

AJ Bell Investcentre Lifetime ISA (LISA) FAQs

Setting up a Lifetime ISA

Who can open a Lifetime ISA?

Your clients can open a LISA if they are aged 18 - 39. If your client is 40 or older, they cannot open a LISA.

After your client has opened a LISA, they can continue subscribing until the day before their 50th birthday.

In order to open a LISA the client must be resident in the UK, a Crown employee working overseas, or the spouse/ civil partner of such a Crown employee.

More than one LISA can be held, but the client can only open and subscribe to one LISA per tax year.

i LISAs can be applied for using the current online new business process for new clients, or by adding the account through the 'Add products' functionality in the client overview for existing clients, or through the 'New business' screen once a client has been selected.



18 - 39 years old

Can open an AJ Bell Investcentre Lifetime ISA



40+ years old Cannot open a Lifetime ISA

unless an existing LISA is being transferred (transfers to be offered shortly)

When is the Lifetime ISA open?

The LISA is open from the date the first payment is made into it, not the date the application is made.

This is potentially important if your client would like to use the LISA to buy their first home. They need to have had it open for at least 12 months before doing so. The 12-month period starts on the date the first payment is made. Therefore if your client is looking to buy their first home in the near future they need to open and subscribe to the LISA as soon as possible to get the clock ticking.

For clients who are approaching the age of 40, you should consider whether it is prudent to open and fund an account to allow them to continue subscribing up to age 50. If they don't pay anything into their LISA before they reach 40 it will have to be closed.

Individuals must make an application to open a Lifetime ISA with the Lifetime ISA manager in the tax year in which the first payment is made to that account. If a payment is not made in the same tax year as their application the client will have to re-apply.

Can a joint LISA be opened?

A joint LISA isn't allowed. LISAs can only be opened by individuals.

How does the Lifetime ISA interact with other ISAs?

A LISA can be opened alongside any other ISA(s) your client may have, including; 'cash', 'stocks and shares', 'Help to Buy' or 'innovative finance' ISAs. Your client needs to ensure they do not exceed the overall subscription limit of £20,000 which a LISA normally counts towards. More information on this is provided in the "How much can you subscribe to a Lifetime ISA?" section below.

AJ Bell offers a stock and shares ISA and Lifetime ISA.

i LISA accounts and their values will not be included in the summary seen on the non-Beta website, however the LISA payment limits will be reflected in the overall ISA subscription limit shown on the non-Beta website.

What investments can be made in an AJ Bell Investcentre Lifetime ISA?

You have the same functionality as you do with our stocks and shares ISA. We provide access to a comprehensive range of investments via our platform.

i Placing deals for the Lifetime ISA can be done using the Beta website, and follows the same process as other wrappers. 'Investments' must be selected on the left hand menu, the relevant client chosen, then the LISA wrapper. Deals are then placed in the usual way.

You can also view all LISA accounts in the main Funds & Shares Service dealing pages and access all F&SS functionality for LISAs, including:

- Bulk dealing tools
- Model Portfolio Service
- Regular investments
- Cash management tools
- Performance tools and other reporting
- Online dealing functionality also available in the Beta website for individual trades

Important note – adviser charging is not available for LISAs, including wrapper charges and charges on trades placed. Any charge added to a trade will not be paid out and will be returned to the client's account.

Can I receive adviser charges from a Lifetime ISA?

No, adviser charges cannot be taken from a LISA because they are classed as a withdrawal and the client would incur a 25% penalty charge.

Paying into a LISA and receiving the government bonus

Who can make a subscription to a Lifetime ISA?

Only the account holder can open and make subscriptions into a LISA. Subscriptions can only be made by 18 – 49 year olds.

An important point for your client to consider is that if they save in a LISA rather than enrolling in a qualifying scheme, occupational pension scheme or personal pension scheme, they may lose the benefit of contributions from an employer (if any) and future entitlement to means tested benefits may also be affected.

i Payments can be accepted by cheque, electronic payment and direct debit and are available in the new business process. For existing accounts, you can use the 'payments-in' area of the Beta site to make electronic payments.

Can an employer make a subscription?

No, your client's employer cannot subscribe to their LISA.

How much can be paid into a Lifetime ISA?

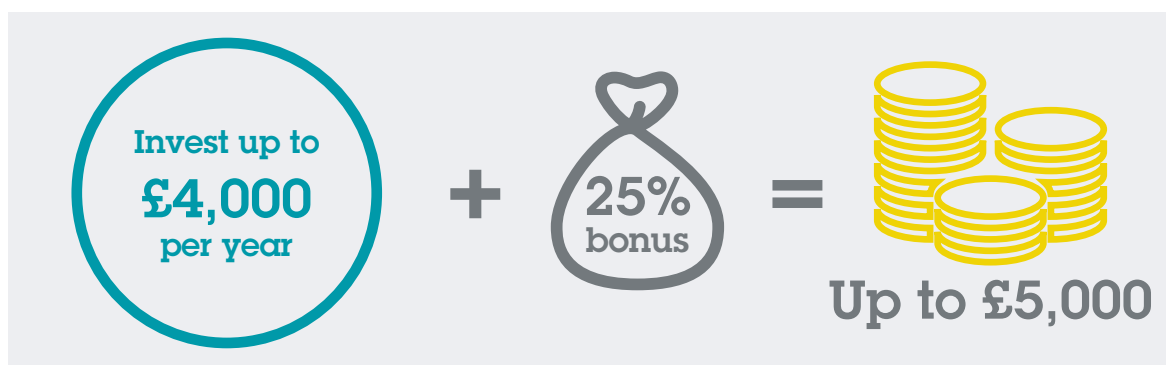
The maximum which can be paid into a LISA is £4,000 per tax year.

