

LIFETIME ISA

Key features

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Its aims

What is the AJ Bell Youinvest Lifetime ISA and what does it offer me?

The AJ Bell Youinvest Lifetime ISA is designed to help you save for your first house and/or for your retirement in a tax-efficient way.

You can make one-off or regular payments into the Lifetime ISA to take advantage of the tax privileges available.

The Lifetime ISA offers you a wide range of investments to choose from including shares, investment trusts, unit trusts, gilts, corporate bonds and OEICs.

Your commitment

What you have to do as the Lifetime ISA investor

You must ensure that you understand the features, benefits and risks of the AJ Bell Youinvest Lifetime ISA, so that you can be sure it will meet your needs and expectations.

You must ensure that any payments you make to the Lifetime ISA don't go over the annual limits.

Except where you are transferring from another Lifetime ISA, you must make a payment to the Lifetime ISA in the same tax year in which you open it.

You must agree to be bound by the AJ Bell Youinvest terms and conditions and pay the charges set out in the Lifetime ISA charges & rates.

You must regularly review whether the AJ Bell Youinvest Lifetime ISA remains appropriate for you, in particular if you originally opened the Lifetime ISA to save for a first house and your plans change.

Risks

Factors that could affect the return you make on Lifetime ISA investments

The value of investments held in the Lifetime ISA and the income from them can fall as well as rise.

Investing in cash is considered by some to be more appropriate for short term investments. You may get back less than the amount invested. This may be particularly important if you are saving in the short term for the purchase of a first house.

Past performance is not an indication of future performance and some investments need to be held for the long term to achieve a return.

You will be able to deal in a range of investments. Some investments carry a higher degree of risk than others. The following are some specific examples of this:

- smaller companies, the price of which can be more volatile and there may be a large difference between the buying and selling prices
- overseas investments, which may carry an exchange rate risk, and may be based in less well regulated jurisdictions and
- highly geared investments, the prices of which can be extremely volatile.

Some investments are described as complex financial instruments. If you invest in these you should be aware that you may lose all your money. Before investing in one of these investments you will have to complete an appropriateness test, as required by the rules of the Financial Conduct Authority.

We do not provide investment advice as this is an execution only service. We do provide information about investments, but this is provided solely to enable you to make your own investment decisions and must not be treated as a recommendation. If you need advice to determine whether an investment is suitable, you must consult a suitably qualified financial adviser.

If the value of your Lifetime ISA is small and/or you deal frequently in small amounts, dealing costs may be disproportionately high and the value of your Lifetime ISA may be eroded.

Factors that could affect whether or not a Lifetime ISA is the right way for you to save

You cannot make any further payments into a Lifetime ISA once you've reached 50 or if you cease to be a UK resident.

Although payments to a Lifetime ISA qualify for a Government bonus, if you take money out of the Lifetime ISA, other than in limited circumstances, you will have to pay the government withdrawal charge of 25%.

The government withdrawal charge of 25% will apply if you take money out of your Lifetime ISA other than for your first house purchase, once you've reached 60, or if you are terminally ill.

The government withdrawal charge could be greater than the bonus you received on your payments to the Lifetime ISA meaning you may receive less back than you paid in.

Your employer cannot pay into a Lifetime ISA. If you don't join, or stop saving into, a qualifying/automatic enrolment pension scheme, occupational pension scheme or personal pension scheme, you will lose out on the benefit of your employer's contributions.

Your current and future entitlement to means-tested benefits could also be affected as the value of your Lifetime ISA may count towards any assessment of your assets, whereas the value of pension savings may not.

You should note that the rules relating to the taxation of Lifetime ISAs and of capital gains and income from investments held within them are subject to change.

Having considered these risks, if you have any doubts about the suitability of our Lifetime ISA or you need advice, you must seek advice from a suitably qualified financial adviser.

Questions and answers

Could the AJ Bell Youinvest Lifetime ISA be right for me?

The AJ Bell Youinvest Lifetime ISA could be right for you if you

- are looking to use a portfolio of investments to help you save for a first home or your retirement in a tax-efficient way
- wish to benefit from the 25% bonus the government offers on payments made to a Lifetime ISA (subject to annual limits)
- understand that growth is not guaranteed and that you will pay the government charge of 25% on withdrawals you make before you are 60, if they are used for anything other than a first house purchase (unless you're terminally ill)
- require access to a wide range of investment opportunities, such as investment in a portfolio of listed stocks and shares.

If you have any doubts about the suitability of the AJ Bell Youinvest Lifetime ISA you should contact a suitably qualified financial adviser.

