribute a maximum of £4,000 to a LISA with the government also providing a maximum 25% bonus of £1,000.
- You can also contribute to an ISA with a different provider in the same tax-year if the total contributions to all ISAs and LISAs does not exceed £20,000.