Is the LISA’s short life about to end?

The Lifetime ISA (LISA) may not survive after low uptake by providers and fresh criticisms from parliament.

The LISA has been reviewed by the Treasury Select Committee, which was critical of, “its complexity, its perverse incentives, its lack of complementarity with the pension saving landscape and its apparent lack of popularity with the industry and pension savers”. The Committee concluded by recommending “The Government should abolish it.”

The LISA was announced by the previous Chancellor, George Osborne, in his final Budget in Spring 2016. It was intended to appeal to savers under 40 by combining a first-time buyer’s deposit saving scheme and a pension arrangement, stretching the ISA idea into a very new shape.

Despite reservations from the Financial Conduct Authority about the regulatory implications, and reluctance from the savings industry, Philip Hammond launched the LISA in April 2017. Progress has been limited since then as there is still only one provider of cash LISAs. There is a wider choice of stocks and shares LISAs, but these are generally not suitable as deposit saving arrangements.
Although the Committee’s criticisms are hard to dispute, there are some situations where the LISA can be the best option. If you, your children or your grandchildren are aged between 18 and 39, make sure you check with us whether you should consider investing in a LISA before the Treasury Select Committee gets its way.

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. The value of tax reliefs depends on your individual circumstances. Tax laws can change. The Financial Conduct Authority does not regulate tax advice.