Can I have a Lifetime ISA?

You can open an AJ Bell Youinvest Lifetime ISA if you are resident in the UK, or are a Crown employee serving overseas or their spouse/civil partner, and aged between 18 and 39.

As long as you make your first payment before you're aged 40, payments to an AJ Bell Youinvest Lifetime ISA can continue until you're 49.

What are your Lifetime ISA charges?

Full details of our Lifetime ISA charges are available at www.youinvest.co.uk.

What other terms and conditions apply to the AJ Bell Youinvest Lifetime ISA?

Our AJ Bell Youinvest terms and conditions set out the full terms and conditions for our AJ Bell Youinvest Lifetime ISA.

Payments to my Lifetime ISA

Who can make payments into my Lifetime ISA?

You can make payments into your AJ Bell Youinvest Lifetime ISA if you are aged between 18 and 49, are resident in the UK and have not paid into another Lifetime ISA in the current tax year.

Once your Lifetime ISA is set up you need to make your first payment during the tax year in which you open the account. You can make single and/or regular payments, subject to the minimum and maximum limits described below.

What bonus is available on the payments I make to my Lifetime ISA?

Your Lifetime ISA will receive a 25% bonus on the payments you make to the Lifetime ISA. The maximum bonus received on payments to your Lifetime ISA, if you pay in up to the annual limit of £4,000, is £1,000.

You don't need to do anything to claim the bonus. We will do all of this for you. The bonus will be paid into your Lifetime ISA between 2 and 8 weeks after you make the payment.

Are there any minimum and maximum payment limits?

If you want to make a single payment, the minimum amount is £500. The minimum level for your regular monthly payments is £25.

Your payments to Lifetime ISAs must not exceed a limit of £4,000 each tax year. Payments which normally count towards this limit will also count towards the annual limit on subscriptions to ISAs. ISA subscriptions must not exceed £20,000 in a tax year.

How can I pay into my Lifetime ISA?

Single payments can only be made by debit card or pay from my bank. We don't accept cheques as a payment option, any cheques we receive will be returned by post. Regular payments must be made monthly by Direct Debit. Payments by Direct Debit will be taken on the first working day of the month.

Payments cannot be made in the form of shares or other investments.

What are the annual limits for payments to my Lifetime ISA?

The annual limit for payments to Lifetime ISAs is £4,000 in tax year 2022/23.

If you have already paid into another cash or stocks and shares Lifetime ISA in the current tax year then you are not permitted to make a payment to the AJ Bell Youinvest Lifetime ISA for the remainder of the tax year.

Payments to a Lifetime ISA also count towards the annual ISA subscription limit of £20,000.

Transfers to my Lifetime ISA

Can I transfer from another Lifetime ISA to you?

You can transfer cash and investments from a Lifetime ISA with another provider to your AJ Bell Youinvest Lifetime ISA. However, we can only accept a Lifetime ISA transfer if you're aged under 40.

Can I transfer from a Help to Buy, cash or stocks and shares ISA to you?

Yes. You can transfer cash (but not investments) from a Help to Buy, cash or stocks and shares ISA with another provider to your AJ Bell Youinvest Lifetime ISA. You can also transfer cash held in an AJ Bell Youinvest Stocks and shares ISA to your AJ Bell Youinvest Lifetime ISA.

Transfers from a Help to Buy, cash and stocks and shares ISAs count towards your annual Lifetime ISA allowance of £4,000 but will not count towards your overall ISA subscription limit.

Can I transfer my Lifetime ISA to another ISA or Lifetime ISA?

You can transfer the value your Lifetime ISA to any other Lifetime ISA at any time.

Transfers to any other type of ISA can also be made but will count as a withdrawal from your Lifetime ISA and will be subject to the government withdrawal charge of 25%.

Transfers to other Lifetime ISAs can be in the form of a cash payment, in which case you will have to sell all of the investments held under your Lifetime ISA before the transfer is completed, or you can transfer the investments.

Investments

Which investments can I deal in?

You can invest in any securities that are quoted on a recognised stock exchange that are settled within CREST. This range covers securities across UK and more than 20 overseas markets and includes

- shares
- funds (unit trusts and OEICs)
- government bonds
- corporate bonds
- permanent interest bearing shares (PIBS)
- investment trusts
- exchange traded funds
- exchange traded commodities.

Further information about buying and selling investments is available in the Dealing FAQs.

Can I make regular investments?

Yes you can.

Our regular investment service allows you to invest every month in a wide range of investment opportunities, including the FTSE 350, selected funds in our funds universe and selected investment trusts, ETFs and ETCs.

