Important Information about our

Stocks & Shares Lifetime ISA (Property Saver)

15 October 2020

The Lifetime ISA is a government savings initiative to encourage those between the age of 18 and 39 to save for a first home or for retirement. For every £4 you pay in, the government will give you an extra £1 bonus. You can withdraw your savings to help pay for your first home under £450,000 and the withdrawal is less than the purchase price of the property, or tax-free from age 60.

Our Stocks & Shares Lifetime Individual Savings Account (Lifetime ISA) provides you with a tax-efficient way of saving/investing your money to take advantage of this bonus.

Your contributions will be invested with Unity Mutual and our investment objective is to provide capital protection and a guaranteed return of 1.5% during the current tax year (2020/21).

The proceeds of the investment will be free from Income and Capital Gains taxes under current H.M. Revenue and Customs (HMRC) ISA regulations.

Our product will:

- Provide a tax efficient method of investing your money for your first house and/or retirement which enables you to benefit from the government bonus; and
- Protect your capital and provide a guaranteed return through investments in Unity Mutual.

Your commitment is:

- To open a Stocks & Shares Lifetime ISA by making an initial £1 investment, with the maximum investment in the 2020/21 tax year being £4,000; or
- To make regular contributions of at least £25 per month by Direct Debit.
- There is no minimum investment term and you can surrender at any time, but you should consider this to be a medium term investment.

You need to understand the risks:

- If you choose to invest in a Lifetime ISA instead of enrolling in or contributing to a occupational pension scheme, qualifying pension scheme or personal pension scheme for which you are eligible:
  - You may lose the benefit of employer contributions to the scheme;
  - This may affect your current and future entitlement to means-tested state benefits.
- You should bear in mind that over the mid to long term (5 – 10 years and over), inflation is likely to erode the purchasing power of your investment.
- The guaranteed return is only guaranteed for the current tax year.
- The government could change the tax rules and benefits for Lifetime ISAs at any time.
- You can withdraw funds for your first house purchase, after your 60th birthday or if you are in terminal ill health, without incurring a withdrawal charge. If you withdraw funds for any other reason, the government will apply a 25% withdrawal charge. This will be charged on the full withdrawal amount, so you could receive less than you have paid in.

Important Information

This Stocks & Shares Lifetime ISA is being sold on a non-advised basis, no advice given or sought (self sold). Whilst we can provide you with factual information, we cannot advise you what to do.

Information about gaining financial advice can be found on page 5.

Features of the Lifetime ISA

Q.1 What is a Lifetime ISA and who might it be suitable for?

The Lifetime ISA is a type of Individual Savings Account which has been designed to encourage those between the age of 18 and 39 to save for a first home or for retirement. To encourage saving the government will give you an extra £1 bonus for every £4 you pay put in.

You can withdraw your savings 12 months after your first payment into your Lifetime ISA to help pay for your first home under £450,000 or tax-free from age 60.

Our Stocks & Shares Lifetime Individual Savings Account (Lifetime ISA) provides you with an easy to access, tax-efficient way of saving/investing your money to take advantage of this bonus.

A Lifetime ISA should not be used as a general savings vehicle, as most withdrawals would result in the loss of the government bonus and a penalty.

A Lifetime ISA may be suitable for:

Saving towards your first property

If you are saving towards your first home, the full value of the Lifetime ISA can be withdrawn at any time at least 12 months after the first contribution has been received into the Lifetime ISA.

In addition, if the home is being bought with another first time buyer they can also invest in a Lifetime ISA to benefit from the government bonus.

Note: You should bear in mind that over the mid to long term (5-10 years and over), inflation is likely to erode the purchasing power of your investment.

Saving for retirement

If you wish to save for your retirement you can contribute into a Lifetime ISA up until age 49. You can then withdraw some or all of the funds from the Lifetime ISA without incurring a penalty from your 60th birthday.

Note: If you wish to use a Lifetime ISA to invest for your retirement you should first ensure that your employer subscribes the maximum contributions to your workplace pension. If you are unsure about your pension provisions you should speak to your employer or seek advice from a financial adviser.

Warning: if you save in a Lifetime ISA instead of enrolling in, or contributing to, a qualifying scheme, occupational pension scheme or personal pension scheme:

- you may lose the benefit of contributions by an employer (if any) to that scheme; and
- your current and future entitlement to means tested benefits (if any) may be affected.

Q.2 Who can open a Lifetime ISA?

The eligibility rules to open a Lifetime ISA require that:

- ✓ you are aged between 18 and 39, and
- ✓ you are resident in the UK, or a Crown employee (or their spouse/civil partner) working overseas.

You cannot hold a Lifetime ISA with, or on behalf of, someone else.

