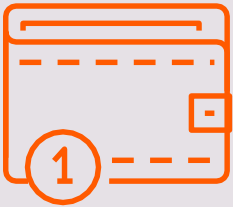
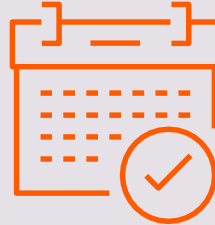


Help to Buy ISA



Help to Buy ISA for over 16 year olds

The Help to Buy ISA was 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 (an initial opening deposit was 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 a property value of 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 had 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 could be opened per person.
- Banks and Building Societies that offer a Help to Buy ISA set the interest rate and the terms and conditions of the account itself.

Help for first time buyers

Government initiative designed to help first time buyers get onto the property ladder.

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

The scheme recognised 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 type of ISA has been 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, from a minimum bonus of £400 up to a maximum of £3,000.

As with any cash ISA, interest is paid tax free and it is also worth noting that a couple who are both first time buyers, were 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: If you have paid into a cash ISA this tax year, in order to open a Help to Buy: ISA, 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, an Innovative Finance ISA, Lifetime ISA or a non-ISA account. However, the total amount saved must not exceed the annual subscription limit for ISAs.

Alternatively, some ISA managers offer portfolio ISAs which allow you to hold multiple ISA products within a cash ISA wrapper. You can still only subscribe to one cash ISA but it can be made up of one or more cash ISA products, including a Help to Buy: ISA. The standard cash ISA and Help to Buy: ISA allowance limits will still apply.

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

A: No. You don't have to save money 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. However, you can't roll over your allowance.

For example, if you don't save any money 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.

If you plan to withdraw all your money in your Help to Buy: ISA for your home purchase, you will need to let your ISA manager know. Your ISA manager will then close your account and provide you with a closing statement. Don't just withdraw all of your money as you will not receive the closing statement and you won't be able to claim your bonus.

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 on my savings 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. The maximum government bonus is £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 in the following tax year (provided the new account is opened before 30 November 2019).

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.

Q: Can I buy a property without a mortgage and be eligible for a government bonus?

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 prospective mortgage lender will ask you to hire a solicitor or conveyancer. They will handle all of the legal aspects of buying your home and can advise you on whether the property you are buying is eligible for a government bonus.

In order to claim a bonus your conveyancer will need a closing statement from your Help to Buy: ISA account. So when you need to withdraw all of your funds make sure you close your account and get a closing statement from your ISA manager. Don't just withdraw all of your money as you will not receive the closing statement and you won't be able to claim your bonus. If you lose your closing statement, your ISA provider will be able to give you a new one. You will need to take this closing statement to your solicitor or conveyancer so that they can apply for your bonus.

Your conveyancer will apply for your government bonus on your behalf. The bonus will be sent to your conveyancer or solicitor to be included with the other funds which have been consolidated for the completion of the property transaction.

If completion is imminent, there is an expedited bonus application process that your solicitor or conveyancer can follow that does not require a closing statement. You should speak to your solicitor or conveyancer to find out more.

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

A: If your property purchase doesn't go through after you have closed your Help to Buy: ISA in anticipation of claiming a bonus, you can re-open your Help to Buy: ISA. To do this your solicitor or conveyancer will give you a document (called a purchase failure notification) confirming your property purchase did not complete. If you take this to your bank, building society or credit union, 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.

If the government bonus has already been transferred, your solicitor or conveyancer will first need to return your bonus to the Help to Buy: ISA Scheme Administrator before you can receive a purchase failure notice.

For further assistance, get in touch

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* Source: www.helptobuy.gov.uk