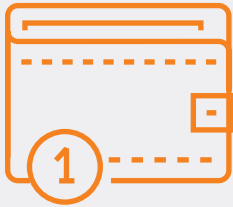
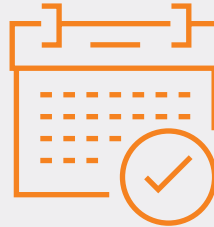


Help to Buy ISA



Help to Buy ISA for over 16 year olds

The Help to Buy ISA is available to all first time buyers aged 16 years and over



Up to £1000 deposit + £200 per month

Up to £200 per calendar month can be saved in the account, with an initial opening deposit allowed of up to £1,000



The government will top up the amount saved by 25% -

subject to a minimum bonus of £400 and a maximum of £3,000, so you need a balance of at least £1,600 to earn the bonus at all



Bonus paid on property value up to £250k

The bonus is paid via the solicitor or conveyancer on the purchase of a UK property with a maximum value of £250,000 (or £450,000 in London)

- First time buyers will have until 30th November 2019 to open a Help to Buy ISA. Once opened, you can continue to save into the account, but the bonus must be claimed by 1st December 2030

- Only one Help to Buy ISA can be opened per person
- Banks and Building Societies that offer a Help to Buy ISA will set the interest rate and the terms and conditions of the account itself

Help for first time buyers

New government scheme designed to help first time buyers get onto the property ladder.

From 1 December 2015 the new Help to Buy ISA was made available to first time buyers, a scheme originally announced in the March 2015 Budget.

The scheme recognises that first time buyers often struggle to save for a deposit and so offers assistance when purchasing their first home, in the form of a bonus that is paid by the government. With a huge emphasis placed on owning property in this country, this new type of ISA is bound to be popular with those who have aspirations of home ownership.

First time buyers will be able to save up to £200 per calendar month into a Help to Buy ISA, which will be boosted by the government by 25%, so a bonus of £50 for every £200 saved, up to a maximum bonus of £3,000.

As with any cash ISA, interest will be paid tax free and it is also worth noting that a couple who are both first time buyers, will each be able to open a Help to Buy ISA, effectively being able to accrue double the amount and double the bonus.

Questions & Answers*

Q: I already have a cash ISA – can I open a Help to Buy: ISA too?

A: You can put money into a cash ISA and Help to Buy: ISA in the same tax year, but you will have to take additional steps.

If you paid into a cash ISA this tax year, you will have to transfer your active cash ISA to a Help to Buy ISA.

You can transfer up to £1,200 of your active cash ISA balance into your Help to Buy: ISA. Anything more than this should be moved into either a stocks and shares ISA or a non-ISA account.

Alternatively, portfolio ISAs allow you to hold multiple ISA products within a cash ISA wrapper. You can still only have one active cash ISA but it can be made up of one or more standard cash ISA products, including a Help to Buy: ISA. With a portfolio ISA, you can save into a cash ISA and a Help to Buy: ISA at the same time. The standard cash ISA and Help to Buy: ISA allowance limits will still apply.

You are able to continue to save money into a stocks and shares ISA, even if you open a Help to Buy: ISA.

Q: Do I have to put away £200 every month?

A: No. You don't have to put money away every month and the amount you save into the account every month is up to you – as long as you don't go over £200.

You can't build your allowance though. For example, if you don't put money away during January and February, this doesn't mean you're allowed to save £600 during March.

Q: Can I withdraw money from my Help to Buy: ISA?

A: Yes. You can withdraw money from your Help to Buy: ISA account at any time. But you can't put all the money you've withdrawn straight back into the account – you're still only able to save up to £200 in every month. For example, if you deposit £200 and then withdraw £50 in the same month, you will have to wait until the next calendar month to make another deposit.

There are exceptions if you withdraw your money in order to purchase a home and the sale falls through (see final question).

Q: Will my interest count towards my government bonus?

A: Yes. Your government bonus will be calculated based on the amount of money you have in your account when you close it. This includes both the money you have saved, and any interest you have earned on that money. You will not receive a government bonus of more than £3,000.

Q: If I close my account, can I open a new Help to Buy: ISA?

A: If you hold a Help to Buy: ISA, and close it without claiming your government bonus, you can open a new account.

Q: Do I have to live in the home I am buying?

A: Yes. This must be your only home, and cannot be rented out or used as a holiday home.

The one exception to this is for members of the armed forces and their spouses or civil partners. If you intend to use the property as your main residence, then you will still be eligible for the scheme, even if you are unable to live in it as your main home when you first purchase it. When you first purchase your property, you will be able to rent it out until you are able to move in.

Q: Can I buy a property without a mortgage?

A: No. The property you are buying must be mortgaged in order to be eligible for the government bonus.

Q: How do I apply for my bonus?

A: When you find your home, your mortgage lender will ask you to hire a solicitor or conveyancer. They will handle all of the legal aspects of buying your home, including applying for your government bonus. When you are close to finishing your purchase, you will need to let your Help to Buy: ISA provider know, and close your account and you will receive a closing letter. You will need to take this letter to your solicitor or conveyancer so that they can apply for your bonus. They will add this to the other money you are putting towards your first home.

Don't just withdraw all of your money as you will not receive the closing letter and you won't be able to claim your bonus.

If you lose your closing letter, your bank or building society will be able to give a new one.

Q: How much will my solicitor or conveyancer charge me to process my government bonus application?

A: Your solicitor or conveyancer cannot charge more than £50+ VAT to process your bonus application.

Q: What happens if my house purchase does not go ahead?

A: If your property purchase doesn't go through, after you have claimed your bonus, you can re-open your Help to Buy: ISA. Your solicitor or conveyancer will return your bonus to the government, and give you a document (called a purchase failure notification) confirming your property purchase did not complete. If you take this to your bank or building society, they will re-open your account for you. At this point, you will be able to deposit your money as a lump sum. So, if you closed your account with £12,000 in it, you will be able to re-deposit £12,000.

If you decide not to re-open a Help to Buy: ISA, you can use your purchase failure notification to deposit your lump sum in a cash or stocks and shares ISA. This will not count towards your annual ISA subscription limit. However, if you do put your money into a cash or stocks and shares ISA, you won't qualify for a government bonus if you later use the money to buy a home.

* Source: www.help_tobuy.gov.uk



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