New amounts subscribed to a LISA will count against the overall ISA subscription limit for the year as well as the LISA subscription limit.

However, some payments to a LISA will count towards the LISA subscription limit of £4,000 but not the overall ISA subscription limit of £20,000. The table below outlines these scenarios, however please note that we currently do not offer transfers in.

Type of payment	Does it count towards annual ISA limit (£20,000) if paid into a Lifetime ISA?	Does it count towards LISA payment limit (£4,000) is it a current year payment?	Can it earn a bonus?
New LISA cash	Yes	Yes	Yes
Transfer from an ISA in cash (from a non-LISA)	No	Yes	Yes
Transfer of current year ISA cash or investments (from non-LISA)	Yes (when initially subscribed to the non-LISA) *must be transferred in whole	Yes (on transfer)	Yes
Charge free withdrawal returned to LISA after failure of first home purchase	No	No	No
Transfer from a LISA	No	No	No

This means the rules for some payments into ISAs and LISAs are different. For example, a payment of an Additional Permitted Subscription (this is an allowance independent of the client's annual ISA limit which is available to the surviving spouse of a deceased ISA holder) to a LISA is limited to the LISA allowance of £4,000 whereas the same payment made into an ISA would not be limited to the ISA allowance of £20,000.



How and when is the government bonus paid?

The government bonus is calculated at 25% of the payment and we arrange for the bonus to be paid directly into the LISA on a monthly basis. This takes 4 – 8 weeks to credit the LISA.

Can the client make regular investments in a Lifetime ISA?

Yes you can set up regular investments online.

i **Account management**

- The Beta website supplies a single view of the client's LISA, including payments made and remaining subscription amounts.
- The Beta website will also show the total value of all LISA payments, cash and assets.
- Lifetime ISAs for clients can be viewed in the same way as other wrappers on the Beta website. The website has sections that show:
 - Payments in – this has payments for ISA and Lifetime ISA to show subscription and payment limits.
 - Regular payments at client level
 - Client portfolios are viewable at wrapper level, as well as at individual level, so Lifetime ISA portfolios can be viewed independently.
 - Where subscription figures are shown in the main website, these will include payments made to LISAs
 - The full cash management tools are available for LISA accounts in the F&SS dealing pages
 - Documents, contract notes, secure messages and corporate action information and elections can be accessed through the Funds & Shares Service dealing pages as usual.
- **Important note** – adviser charging is not available for LISAs, including wrapper charges and charges on trades placed. Any charge added to a trade will not be paid out and will be returned to the client's account.
- Clients have full read-only access to their LISA through the client website

Withdrawals

When can withdrawals be made from a Lifetime ISA?

Withdrawals can be made charge free to purchase a first home (priced up to £450,000) or from age 60 to fund retirement. In addition it is possible to access the LISA charge free if your client is terminally ill.

Withdrawals can also be made from the LISA for other reasons but the client will incur a 25% penalty charge for doing so - which means they may get back less than they paid in.

i Clients will be unable to instruct cash withdrawals online. They will be directed to contact their adviser instead. If customers require a withdrawal form you will be able to access this in our Literature section – it will not be made available directly to customers. Chargeable and non-chargeable withdrawals are processed offline.

For example:

Client contribution =	£4,000
Government bonus =	£1,000
Total LISA value =	£5,000
Client withdraws =	£5,000
25% penalty charge =	-£1,250
Client receives =	£3,750

How is the Lifetime ISA used to purchase a first home?

The LISA can be used to fund the purchase of a first home. To qualify, the client can't have owned property before anywhere in the world either by themselves or with another person. This includes any property that they may have inherited.

The property must be bought in the UK with a mortgage, shared ownership arrangement or regulated home purchase plan for under £450,000. It must be the client's main residence.

It's also worth remembering that the LISA must have been open and funded for a year before it can be used to purchase a first home.

What happens when my client is ready to purchase their first home?

First they should contact their conveyancer who will ask them to complete a declaration. The declaration form will ask for details about the purchase. The conveyancer will then contact us once the purchase is ready to proceed. We will pay the amount requested to the conveyancer to finalise the transaction.

If the purchase doesn't complete within 90 days of the withdrawal, the amount withdrawn must typically be returned to the LISA.

Can the Lifetime ISA be used if my client is buying a first home with someone else?

Yes, it can (even if they're not a first-time buyer), as long as the home your client is buying meets the conditions. If they're both first-time buyers, they can both use a Lifetime ISA towards buying the home.

Can the Lifetime ISA be used for purchasing a first home and retirement?

Yes it can. The client can purchase their first home using the LISA and continue to make subscriptions until they reach age 50. After age 60 they can then start to use the LISA to fund their retirement.

Death

What happens to a Lifetime ISA upon death?

Investments held in an LISA will remain tax-free after death. This is subject to a few limits and restrictions:

- The tax-free period ends on the earlier of:
 - the completion of the administration of the deceased's estate;
 - the third anniversary of the date of death; or
 - the closure of the account
- No subscriptions or transfers are permitted into the continuing LISA.

The rules surrounding Additional Permitted Subscriptions (APS) are also relevant to LISAs. This is an allowance which is available to the surviving spouse of a deceased ISA holder.

It's worth noting that a payment of an APS to a LISA is limited to the LISA limit of £4,000 whereas the same payment made into an ISA would not be limited to the ISA limit of £20,000.

Closure

Can the Lifetime ISA be closed?

Yes, the LISA can be closed without penalty charge if the client withdraws all funds after age 60 or for terminal illness, or uses it to purchase their first home. Otherwise they will incur a 25% penalty charge to close their account.

If the client has made subscriptions to the LISA before it is closed they cannot subscribe to another LISA in the same tax year.

It's also worth remembering that if the client closes their LISA when they're over 40, they cannot open a new one.