



# Plum Cash Lifetime ISA

## Key Features Document - Version 2

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We do not provide or offer financial, legal or tax advice. You should seek your own financial, legal or tax advice from a Financial Adviser or another suitably qualified professional.

### Aims

The Plum Cash Lifetime ISA is designed to help you save for your first home and/or for your retirement in a tax-efficient way. Contributions to your Lifetime ISA will earn a government bonus.

The purpose of this Key Features document is to provide you with a clear summary of information about the Plum Cash Lifetime ISA (LISA), so it is important that you also read this document alongside the LISA Summary Box and Terms and Conditions.

**keyfacts**®

This is an important document. The Financial Conduct Authority is the independent financial services regulator. It requires us, Plum, to give you this important information to help you decide whether the Plum Cash Lifetime ISA (LISA) is right for you. Read this document carefully to understand what you are buying and then keep it safe for future reference.

## Your Commitment

Please take time to read this document and ensure you understand the key features and risks. To make sure we can share important information about your account, please make sure your contact details are up to date in the app and let us know about any changes in your personal circumstances.

You must ensure that any contributions you pay in do not exceed the ISA subscription limits. There is no minimum period for holding a Cash Lifetime ISA with us, however you should consider it to be a medium to long term investment. You must agree to the account terms and conditions.

Please be advised that the Plum Cash Lifetime ISA is designed for medium to long-term saving goals, such as buying your first home or saving for retirement. To gain the intended benefits – including the government bonus – you'll need to keep your money in the account for a sustained period. This product is not suitable for short-term savings or money you may need quick access to.

## Risks

We can't guarantee the amount you will get back when you cash in your LISA as interest rates may rise and fall. The amount you get back depends on a number of factors including:

1. Interest rates are variable and may be different to those outlined in the illustration section,
2. Tax rules may change,
3. Inflation may erode the purchasing power of the money you have saved,
4. You can cancel the product within 30 days of opening the account, however you may get back less than you invested,
5. Your withdrawals may incur the HMRC early withdrawal charge, meaning that you could receive less back than you paid in.

## Questions and Answers

### Before opening a Lifetime ISA

#### What is a Lifetime ISA?

The Lifetime ISA is a tax-efficient way to save for a first house purchase or retirement. Gains and income in an ISA are tax-free. What sets the Lifetime ISA apart is a 25% government bonus – for every £4 you deposit, the government will add an extra £1. You can pay in up to £4000 per tax year, and this means you can earn up to £1,000 in annual bonuses.

A Lifetime ISA is designed to help you save for your first home (up to a value of £450,000), or for retirement from age 60. If you end up using your Lifetime ISA for any other purpose,

then 25% of the amount you withdraw will be paid back to the government – this is called the government withdrawal charge.

### **Who can open an account?**

To open an account, whether you want to open a new Cash Lifetime ISA or transfer in an existing Lifetime ISA, you must:

1. Be at least 18 years of age,
2. Resident in the United Kingdom,
3. Not contribute to another Lifetime ISA during the tax year,
4. Not exceed the annual ISA subscription limit during tax year,
5. Not exceed the annual Lifetime ISA contribution limit during tax year.

### **Who can open a new account?**

To open a new Lifetime ISA, you must satisfy the other conditions for opening an account and:

1. Must be opened before your 40th birthday.
2. Not have opened or paid into another Lifetime ISA during the same tax year.

### **How can I tell if this is the right account for me?**

A Lifetime ISA may be right for you if you:

1. Aim to save for a first house purchase or retirement,
2. Are looking for a tax-efficient saving plan,
3. Wish to benefit from the HMRC bonus provided for any contributions you make to a LISA.

A Lifetime ISA may not be right for you:

1. If you take money out of your Lifetime ISA before turning 60, and you're not withdrawing it to buy your first home (up to £450,000) or because of a terminal illness, you'll have to pay the 25% government withdrawal charge on the amount you take out. This means you could get back less than you paid into your Lifetime ISA.
2. You'll also pay the 25% government withdrawal charge if you take money out within 12 months of first paying into your Lifetime ISA.
3. If you choose to save into a Lifetime ISA instead of enrolling in and contributing to your workplace pension, you'll miss out on your employer's pension contributions, and your current and future entitlement to means-tested benefits could also be affected.

If you are unsure about any of these points, you should discuss the decision with a financial adviser before you open a Plum LISA.

### **How does the government bonus work?**

The 25% government bonus is paid monthly according to the contributions you make. For example, if you deposit £100 on the 26th day of a given month, you will receive a £25

bonus the following month. The maximum government bonus is £1,000 annually.