Setting up a regular investment is simple and once we have received your instruction, we will automatically make your deals on the 10th calendar day of each month (or the next working day).

Obviously for us to make your deals, there must be sufficient money in your cash account to pay for them. If there isn't, we won't make your deals on that given month and will try again the next month.

You are able to amend your regular investment instructions up until midnight on the 9th calendar day of each month (or midnight on the day before the regular investment dealing day).

Do I pay tax on any dividends or gains within my Lifetime ISA?

There is no tax to pay on any dividends or capital gains.

No tax is deducted from any interest paid on cash held in a Lifetime ISA.

A government withdrawal charge of 25% is made on money you take out of a Lifetime ISA unless the withdrawal meets certain conditions.

How do I obtain a valuation of my Lifetime ISA?

You can obtain a valuation of your ISA 24 hours a day, 365 days a year via our website. An online cash transaction summary is also available.

Are there any restrictions on what I can invest in?

Yes. Your Lifetime ISA cannot invest directly in

- warrants
- private (unquoted) shares.

You cannot borrow any money under your Lifetime ISA.

What my Lifetime ISA might be worth at age 60

Age saving in a Lifetime ISA	Total amount paid in by Lifetime ISA investor	Total amount paid in, plus Lifetime ISA government bonus	Estimated outcome at age 60 from 0% return	Estimated outcome at age 60 from 5% return	Charges and estimated inflation would reduce a 5% return to
	£	£	£	£	%
18	128,000	160,000	79,825	317,655	2.4
25	100,000	125,000	67,310	225,062	2.4
30	80,000	100,000	56,911	168,066	2.4
35	60,000	75,000	45,109	117,690	2.4
40	40,000	50,000	31,714	73,165	2.3

This table is designed to help you understand what the value of your Lifetime ISA could be when you reach 60, depending on the age when you start saving. It assumes that you pay in the maximum allowed at the start of each tax year until age 50 and receive the government bonus each year. It also assumes that there are no changes to the tax allowances and bonuses whilst you are saving. This table may not be relevant if you are using a Lifetime ISA to save for a house purchase.

The returns are based on investment returns of 0% and 5% and inflation of 2.5%. This may not be the actual or expected returns. Investment returns will depend on investments you choose and not all investments will give the same return.

Charges are based on the account being invested in shares and may be higher if funds are held. Dealing charges are based on 4 share deals per annum. Our Lifetime ISA charges may vary over time and they exclude any fees paid for a personal recommendation or relating to the investments held in the ISA.

Withdrawing money from your Lifetime ISA

When can I take money out of a Lifetime ISA?

Cash can be taken out at any time but Lifetime ISAs are intended to help you save for your first home or retirement. So, if you take money out for any other purpose* the government withdrawal charge of 25% will be made on the withdrawal.

* The government withdrawal charge is not payable if we receive evidence from a registered medical practitioner that you have less than 12 months to live.

How do withdrawals for a house purchase work?

If you withdraw funds from your Lifetime ISA, as long as the following conditions apply in relation to the property, you won't face the government withdrawal charge:

- The property you're buying must be your first home
- The purchase price of the property must not be more than £450,000.
- You must occupy the house as your only or main residence, or you must be a Crown employee serving overseas, or their spouse/civil partner with a longer term intention to occupy the property.
- You must be paying for some of the property with a mortgage.

In addition, you'll need to have held funds in your AJ Bell Youinvest Lifetime ISA for at least 12 months. The exception is if the first payment to your AJ Bell Youinvest Lifetime ISA was a transfer from another Lifetime ISA – in which case you'll need to have started holding the funds in the transferring Lifetime ISA at least 12 months ago.

Before making the withdrawal you'll need to make a declaration to the conveyancer acting for you in the purchase providing information about you, your Lifetime ISA and the property. You'll also need to confirm you meet the above conditions. The conveyancer will then provide information to us and confirm that the conditions are met, and we will pay the amount you wish to withdraw directly to your conveyancer.

Once we've made the payment, if you don't complete on the property purchase within 90 days then the money will need to be paid back into the Lifetime ISA.

How does the government withdrawal charge work?

The government withdrawal charge of 25% is based on the value of your withdrawal, including any investment growth. This may mean that the government withdrawal charge is greater than the bonus you have received and you receive back less than you paid in.

You can either withdraw the full balance held in your Lifetime ISA, or withdraw part of the balance. There is no charge for withdrawing money from your Lifetime ISA although you may need to pay dealing charges if you need to sell investments.

