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Money Matters Memo - August 2026

What's happening this month?

The rundown:

- We know a lot more about the proposed new First Time Buyer ISA – but some rather important details are still missing!
- An extra £100 a month – mortgage, pension, ISA, savings or simply enjoy it? There isn't one right answer.
- Premium Bond, Investment Bond, Government Bond, Corporate Bond... why does finance use the same word for completely different things?



A new First Time Buyer ISA – what do we know?

Last month, I mentioned that the Government was planning a brand-new First Time Buyer ISA. Well, we now know quite a bit more.

The Government has published a consultation setting out how it expects the new ISA to work. It isn't final yet, so some of the details could still change, but we now have a much clearer idea of what is being proposed.

What do we know?

- It will be specifically designed to help people buy their first home.
- You'll need to be at least 18, but there is no proposed upper age limit.
- You'll need to be a UK resident and a first-time buyer.
- The property will need to be in the UK, bought with a mortgage and intended as your main home.
- You'll need to have held the ISA for at least 12 months before qualifying for the Government bonus.
- The bonus will be based on how much you've paid in, less any withdrawals – not on any interest or investment growth.
- Unlike the Lifetime ISA, the bonus won't be added as you save. It will be claimed

when you're ready to buy your first home.

- If you need your money for something else, you'll be able to withdraw it without a penalty – but you won't receive the Government bonus.
- The Government wants both Cash and Stocks & Shares versions to be available.
- Existing Help to Buy ISA holders are expected to be able to transfer their savings into the new First Time Buyer ISA, subject to the new contribution limits.

What if you already have a Lifetime ISA?

This is where it gets interesting.

The Government plans to replace the Lifetime ISA with the new First Time Buyer ISA for new savers once the new scheme launches. However, existing Lifetime ISA holders will be able to keep their accounts and continue saving into them under the existing rules.

You won't be able to transfer an existing Lifetime ISA into the new First Time Buyer ISA because you've already received a Government bonus on that money.

However, under the proposals, you could have both accounts and use money from both towards the same first-home purchase. You just wouldn't be able to pay into both a Lifetime ISA and a First Time Buyer ISA in the same tax year.

And what *don't* we know?

Some fairly important numbers! We are still waiting to find out:

- How much you'll be allowed to pay in each year
- What percentage Government bonus you'll receive
- The maximum Government bonus available
- The maximum property price that will qualify
- Exactly when the new ISA will launch

These details are expected to be confirmed in the future.

So, for now, I'd certainly avoid making financial decisions based on a product that doesn't actually exist yet! The rules around ISAs and Government incentives can also change, so we'll need to wait for the final details to understand exactly how the new account will work.

It's also worth noting that St. James's Place does not offer Cash ISAs, Lifetime ISAs or

Help to Buy ISAs.

I'll keep watching this one and, once we have the final rules, I'll translate them into plain English for you.

What would you do with an extra £100 a month?

Imagine you suddenly had an extra £100 left over every month. What would you do with it? There are plenty of possibilities:

- Overpay the mortgage?
- Put it into your pension?
- Save or invest it in an ISA?
- Build up your emergency fund?
- Or simply enjoy it?

The interesting thing is that there isn't one universally "right" answer.

Emergency savings

If you don't have enough money set aside for an unexpected bill or a period without income, building your emergency fund might be your first priority.

Having accessible cash means you don't necessarily have to borrow money or sell investments if something unexpected happens. However, if you hold more cash than you need over the longer term, inflation can gradually reduce what that money can buy.

Mortgage

Putting £100 towards your mortgage each month could reduce the amount of interest you pay and potentially help you repay it sooner.

But check your mortgage terms first. Some lenders limit how much you can overpay without an early repayment charge, and money paid off the mortgage isn't usually as easy to access again if you suddenly need it.

And, of course, overpaying should only be considered once you're comfortable that you can continue to meet your normal mortgage payments, as your home may be repossessed if you do not keep up repayments on your mortgage.

Pension

An extra pension contribution could help you build more towards later life and may benefit from tax relief.

However, pension money is designed for the long term and generally can't be accessed until you reach the minimum pension age. Tax treatment depends on your individual circumstances and can change over time, so the tax benefits available to you may also change.

Pensions are generally invested, which means their value can rise and fall and your capital isn't protected. The eventual amount available isn't guaranteed and you could get back less than has been invested.

ISA

An ISA could give you more flexibility because, unlike a pension, you can usually access the money when you need it.

What happens to the money will depend on the type of ISA you choose. Cash provides greater short-term certainty, although inflation can reduce what your money can buy over time. With a Stocks & Shares ISA, your money is invested, giving it the opportunity to grow over the longer term, but its value can also fall and your capital isn't protected, so you could get back less than you invest.

It's also worth noting that St. James's Place does not offer Cash ISAs or Lifetime ISAs.

Or... spend it! Yes, really.

Financial planning isn't about saving every spare penny and never enjoying yourself. If your emergency fund is healthy, your longer-term plans are on track and you can afford it, perhaps that £100 should pay for dinner out, a hobby, a day trip or something else that makes life a little more enjoyable.

After all, money has a job to do today as well as tomorrow. The important question isn't simply "Where should I put £100?" it's "What do I want this £100 to do for me?"

And that's really what financial planning is all about.

**** Blog Spotlight ** Blog Spotlight ****

Bond. Investment Bond. Premium Bond. Government Bond. Corporate Bond... Why are they all called bonds?

One of the reasons finance can feel so confusing is that we sometimes use exactly the same word to describe completely different things. "*Bonds*" are a perfect example.

In this month's blog, I untangle:

- Premium Bonds – the NS&I savings product with monthly prize draws
- Investment Bonds – an investment wrapper provided by an insurance company
- Government Bonds (Gilts) – effectively lending money to the UK Government
- Corporate Bonds – effectively lending money to a company

Same word. Very different jobs.

And that's really the point: you don't need to remember every piece of financial jargon. What's important is understanding what you have, why you have it and what it's supposed to be doing for you.

[Read the full article here](#)

Although the content of the article was correct at the time of writing, the accuracy of the information should not be relied upon, as it may have been subject to subsequent tax, legislative or event changes.

In my socials

Did you know you can also catch my top tips and insights on social media?

Follow me on LinkedIn, YouTube, Facebook, and Instagram for regular updates – short, practical and built around real life.

Here's what you'll find:

- Quick financial planning tips to help you make confident decisions
- Retirement reminders and regular check-in prompts

- Encouragement to help you feel more financially in control
- Occasional behind-the-scenes updates (because money is personal)

Facebook

Why confidence and ongoing financial advice can make such a difference to the way people engage with their money and investing.

[See the post](#)

LinkedIn

The best money lessons we can give young people aren't necessarily about how much they have – they're about helping them learn how to use it wisely.

[See the post](#)

Instagram

How would a serious illness affect your finances – and could Critical Illness Cover give you more options if life doesn't go to plan?

[See the post](#)



Until next month...

Financial planning doesn't have to be complicated. Sometimes all it takes is someone to explain things in plain English.

Whether you're working out what to do with a little extra money, helping someone onto the property ladder, planning for retirement or simply trying to make sense of all the financial jargon, I'm here to help make it all feel a little simpler.

And if you know someone who might enjoy these monthly updates, please feel free to forward this newsletter or encourage them to sign up through my website.

Take care



naomi

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