You can subscribe to a Lifetime ISA until age 50.

Q.3 How does a Lifetime ISA work?

The most that can be paid into a Lifetime ISA for the current tax year is £4,000 and this forms part of the overall ISA contribution limit of £20,000 for the current tax year.

You can split your ISA allowance for a tax year across the different types of ISA, but you can only have open one of each type in the tax year.

For example, you could:

- Invest £4,000 in a Lifetime ISA;
- Invest £6,000 in a Cash ISA; and
- Invest £10,000 in a Stocks and Shares ISA

Your Lifetime ISA does not close when the tax year ends, you can choose to continue investing in that one or open another. Either way your savings will retain their tax-free basis for as long as you keep them within your Lifetime ISA.

Q.4 How much can be invested

Once a Lifetime ISA is open, you can invest up to the annual contribution limit (currently £4,000) into it each year until your 50th birthday.

Contributions can be made in a number of ways;

- regular monthly payments by direct debit, contributions can be stopped or changed at any time without penalty
- payments by cheque - payable to 'Unity Mutual' with your name and Lifetime ISA number on the back
- payments by direct money transfer – ensuring your Lifetime ISA number is quoted in the transfer
- through the website **https://www.unitymutual.co.uk/customer-centre/make-a-payment/**
- by calling the office on 0161 214 4650

The minimum initial investment is £1, or, £25 by monthly direct debit payment.

Minimum additional one-off contributions of £25 can also be made at any time.

In choosing to invest in a Lifetime ISA you should consider your Lifetime ISA subscription level and choice of qualifying investment in relation to your savings objectives, your expected investment horizon and your financial circumstances as a whole, including other provision for retirement.

You should also note that these factors may change over time and that you should regularly review your Lifetime ISA subscription and/or qualifying investments.

Q.5 What about tax?

All investment growth generated by Lifetime ISA investments is exempt from income tax and capital gains tax for UK residents. The proceeds of the Lifetime ISA will be tax free as long as you are resident in the UK.

Tax rules and legislation relating to the Lifetime ISA may change in the future. The information given here is based on our understanding of the current situation at the date of publication. If you have any queries or concerns about your personal tax position we recommend you consult your local tax office or an IFA.

Q.6 Can I transfer my Lifetime ISA?

Lifetime ISAs can be transferred between ISA managers and any transfer must be done within 30 days of an account holder's request.

To transfer a Lifetime ISA you hold with another organisation to Unity Mutual you need to complete our Transfer Authority Form.

When we receive your application form we will contact the other provider once any cancellation period has expired.

To transfer a Lifetime ISA from Unity Mutual to another provider, you should contact them to make arrangements. Once they contact us with the necessary paperwork we will transfer your funds to them.

If, when funds are transferred, there are outstanding government bonuses, it is up to the new ISA manager to claim the bonuses due on the transferred funds from HMRC.

Transferring to a Lifetime ISA from different types of ISA

If the funds transferred to a Lifetime ISA are from a different type of ISA, the value transferred to the Lifetime ISA will count against the Lifetime ISA contribution limit but not the overall ISA limit for the tax year.

Partial transfers of ISA contributions from previous years are permitted. However, for transfers containing contributions in the same tax year, the contributions must be transferred in full up to the Lifetime ISA limit of £4,000.

Transfers from a Help to Buy ISA

A Help to Buy ISA is a government scheme that was also designed to help you save for a mortgage deposit to buy a home which had similar, but more restrictive, characteristics than a Lifetime ISA.

If you transfer from a Help to Buy ISA to a Lifetime ISA the transfer will count towards the Lifetime ISA contribution limit for that tax year. Funds transferred from your Help to Buy ISA will be eligible for the government bonus.

Note: if you do transfer your Help to Buy: ISA, you will have to wait 12 months after you make your first contribution to the Lifetime ISA to withdraw the funds for a house purchase.

Q.7 How are the government bonuses paid?

The government bonus will be received each month after a contribution has been received.

Q.8 Can I make withdrawals from my account and will I incur a charge?

Authorised withdrawals

Withdrawals for the purchase of your first home or for retirement are known as authorised withdrawals, they are not penalised, but can only be made 12 months after the first contribution has been received.

You can make an authorised withdrawal for a house purchase if:

- the value of the house being purchased with a mortgage is less than £450,000;
- it is your first property — if you have previously owned all or part of any property the withdrawal will not be authorised and will incur a penalty; and
- the property is in the UK

In order to make an authorised withdrawal for retirement you must be aged 60 or over.

You may also withdraw from your Lifetime ISA if you are terminally ill.

Unauthorised withdrawals

As the government wants to encourage saving, if you need to make a withdrawal for any other reason from a Lifetime ISA, a withdrawal penalty will be imposed.

