NatWest Cushon Lifetime Individual Savings Account (LISA)

July 2024

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Key Information

This document provides key information about the Cushon Lifetime ISA. It is not marketing material or advice but gives you information about the product so that you can decide if it is right for you.

What is a Lifetime ISA?

A Lifetime ISA (LISA) is a tax efficient investment account for people aged between 18 and 39 who are looking to save for their first home or retirement.

Unlike any other type of ISA, a LISA benefits from a government paid bonus. For every **£4** you invest, the government adds **£1** (up to a maximum of **£1,000** per year). The government bonus is calculated on a monthly basis and should be paid into your account within 4-9 weeks of your contribution.

Any interest, dividends or capital growth earned are not subject to tax.

Who can open a Lifetime ISA?

Any UK resident who is at least 18 years old but under 40 can open a LISA and can continue to pay into it until age 50.

The maximum amount you can pay into a LISA is **£4,000** per year (this is the annual allowance for the 2024/2025 tax year).

The annual allowance is set for each tax year and any unused amounts cannot be carried forward to the next tax year i.e. if the full allowance is not used then it is lost. The allowance counts as part of your total annual ISA allowance of £20,000 i.e. if you save **£4,000** into a LISA over the year 2024/2025, you would be able to save **£16,000** into an Investment ISA (Stocks & Shares ISA) in the same year.

You can only have one LISA in your name. If your partner is a first time buyer as well they can open their own LISA. You can then both use your LISA and government bonus towards your first home together.

Once you reach age 50 you cannot continue to invest in a LISA but you can invest in a 'standard' Cash or Investment ISA.

Can I withdraw money?

Yes, but there could be penalties depending on when and why you want to withdraw money.

Once you have held your LISA for at least 12 months, you can withdraw money to help towards the purchase of your first home (valued at no more than £450,000) and/or from age 60 without penalty.

If you are terminally ill, you can also withdraw money without penalty.

But, if you withdraw money for any other reason, you'll pay **a 25%** withdrawal charge.

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How does the money get invested?

With a Cushon ISA you have three options:

1. **CushonMix portfolios**

   If you are new to investing, you might want to select one of our ready made CushonMix portfolios. CushonMix spreads your money across a specially selected range of top-rated funds. There are four ready made portfolios for you to choose from.

2. **Select your own investment**

   If you are more comfortable with investing, then you can select your own funds from our comparison tables to invest in. We have over 90 top-rated fund managers and over 1,000 funds to choose from.

3. **Cash**

   If you are not comfortable with investing, there is a cash option.

Can I have a LISA and another type of ISA?

Yes, but all types of ISAs have set annual limits.

Investment ISA (Stocks & Shares ISA)

You can invest up to **£20,000** per year into a cash or investment ISA (this is the annual allowance for the 2024/2025 tax year). But whatever you invest into a LISA is deducted from this allowance.

For example, if you invest **£4,000** per year into a LISA then you can invest **£16,000** per year into an investment ISA.

Please bear in mind that the annual allowance is set for each tax year and can change. Any unused allowance cannot be carried forward to the next tax year.

Junior ISA

A Junior ISA has its own annual allowance of **£9,000** per tax year. This is in addition to the combined **£20,000** annual allowance for ISAs and LISAs.

For example, you can take out a Junior ISA for a child (if you are the parent or legal guardian) and invest up to **£9,000** per tax year and still invest up to **£4,000** into a LISA and **£16,000** into a cash or investment ISA.

Help to Buy ISA

You are no longer able to open a new Help to Buy ISA but if you already have one you will have until December 2030 to claim the government bonus.

You can pay into a Help to Buy ISA and a LISA at the same time, but you can only use the government bonus from one of them when buying you're first home.

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Can I transfer from another LISA to a Cushon LISA?

Yes, you can transfer from another LISA to a Cushon LISA via our transfer wizard. This is a simple process where you tell us your existing provider's details, choose a new investment with Cushon and set up your Cushon account. Once you have completed these steps, we will speak to your existing provider to arrange the transfer of your LISA so that it does not impact on your annual LISA allowance. It is important that you follow this process rather than simply withdrawing the money from your existing LISA provider in order to maintain the tax-free status of your savings. Using our transfer wizard ensures that any money is transferred with your LISA allowance status intact.

If you have another LISA

You can transfer an existing LISA to a Cushon LISA. But you will need to tell us how much you have already paid in this tax year.

For example, you have a LISA with another provider which is currently worth **£10,000** and you have already paid in **£2,000** this tax year. You can transfer £10,000 to your Cushon LISA and contribute another **£2,000** for the balance of the tax year.

If you have an Investment ISA

You can transfer a cash or investment ISA to a Cushon LISA but only if it is worth no more than your maximum LISA annual allowance of **£4,000**.

For example, you have an ISA that is currently worth **£4,000** with another provider. This can be transferred into your Cushon LISA but you will not be able to pay in more money until the next tax year.

If your ISA is worth more than **£4,000**, you will not be able to transfer into your Cushon LISA. This is because the government does not allow partial transfers.

If you have a Help to Buy ISA

You can transfer an existing Help to Buy ISA into your Cushon LISA but only up to the value of your remaining **£4,000** LISA annual allowance.

For example, you have an existing Help to Buy ISA worth **£10,000** and you have paid **£2,000** into your Cushon LISA. You can transfer **£2,000** from your Help to Buy ISA and you will not be able to pay in any further amounts to your Cushon LISA until the next tax year.

You will need to check that your existing Help to Buy ISA provider allows partial transfers.

Before transferring your Help to Buy ISA you need to think about when you are likely to buy your first home. Under a LISA you can only buy a house 12 months after opening it, but with your Help to Buy ISA you can buy a house as soon as you have saved £1,600.

You can only use the bonus from either your Help to Buy ISA OR your LISA towards your first home, so it may not be a good idea to have your money split between the two.

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How much are the investment charges?

There are two main charges; a platform charge and a fund charge.

Platform Charge

As an employee you receive a **50%** discount on the platform charges applied by Cushon. Your discounted platform charge is **0.4%** (normally **0.8%**). Even if you leave your employer you keep this discount for life.

Fund Manager Charge

In addition to the platform charge, each fund manager applies a charge. The exact fund manager charge will depend upon the investment(/s) you select. As a guide the fund manager charges for the CushonMix portfolios can be anywhere between **0.1%** and **0.4%**.

Total Charges (Platform & Fund Manager Charge)

The total charges will be displayed before you confirm your LISA selection, but as a guide the total charges for the CushonMix portfolios (including the discounted platform charge) can be anywhere between **0.5%** and **0.8%** depending upon which portfolio you select (this is only a guide and exact charges will be confirmed before you proceed).

Are there any other charges?

When investing your money, fund managers may incur their own costs of trading which are passed on to investors. The trading costs are incurred directly by the fund, so are the same irrespective of whether you buy the fund via Cushon or another provider.

But other than this there are no other charges which means:

- No switching or trading charges
- No fixed monthly account charges
- No minimum charge
- No entry or exit charges
- No hidden fund manager charges
- No performance fees

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