

PRESS RELEASE

Build your business on ours

transact

6 April 2017

Transact introduces Lifetime ISA on 6 April 2017

Transact has announced that:

- Its Lifetime ISA (LISA) is now available. The Transact suite of ISAs already includes flexible ISAs and JISAs
- It is now easier than ever to manage all of a client's investments through one platform
- ISA Wrapper fee applies only once, no matter how many ISA Wrappers an individual holds with Transact.

Transact is one of just a few providers to be ready for the 6 April 2017 LISA launch date. Transact has been able to react quickly due to the use of proprietary software, giving it the ability to control and prioritise development work.

From 6 April 2017, advised clients can open a Transact LISA to start saving towards a first home or towards retirement, and receive the 25% government bonus that can be claimed on contributions. The new Wrapper can hold investments and cash, and Transact will accept new subscriptions and transfers from other ISA Wrappers and ISA providers. Savers can add new subscriptions up to a maximum of £4,000 per annum, which will contribute to the overall ISA subscription limit for 2017/2018 of £20,000.

Help to Buy ISAs (valued at 5 April 2017) transferred to a LISA do not count towards the 2017/18 LISA allowance but are still eligible for the government bonus of 25%. Parents and grandparents can pay into a LISA opened by their child or grandchild. LISA investors must subscribe with their own funds, therefore payments from parents and grandparents would need to go via the client's GIA.

There are usually exit charges when money is withdrawn from a LISA before the age of 60 and where the funds are not used to purchase a first home. The early withdrawal charge will not, however, be applied in the 2017/2018 tax year and there are no early withdrawal charges when clients die or are in serious ill-health. Withdrawn funds subject to an HMRC early withdrawal charge of 25% mean an investor may get back less than their original investment.

The first LISA bonuses will be paid after the end of the 2017/18 tax year. The government bonus will then be paid monthly and the charge concession will cease to apply.

Transact can also facilitate the payment of adviser fees from a designated GIA Fee Payment Wrapper ensuring the LISA tax benefits are maximised. Any adviser fees withdrawn from a LISA are considered to be withdrawals and would otherwise incur the 25% HMRC early withdrawal charge.

Jonathan Gunby, Chief Development Officer at Transact, said:

"We are pleased to offer the option to invest in a LISA with Transact as early as possible. We believe it is important to provide a wide range of investment and wrapper options for advisers, and their clients, to ensure full investment flexibility in order that financial plans can be implemented in an efficient way."

Notes For Editors:

- In line with HMRC rules, the Transact LISA allows investors to save towards the cost of purchasing a first home (up to the value of £450,000), or into a retirement fund which can be withdrawn from the age of 60. A maximum of £4,000 can be contributed to a LISA each year. This counts towards the overall ISA contribution allowance of £20,000 per year (as of 6 April 2017). A LISA can be opened between the ages of 18 and 40 and investors can contribute up to age 50. LISA contributions receive a 25% bonus from HMRC, which is equivalent to basic rate tax.
- There are usually exit charges when money is withdrawn from a LISA before the age of 60 and the funds are not used to purchase a first home. Withdrawn funds are subject to an HMRC early withdrawal charge of 25% which means an investor may get back less than their original investment. See sample calculations below:

Sample LISA calculations		
Government Bonus	Amount paid	£1,000
	Government bonus	£250
	Total LISA value	£1,250
HMRC early withdrawal charge	Withdrawal amount	£1,250
	Withdrawal charge	£312.50
	Amount received	£937.50

- Transact offers a wide range of investment Wrappers including a Cash ISA, Stocks and Shares ISA, Lifetime ISA, Junior ISA, Qualifying Savings Plan, Self Invested Personal Pension, Personal Pension Plan, Section 32 Buy-Out Bond, Onshore and Offshore Life Insurance Bonds.
- Transact has a family linking policy which enables clients to link their Portfolio with those of other immediate family members, upon request, enabling them to possibly benefit from lower overall charges.
- Transact has been chosen by more than 5,800 financial advisers and helps them to manage over £27 billion on behalf of more than 137,000 investors (correct as at 30 March 2017).
- Transact was voted the Best Overall UK Platform for 7 consecutive years (from 2010-2016) in both Investment Trends and CoreData Independent Platform Research Studies.

For further comment:

Jonathan Gunby (Chief Development Officer) - 020 7608 4900

This is for information purposes only and does not, and is not intended to, constitute professional advice. It is not a recommendation or a financial promotion. It is for general guidance and for use by professional advisers only. Unless stated otherwise, any opinions expressed are our own or based on our interpretation of relevant rules and regulation.

© 2017 'Transact' is operated by Integrated Financial Arrangements Ltd, 29 Clement's Lane, London EC4N 7AE Tel: (020) 7608 4900 Fax: (020) 7608 5300 email: info@transact-online.co.uk Web: www.transact-online.co.uk
(Registered office: as above; Registered in England and Wales under number: 3727592) Authorised and regulated by the Financial Conduct Authority (entered on the Financial Services Register under number 190856).