Plum claims your bonus and adds it to your LISA. Depending on the date of your deposit, your bonus will be paid into your Lifetime ISA within 4–10 weeks.

Each government bonus window runs from the 6th day of the current month to the 5th day of the following month. Deposits made in this window will get the bonus and it is paid out at the end of the following month. Keep these timelines in mind as you get closer to buying your first house.

## **Adding money to your Plum Lifetime ISA**

### **How can I pay into my Lifetime ISA?**

You can make one-off contributions or set up regular deposits using Plum's app features. You can't continue to pay into your Lifetime ISA once you've reached age 50 or if you move abroad.

### **How much can I save each tax year?**

The current annual allowance for Lifetime ISAs is £4,000. This means you can save up to £4,000 into your Lifetime ISA each tax year (from 6th April to 5th April) until you turn 50. Your Lifetime ISA allowance is part of your total ISA allowance, which is £20,000 per tax year.

## **Transfers into or out of your Plum Lifetime ISA**

### **Can I transfer my Plum Lifetime ISA to another provider?**

Yes, you can transfer the value of your Plum Lifetime ISA to another provider at any time. To transfer your Lifetime ISA to another provider, please contact them to get things started. Your new provider will reach out to us to arrange the transfer. Partial transfers out of your LISA are not supported.

### **Can I transfer an existing ISA or Lifetime ISA to a Plum Lifetime ISA?**

Yes, you can start the transfer-in in the app. After you share all the details with us, we'll contact your current LISA provider to arrange the transfer.

If you are transferring a stocks and shares Lifetime ISA to us, we will only accept a transfer of your existing stocks and shares Lifetime ISA to us in cash, meaning any investments you hold would have to be sold before the transfer takes place. If you're transferring a LISA to Plum, it does not count as a new Lifetime ISA payment, so doesn't count towards your Lifetime ISA allowance or overall ISA allowance.

### **Transferring from another type of ISA**

If you're transferring from a Cash ISA, Help to Buy ISA, stocks and shares ISA into your Lifetime ISA, you'll only be able to transfer as cash, not investments.

This type of transfer counts as a new Lifetime ISA payment, so the maximum amount you can transfer is your remaining Lifetime ISA allowance. The transfer won't count towards your overall ISA allowance of £20,000.

## Withdrawing from your Plum Lifetime ISA

### When can I withdraw from my Lifetime ISA?

You can withdraw cash from your Lifetime ISA anytime. But because Lifetime ISAs are designed specifically to help you save for your first home (up to £450,000) or retirement after 60, if you take money out for any other reason, you'll have to pay the 25% government withdrawal charge on the amount you withdraw. The withdrawal charge won't apply if you're terminally ill. If you have questions about this, please chat to the team in the app or at [help@withplum.com](mailto:help@withplum.com).

### How do withdrawals for a house purchase work?

Before you can make a charge-free withdrawal from your Lifetime ISA to buy your first home, you'll need to meet these conditions:

- the house you're buying is your first home,
- the purchase price of the house isn't more than £450,000,
- you'll occupy the house as your only or main residence, or you're a Crown employee (or the spouse or civil partner of someone who is) currently working abroad with a longer-term goal to live in the property,
- you're paying for some of the house with a mortgage,
- you've paid into your Lifetime ISA for at least 12 months.

If you don't meet one or more of these conditions and choose to withdraw cash from your Lifetime ISA, then the 25% government withdrawal charge will apply.

If you qualify as a first-time buyer, the first thing to do is contact your solicitor or conveyancer. They'll ask you to complete a declaration to confirm you're a first-time buyer, and they'll also complete their own declaration.

They'll then need to send the completed declarations to Plum. Once reviewed and approved, your money will be sent directly to your solicitor/conveyancer for your house deposit. It may take up to 10 working days for this bank transfer to complete, so make sure you allow enough time. If you don't complete your house purchase within 90 days the money will need to be returned to your Lifetime ISA.

### How does the government withdrawal charge work?

Where the withdrawal charge applies, 25% of the amount you take out will be paid back to the government and the rest is paid to you. This you'll likely get back less than you paid into your Lifetime ISA.

### What might a 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. The amount you can earn depends on the age when you started saving and assumes the maximum annual subscription is made at the beginning of each tax year up to age 50 and the receipt of the Lifetime ISA government bonus.

