

Lifetime ISA guide and FAQs for brokers



What is a Lifetime ISA?

The Lifetime ISA is a type of Individual Savings Account (ISA), designed to help people aged between 18 and 39 save towards their first home up to the purchase price of £450,000, or towards their retirement.

Based on current allowances, Lifetime ISA customers can save up to £4,000 tax-free each year, up to and including the day before their 50th birthday. The government pays a 25% bonus on their contributions, up to a maximum of £1,000 a year. Tax rules may change in the future.

If a Lifetime ISA holder makes a withdrawal within the first 12 months of their first payment in, a 25% government charge normally applies, meaning they'd get back less than they paid in. They can withdraw money to buy their first home after the first 12 months charge-free, but withdrawals for any other reason before the age of 60 will incur the government withdrawal charge.

Customers can only apply for a Skipton Cash Lifetime ISA online.

We pay £250 following completion with a Skipton mortgage to Skipton Lifetime ISA customers who are buying their first home. This offer is only valid for mortgages completing from 6 April 2018 to 30 June 2027 and is subject to additional terms and conditions in the FAQs overleaf.



Using Lifetime ISA savings to buy a first home

Q. When can your client use their Lifetime ISA savings for house purchase?

- A. 12 months after their first payment into their Lifetime ISA, your client can use some or all of the money towards a deposit for their first home. If they're buying with someone else, they can both potentially use a Lifetime ISA if they're both first time buyers. Funds will be available in time for exchange of contracts but the conveyancer will need to request them from us 30 days in advance.

Q. How do your clients make a withdrawal from their Skipton Lifetime ISA to buy their first home?

- A. When your client comes to buy, they'll need to tell their conveyancer if they want to use part or all of their Skipton Cash Lifetime ISA towards the purchase and provide them with a declaration. Their conveyancer also has to provide Skipton with a declaration. It's the customer's responsibility to ensure this is provided, but the conveyancer should do it as part of the buying process. We'll contact your client so they can confirm the instruction to withdraw the money.

Q. Can your client make more than one withdrawal when they come to buy their first home?

- A. Yes - and there's no minimum withdrawal amount. For example, they may have more than one Lifetime ISA and they may need to phase their withdrawals during

their house purchase. All withdrawals must be before completion to qualify as a charge-free withdrawal.

Q. What are the criteria for using Lifetime ISA to buy a house?

- A. Your client can use their Lifetime ISA to help buy their home, without paying the government withdrawal charge, as long as the following criteria are met:
- they made the first payment into their Lifetime ISA at least 12 months ago
 - if they are buying with someone else, they can both use their Lifetime ISA funds, but if one of them has owned a property before - either through buying a house or having a part share in a property, for example - they wouldn't be able to use their Lifetime ISA for it without paying the government withdrawal charge. However, the client who is a first-time buyer would still be able to withdraw charge-free
 - the purchase price of the property must not exceed £450,000
 - the property must be purchased in the UK with a mortgage, but not a buy to let mortgage unless they, or their spouse or civil partner, are a UK Crown employee serving overseas and intend to use the property as their main residence in the future.

FAQs

Q. What if your client already has a Help to Buy ISA?

- A. Your client may still transfer funds from a Help to Buy ISA or other ISA into a Lifetime ISA but this will count towards their annual Lifetime ISA allowance.

Q. What's the difference between a Help to Buy ISA and Lifetime ISA?

- A. See table below.

Please note the Help to Buy ISA scheme closed to new applications on 30 November 2019, however, if your client opened their account before this date then they can continue to save into their Help to Buy ISA until November 2029.

Q. Can your client have more than one Lifetime ISA?

- A. Yes, but they can only open and pay into one Lifetime ISA in each tax year and the maximum amount they can currently pay in each tax year is £4,000.

Q. Are Cash Lifetime ISAs flexible?

- A. Lifetime ISAs are not flexible, so your client won't be able to make withdrawals and replace the savings without affecting their annual Lifetime ISA allowance or overall ISA allowance.

Q. Can customers pay into both a Help to Buy ISA and a Lifetime ISA? Do they get the bonus on both if they do?

- A. Customers can pay into both, but can only use the bonus from **either** a Lifetime ISA **or** a Help to Buy ISA – and not from both – to buy their first home.

Q. What are the terms and conditions for the £250 cashback offer following completion?

- A. Skipton Lifetime ISA customers buying their first home with a Skipton mortgage will be eligible for £250 cashback following completion of their mortgage. This is subject to our normal affordability assessment and lending criteria at the time. This offer is only valid for mortgages completing from 6 April 2018 to 30 June 2027. Cashback will be paid for new mortgages where at least one of the applicants is a Skipton Lifetime ISA customer buying their first home. If the mortgage is in joint names and with another Skipton Lifetime ISA holder, only one cashback amount will be paid. Cashback will only be available once.

	Lifetime ISA	Help to Buy ISA
How much can you save per year?	£4,000	£2,400
Payment restrictions?	None	£200 per month
Maximum bonus?	£32,000 (over 32 years) assuming a maximum contribution	£3,000
Bonus paid?	Paid monthly on each month's deposit until the age of 50	Added to the account balance on completion of mortgage The government bonus must be claimed by 1 December 2030
Maximum property purchase price?	£450,000	£250,000 (£450,000 in London)
Minimum period to hold account?	None, but a 25% withdrawal charge is payable if a withdrawal is made for first home purchase within 12 months of the first payment into the account	At least £1,600 saved
Who can open it?	Anyone aged 18 to 39	No longer available for new applications
When is money paid out for a house purchase?	Funds available for exchange of contracts	Funds available upon completion
Withdrawal charge?	25% if you withdraw before 60 for any reason other than buying your first home	If withdrawing for any reason other than buying your first home, no withdrawal charge but no bonus is paid

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