



How your loved ones can get an extra 25% on their savings for their first home

For potential first-time buyers, purchasing their first home may seem like a distant dream rather than a reality. Almost half of renters say they would not be able to get onto the property ladder unless they were to inherit a property, or inherit the money with which to buy one, according to new research by Aviva.

As well as this, a staggering 38 per cent of those in privately rented homes think renting will become the most common type of accommodation for future generations.

But, did you know, that despite the Help to Buy ISA having closed to new accounts, your loved ones can still get a 25 per cent government bonus on their savings for their first home through its replacement? If your children or any of your family and friends are saving to get that first step onto the

property ladder, it might be worth considering a Lifetime ISA.

What you need to know about the Lifetime ISA:

Anyone over the age of 18 and under the age of 40 can open an account and can deposit up to £4,000 each year until aged 50. The government will then add a 25 per cent bonus to your savings, meaning your loved ones could get a maximum bonus of £1,000 a year to use on their first-home or on or after their 60th birthday.

But, it gets better, if your children or loved ones are saving for a home as a couple then they can both benefit from a Lifetime ISA – each person will receive the 25 per cent government bonus to purchase their property, meaning that could be an extra £2,000 per year.

The property must cost £450,000 or less and the Lifetime ISA must be open for at least 12 months before a purchase can be made.

However, making a withdrawal for any other reason than purchasing a first home before the age of 60 will incur a penalty fee, unless the account holder becomes critically ill with less than 12 months to live.

Utilising a Lifetime ISA and its 25 per cent government bonus could be a great option for your children or loved ones looking to boost their savings for their first home.



If you or your loved ones would like some more information about the Lifetime ISA please contact your adviser today.