The government withdrawal charge is not payable if we receive evidence from a registered medical practitioner that you have less than 12 months to live.

Please also note that once money has been withdrawn from a Lifetime ISA you will only be able to pay it back in if you have not paid to a different Lifetime ISA in that tax year, and you will be subject to the annual Lifetime ISA payment limit of £4,000 and ISA subscription limit of £20,000.

What happens to an AJ Bell Youinvest Lifetime ISA if I die?

Once we are advised of the death we must take steps to close the Lifetime ISA, as the investments within it cease to be tax-exempt from the date of death. The government withdrawal charge of 25% will not be made if your Lifetime ISA is closed following your death.

If you have made any payments to your Lifetime ISA and the 25% bonus has not yet been claimed we will arrange for this to be paid into your Lifetime ISA.

We will liaise with the persons dealing with the estate regarding the sale of any investments and so it is important that they hold details of the Lifetime ISA. The Lifetime ISA will count towards your estate for inheritance tax purposes.

Basic rate tax will be payable on any growth or income from the Lifetime ISA after the date of your death. We will pay this to HMRC.

Miscellaneous

How secure is my money?

AJ Bell Securities Limited is the manager of your Lifetime ISA and is responsible for the day to day administration and management of the plan. The investment dealing service is also provided by AJ Bell Securities Limited.

AJ Bell Securities Limited is part of AJ Bell, one of the largest providers of low cost, online investment platforms and stockbroker services in the UK, with assets under administration of £68.7 billion and 432,000 customers.

AJ Bell Securities Limited is a member of the London Stock Exchange, is authorised by HMRC to act as a Lifetime ISA manager, and is authorised and regulated by the Financial Conduct Authority.

Your right to change your mind

You have a legal right to cancel your Lifetime ISA, if you change your mind. If you wish to cancel you must do so within 30 days of the date you receive our email confirming the establishment of your Lifetime ISA.

Cancellation rights will also apply to the receipt of transfers from other Lifetime ISAs. You will have 30 days from the date that you receive our email acknowledging the transfer to exercise your right to cancel.

If you wish to make an investment during the 30 day cancellation period you can do so, however if the investments fall in value you may get back less than the original value of the payment or transfer.

You may exercise your right to cancel by writing to us at

AJ Bell Youinvest
4 Exchange Quay
Salford Quays
Manchester
M5 3EE

Email: enquiry@youinvest.co.uk

quoting your name and Lifetime ISA account number.

You must tell us whether you wish to cancel your Lifetime ISA or a specific transfer.

Further information about your cancellation rights is included in the terms and conditions.

Are there any compensation arrangements covering my Lifetime ISA?

Yes. The Financial Services Compensation Scheme (FSCS) has been set up to deal with compensation, if firms are unable to meet claims made against them.

For bank deposits the maximum claim that could be made by your Lifetime ISA is £85,000.

For investments, in general up to £85,000 may be claimed if an investment firm goes out of business and cannot return investments or money.

Further information about the compensation arrangements is available from the Financial Services Compensation Scheme (www.fscs.org.uk).

Can AJ Bell Youinvest provide me with advice?

No. We are not authorised to provide any advice on tax or financial services related matters.

If you need any advice then you must contact a suitably qualified financial adviser. Your adviser will give you details about the cost of advice.

What if I have any further questions?

You must contact us at the address shown below or via our website www.youinvest.co.uk.

What if I have a complaint?

Customer satisfaction is very important to us and if you do have any cause to complain about the services provided there are clear procedures laid down by the Financial Conduct Authority to ensure that your complaint is dealt with fairly.

Please contact us in the first instance at

AJ Bell Youinvest
4 Exchange Quay
Salford Quays
Manchester
M5 3EE

Tel: 0345 54 32 600

Email: enquiry@youinvest.co.uk

If you are not satisfied with our response, you may refer your complaint to the Financial Ombudsman Service, free of charge at

Financial Ombudsman Service
Exchange Tower
London E14 9SR

Tel: 0300 123 9123

Website: www.financial-ombudsman.org.uk

Making a complaint will not affect your right to take legal proceedings.

IMPORTANT

The information provided in this key features document is provided based on our understanding of current law, practice and taxation which may be subject to change.

Full details of the legally binding contract between you and AJ Bell Securities Limited are included in the AJ Bell Youinvest terms and conditions.

The laws of England and Wales will apply in all legal disputes.

If you would like a copy of this or any other item of our literature in large print, Braille or in audio format, please contact us on 0345 54 32 600 or by email enquiry@youinvest.co.uk

All of our literature and future communication to you will be in English.