



Chancellor aims to launch LISA next April

The previous Chancellor's plans to launch a Lifetime ISA (LISA) have been given a fresh breath of life.

In his final Budget last March, one of the surprises George Osborne produced was the Lifetime ISA, known as the LISA to everyone except HM Treasury. As a reminder, LISA's main features were to be:

- It would only be available for those aged between 18 and 39;
- The maximum contribution would be £4,000 a year;
- Contributions made before 50 would attract a 25% government bonus;
- Returns would be free of UK income and capital gains tax, as with a normal ISA; and
- Funds could be withdrawn penalty-free for either the purchase of a first home or from age 60 onwards. Otherwise a penalty would normally apply, equal to a 5% charge plus the government bonus.

LISA was meant to start life in April 2017, but potential providers quickly criticised its complexity and the lack of firm detail. Some said they would not make the April 2017 start date. Everything then went very quiet.

LISA revival

It was therefore a surprise when in early September the government published a Bill to legislate for LISA bonuses and then a few days later issued an "updated design note" setting out a number of technical changes to Mr Osborne's original idea. The aim remains to launch LISA next April, although how many financial services companies will have something on their shelves is a moot point.

The LISA has been seen as a stalking horse for pension reform as the government bonus is akin to flat rate contribution relief. The Bill before parliament creates a very broad framework – it does not impose any age or contribution limits. It's an interesting question as to whether the lack of detail has something to do with plans that Mr Osborne's successor has for the Autumn Statement.

The value of your investment can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance. Investing in shares should be regarded as a long-term investment and should fit in with your overall attitude to risk and financial circumstances.