The table is for illustrative purposes only and is designed to provide information for someone who is saving for retirement in a Lifetime ISA rather than saving to buy their first home. The illustrated return is based on a 5% compound annual return, and this is not guaranteed. These figures do not account for inflation or tax changes.

Age Saving in a LISA	Total amount paid in by LISA investor	Total amount paid by LISA investor + gov bonus	Estimated outcome at age 60 from 5% return
18	£128,000	£160,000	£420,335
25	£100,000	£125,000	£268,346
30	£80,000	£100,000	£187,526
35	£60,000	£75,000	£124,202
40	£40,000	£50,000	£74,586

## Other important questions

### Can Plum change the interest rate?

Yes, the interest rate is variable, so it can go up or down. We'll notify you in advance and at least one day for interest rate reductions we can't control, like reductions tied to a Bank of England base rate change. For all other rate changes we will provide reasonable notice, in line with regulatory requirements.

### What are the charges for this account?

There are no fees or charges for the Cash Lifetime ISA account. We will keep the difference (if any) between the interest received from the partner banks that hold your money and the interest paid on your savings in your Plum Lifetime ISA.

### Can I cancel my Cash Lifetime ISA?

If you are unhappy with your choice of account within 30 days of making your first deposit, you can cancel your account via the app or by emailing us at [help@withplum.com](mailto:help@withplum.com). By cancelling your account within this 30-day cancellation period, any money you put into your account will not count towards your annual subscription limit, and you will not incur the government withdrawal penalty. Upon closing your account, we will return your money to you, but not any interest it might have earned before you decided to cancel.

### Can I close my Cash Lifetime ISA?

You can close this account at any time by contacting us via our app or emailing us at [help@withplum.com](mailto:help@withplum.com). However, by closing your account, your funds will be subject to the 25% government withdrawal penalty. If the account holder has passed away, please let us know by contacting us via the app or by email.

### Where is my money held?

The money you pay into this Plum Lifetime ISA is deposited directly into client money bank accounts held with our banking partners. You can find out more about the banks we use on our website. Your deposits are protected by the Financial Services Compensation Scheme

(FSCS) up to a total of £85,000. The FSCS is the UK's statutory deposit, insurance and investor compensation scheme for customers of authorised financial services firms. FSCS protects available money of eligible customers of firms that have failed and filed for a claim in line with the FSCS guidance. So if anything happens to Plum, your cash deposit is still safely held with our banking partners up to the £85,000 limit.

### **What happens in the event of my death?**

If you pass away, your Lifetime ISA will form part of your estate for inheritance tax purposes, and your spouse or civil partner can inherit the ISA tax advantages. Once we are notified of your date of passing, we will designate your Lifetime ISA as a "continuing account of a deceased investor," meaning the account will maintain its ISA status for up to three years after that date. The account will continue to benefit from tax advantages until the completion of the administration of your estate, the closure of the account, or the third anniversary of your passing.

### **How do I complain?**

If you ever need to complain about the service you receive from Plum, the first thing to do is contact Team Plum – they'll try their best to help you with this. You can contact them in the app or via email at [hello@plum.co.uk](mailto:hello@plum.co.uk). If you aren't satisfied with Plum's final response to your complaint, you can refer it to the Financial Ombudsman Service. But before you do, help is also available from MoneyHelper, who can explain how to complain and may be able to help resolve things without involving the Financial Ombudsman Service.

#### **MoneyHelper**

120 Holborn  
London  
EC1N 2TD  
0300 123 1047  
[moneyhelper.org.uk](https://moneyhelper.org.uk)

#### **Financial Ombudsman Service**

Exchange Tower  
London  
E14 9SR  
0300 123 9123  
[financial-ombudsman.org.uk](https://financial-ombudsman.org.uk)

### **Important to know**

How you're taxed depends on your circumstances, and tax rules can change in future. You have to be a UK resident for tax purposes to open an ISA with Plum. Interest rates can go up and down. This means you could get back less than you originally deposited. Plum doesn't offer any advice so if you're not sure about the risks involved with saving and investing you should speak to a suitable financial adviser.

The information in this Key Features Document is provided based on our understanding of current law, practice and taxation which may be subject to change. Full details of the legally binding contract between you and Plum are included in the Plum terms and conditions, which can be viewed from the Plum app or website anytime:

<https://withplum.com>

## How to contact us

You can contact us via the app or by emailing us at [help@withplum.com](mailto:help@withplum.com) or, you can send a letter to:

Attention: Plum Fintech LTD  
Floor 2, 2-7 Clerkenwell Green  
London,  
EC1R 0DE