A withdrawal penalty of 25% of the withdrawal amount will be made for all unauthorised withdrawals.

You should understand that:

- the Lifetime ISA government withdrawal charge recovers any Lifetime ISA government bonus and any investment growth on that bonus plus an additional amount; and
- if the Lifetime ISA government withdrawal charge is incurred, you could receive back less than you paid in.

Unity Mutual does not set the charge, and does not benefit from it, it is returned to the government.

For example, if you invest £4,000 and then received the government bonus of £1,000, the value of your Lifetime ISA will be £5,000. If you then withdraw the whole £5,000, a government charge of £1,250 (25%) will be taken, meaning you will only receive £3,750.

Q.9 What might the Lifetime ISA be worth at age 60?

The table below is designed to help you understand what the value of a Lifetime ISA might be at age 60, depending on the age at which you start saving and assuming the maximum annual subscription at the beginning of each tax year up to age 50 and receipt of the Lifetime ISA government bonus.

It provides information if you are saving for retirement in a Lifetime ISA and so may not be relevant to someone whose saving objective for a Lifetime ISA is house purchase:

1 Age saving in Lifetime ISA started	2 Total amount paid in by Lifetime ISA saver/investor	3 Total amount paid in, plus Lifetime ISA government bonus	4 Estimated outcome at age 60 from 0% return	5 Estimated outcome at age 60 from 5% return	6 Charges and estimated inflation would reduce a 5% return to
18	£128,000	£160,000	£85,289	£315,886	2.5%
25	£100,000	£125,000	£71,920	£224,089	2.5%
30	£80,000	£100,000	£60,853	£167,584	2.5%
35	£60,000	£75,000	£48,331	£117,641	2.5%
40	£40,000	£50,000	£34,164	£73,499	2.5%

The estimated outcomes in Columns 4 and 5 are based on standardised rates of return which may not reflect:

- actual or expected returns; or
- the choice of qualifying investment for a Lifetime ISA (further information can be found in **Q.10**); and

include the effect of Lifetime ISA charges and inflation on estimated outcomes from a Lifetime ISA

Column 6 shows the effect of Lifetime ISA charges and inflation (assumed to be 2.5%) on the returns from a Lifetime ISA which you can use to compare the Lifetime ISA charges applicable to other Lifetime ISAs and charges applicable to longer-term savings products.

As our Lifetime ISA, unlike other Stocks & Shares Lifetime ISAs, has no management charges; these have not been included.

Q.10 Where is the money invested?

The money is invested by Unity Mutual in a mixture of investments such that we are able to provide you with a guaranteed return over each tax year. The guaranteed return can vary, and will be informed to you in advance of each tax year. The underlying investments used by Unity Mutual will change at our discretion and can include cash, government bonds, corporate bonds, equities, property and other assets that we might deem appropriate from time to time."

Q.11 How do I keep track of the investment?

We will issue a statement annually which will show the value of your Lifetime ISA.

You can also contact us at any time to ask for the current value.

Q.12 What happens when I want to buy a house?

In order to withdraw funds from your Lifetime ISA without a penalty for a house purchase:

- your Lifetime ISA must have been open for 12 months;
- you must be a first time buyer of a residential property with a purchase price of not more than £450,000;
- the property purchase must be funded by a mortgage (or equivalent) not cash; and;
- you must occupy the property as your only or main residence (unless you are unable to do so because you are an overseas crown servant, the spouse of an overseas crown servant, or you are waiting for the property to be built)

In order to withdraw the funds you will need to tell your conveyancer you wish to use part or all of your Lifetime ISA and you will have to provide them with a declaration.

Your conveyancer will then need to provide us with a declaration. Once this has been received, we will pay the amount requested directly to the conveyancer within 30 days.

If the purchase of your property does not complete the conveyancer will return the monies to us and we will reinvest them on your behalf.

Q.13 What happens to my Lifetime ISA if I die?

Your Lifetime ISA ceases on the date of your death. Any bonus due will be claimed and the amount that can be claimed will be calculated as 101% of the value of the fund held within the Lifetime ISA.

There is no government charge on death and, there will be no Income Tax or Capital Gains tax to be paid to that date, but the value of your Lifetime ISA will form part of your estate for the purposes of Inheritance Tax.

Obtaining financial advice

We do not offer financial advice. If you are in any doubt about whether this product is suitable for you we recommend that you seek the advice of an Independent Financial Advisor (IFA). If you do not have a financial advisor you can find details of a local financial advisor by visiting **www.unbiased.co.uk**.

Using the services of a financial advisor may incur charges, please confirm this with the individual financial advisor.