Stocks & Shares Lifetime ISA FAQ

Important information: The value of investments can go down as well as up, so you may get back less than you invest.

What is a Stocks and Shares Lifetime ISA?

A Stocks and Shares Lifetime ISA is a special type of ISA that is designed for two specific goals – saving for a first home or, as another way to save towards retirement. Like any Stocks and Shares ISA, it is an account that you can put a wide range of investments in (such as shares, bonds and cash) and you then receive a number of tax benefits.

What are the tax benefits of a Stocks and Shares Lifetime ISA?

A Lifetime ISA has all the tax benefits of a Stocks and Shares ISA, including no capital gains tax on growth and no tax on interest or dividend payments.

In addition, your contributions receive a 25% government top-up to all investments made each year, up to the annual contribution allowance of £4,000. This is available until you reach the age of 50.

How much does the government add to a Lifetime ISA?

The government adds £1 to every £4 you invest, up to the yearly allowance. This means that if you invest the full £4,000 in a tax year, the government will add £1,000.

Who can have a Lifetime ISA?

The Lifetime ISA is open to people resident in the UK (or people in overseas Crown employment or are married to or are in a civil partnership with a Crown Servant) over the age of 18 and under the age of 40 who are saving for a first home or retirement.

There is then the option of continuing to make contributions once the account is open until the age of 50.

How much can I invest each tax year?

You can invest up to £4,000 in a Lifetime ISA each tax year.

Can I have a Stocks and Shares ISA and a Stocks and Shares Lifetime ISA in the same tax year?

Yes, you can, but remember that any investment in the Lifetime ISA also counts towards your £20,000 total ISA allowance.

For example, if you put £4,000 in the Lifetime ISA, there will only be £16,000 left of your yearly allowance to invest in an ISA.

Can I open a Lifetime ISA with Fidelity if I already have one with another company?

Yes, you can. However, you can only contribute to one Lifetime ISA each tax year. This means you can have a Lifetime ISA with another company from a previous tax year and start a Fidelity Stocks and Shares Lifetime ISA in the current tax year.

Can I transfer a Lifetime ISA I already own into my Fidelity Stocks and Shares Lifetime ISA?

No, we do not currently offer transfers from other Lifetime ISAs into the Fidelity Stocks and Shares Lifetime ISA. However, we hope to offer this in due course.

What investment options are there?

When you invest in a Fidelity Stocks and Shares Lifetime ISA, you can choose from a wide range of investment options, including funds from over 150 investment companies, shares, exchange-traded funds (ETFs) and investment trusts.

Can you help me decide where to invest?

While we can't tell you which investments are right for you, we can provide you with guidance tools to help you make your own decisions. This includes:

- Easy Invest and Navigator, which give you investment ideas to help you get started
- Our Select 50 list that contains investment ideas selected by experts
- Our Sustainable Investment Finder that helps you make a difference with your investments
- Our Investment Finder designed to help you do your own research

What does it cost?

You pay our yearly service fee for your Lifetime ISA, which is discounted to 0.30% with Invest@Work (normally 0.35%).

We then don't charge you for buying or selling funds, while the cost for shares, ETFs and investment trusts is £1.50 for regular savings and £7.50 for online one-off deals (£30 over the phone).

There will be charges set by the companies managing your investments. Ongoing fund charges range from 0.05% to 2.4%. Information on investment management charges can be found on the investment's factsheet or key information document.

When can I take my money out?

You can take your money out, tax free, to buy a house, as long as it has been at least 12 months from your first payment, or from the age of 60 (or earlier if you are critically ill). If you need to withdraw the money in any other situations, there will be a 25% withdrawal charge from the Government. This could mean you get back less than you paid in.

In addition, when it comes to buying your first home with your Lifetime ISA, the property must be in the UK, cost less than £450,000, not be a buy-to-let and you must be paying for some of it with a mortgage. Your savings, including the government bonus, can be used for a deposit once you've exchanged contracts.

If the purchase falls through, or you don't use the cash to buy the house within three months, the money must be returned to your Lifetime ISA by your Conveyancer.

What happens when I reach the age of 50?

When you reach the age of 50, you won't be able to make any more contributions to your Lifetime ISA, so there won't be any more top-ups from the Government either. However, the money stays invested and any growth it achieves remains tax free. You can still use it to pay towards the deposit on a first home or you can wait until you are 60, when you will be able to use the savings for whatever you want.

What happens if I need to use the money for something else before age 60?

You can still access your savings if you need to use them for something else, but there will be a 25% government charge on the withdrawal (unless you are terminally ill), which could mean you get back less than you put in.

How do I open a Fidelity Stocks and Shares Lifetime ISA?

You will need to open the Lifetime ISA through Invest@Work by making contributions from your salary through your company's payroll. Just take a look at your Employee Getting Started Guide for more information.

How do I contribute to a Fidelity Stocks and Shares Lifetime ISA?

When you start the Lifetime ISA, you can choose your level of contribution and your monthly amount will be deducted from your pay after tax. You can vary your regular contribution amount throughout the year or top up your account with lump sums.

Can I stop contributing once I've opened a Stocks and Shares Lifetime ISA?

Yes, you can stop, restart, increase or decrease your regular contributions at any time. In addition, these payments will stop automatically when you reach the age of 50 or leave your employer.

What happens if I no longer want to contribute via payroll?

If you decide to stop contributing to your account via payroll you may no longer automatically receive a discount on the standard service fee. However, you can continue to take advantage of the discount by registering directly with Fidelity. You can also continue to contribute to your Lifetime ISA on an ad-hoc basis provided you meet the age restrictions and remain a resident of the UK.

What happens if I leave my employer?

If you leave your employer, your Lifetime ISA will remain invested with Fidelity. You won't be able to continue contributing via payroll however, as long as you meet the age restrictions and remain a resident of the UK you will be able to make ad-hoc payments.

You may no longer automatically receive a discount on the standard service fee. However, if you remain a member of your workplace pension plan administered by Fidelity, you can continue to take advantage of the discount by registering directly with Fidelity.

Where can I find out more?

Your Employee Getting Started Guide can tell you more about Invest@Work, while if you need to talk with our team, please just call us on 0800 368 0890. They're available from 8.30am to 5:30pm, Monday to Friday, and 9am to 12.30pm on Saturday.

Important information:

Eligibility to invest in a Lifetime ISA and tax treatment depends on individual circumstances and all tax rules may change in the future. You cannot normally access money within a Lifetime ISA unless you are buying your first home, or from age 60. Other withdrawals may incur a 25% government withdrawal charge, so you may get back less than you put in. A Lifetime ISA is not a replacement for a workplace pension. If you save into a Lifetime ISA instead of enrolling into or contributing to a workplace pension, you could lose the benefit of employer contributions. The value of your Lifetime ISA could affect any current or future entitlement to means tested benefits. This information and our guidance tools are not a personal recommendation for any particular investment. You should regularly reassess the suitability of your investments to ensure they continue to meet your attitude to risk and investment goals. If you are unsure about the suitability of an investment you should speak to an authorised financial adviser.

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