Understand Your Expat Pension Options

HOW TO GET THE MOST FROM THE LATEST PENSION REFORMS
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How to get the most from the latest pension reforms

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Introduction:

It’s estimated that over 350,000 Britons leave the UK for a new life overseas every year.

It’s estimated that over 350,000 Britons leave the UK for a new life overseas every year, and that this figure is increasing in both the numbers of those relocating, and in terms of the wealth of those emigrating.

What’s more, a recent report suggests that 47% of British people would like to or are intending to retire overseas.

Whatever reason you have for becoming an expatriate, this report is essential reading to ensure that you do not waste the massive financial opportunity available to you now that you live abroad.

This report is compiled by industry experts, and is designed to highlight some of the vast savings and financial opportunities available to you. The report can be the catalyst for you finding financial solutions for your life abroad; however the information contained herein is generic. Therefore if you have individual questions please do not hesitate to contact us.

“Those who take regular financial advice enjoy a 53% higher income in retirement.”

Talk to our team
Get in touch for help and advice:
0121 696 4616
enquiry@expatsavingsteam.com
The benefits of an Expat Pension Review

The latest pension research shows that those who take regular financial advice enjoy a 53% higher income in retirement.

In choosing to utilise our free and comprehensive, personalised pension review service you will benefit from the following:

- You will receive written personalised pension analysis from a retirement income expert
- Our free service will find any lost UK pensions
- You will receive free, up to date valuations on your UK pensions
- You will understand current performance levels of your British or international pensions
- The benefits of your current pension arrangements will be professionally assessed and explained
- You will receive professional advice about your pensions that British based advisers are unable to give you now that you’re living abroad, with an independent review of all your options
- You will understand the complex new UK pension rules and how they might impact on you

Please be assured that we work to the strictest best practice advice guidelines. Therefore, if it is evident that a transfer out of your current pension is not advisable, or that any changes to your current pension arrangements should not be made, our advisers will advise you accordingly.

We are aware that some of the industry terminology used when discussing pensions is confusing; your adviser will discuss your pension using plain English, and will answer all questions you may have in full.

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A quick note about letters of authority

A letter of authority (or LOA) is a simple document that enables your adviser to get information from your current pension provider about your pension benefits and transfer values.

This letter of authority only allows an adviser to receive details of the pension scheme you have, it does not enable anyone to make any changes to your pension.

This part of the process ensures your adviser has an up to date valuation and gives details on any benefits that may be guaranteed or underwritten by the UK provider (such as guaranteed annuity rates or guaranteed minimum pension rights from state pension opt outs).

Your adviser will ask you to sign a letter of authority. When they are in receipt of the information from your current pension provider, they will create your comprehensive expat pension review, taking into account the pension benefits supplied by your current provider via the letter of authority.
Why might a pension transfer be beneficial?

Your adviser will be working to determine whether your pension would be better off transferred overseas, or left in the UK.

Potential benefits available for those for whom a pension transfer is deemed appropriate can include:

- A higher tax free lump sum of 30% (versus 25% in the UK)
- A pension that is free from all UK taxes
- Your entire remaining pension fund can be passed to your beneficiaries tax free
- Growth above the UK lifetime allowance will not be subject to the lifetime allowance excess tax charge
- Access to your pension from age 55
- Full pension freedom in line with UK pension reforms
- Greater investment choices
- Access to multiple currency options

In addition to these benefits, it is the case that most pensions are not being managed at individual client level in the UK, therefore a transfer may enable you to be more in control of your pension fund, which in itself is an immense benefit for those living abroad.
About **your** international pension adviser

The advisers we use are friendly, professional, internationally experienced, highly qualified and British trained – and we use dedicated specialists for specific areas of financial planning, such as pension advice.

Now that you’re living abroad, it’s highly likely your previous UK-based financial adviser will not be able to introduce you to the potentially tax saving and financially enhancing opportunities available to expats. They are most likely limited through regulation to the UK, and their focus and expert knowledge is certainly based in the UK alone.

Furthermore, a local adviser in your new nation is unlikely to understand your unique expatriate status, how that relates to any tax saving potential in the nation in which you are residing, and how you need to structure your affairs appropriately in case you should ever want to repatriate or relocate elsewhere.

Planned correctly, a move to another country, including back to the UK, can have some very special future tax advantages.

Although you may speak the language of your new country of residence, seeking advice from a British trained, independent international adviser will be far more beneficial when reviewing your finances on an international, and not just local level.

By using an international adviser who specialises in working via the Internet, email and on the telephone, wherever you move to in the world he or she can remain your point of contact, maintaining continuity for your financial affairs.

Your pension adviser will understand how your previous financial affairs were managed, how your current status can benefit you, and how your future requirements may lead you to or from certain courses of action.

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**Talk to our team - Get in touch for help and advice:**

0121 696 4616 | enquiry@expatsavingsteam.com
What happens next?

- After sending us your enquiry and receiving this free guide, you will be contacted to arrange a telephone appointment with a qualified pension adviser at a time to suit you.
- Please take advantage of this free confidential discussion to ensure you are fully aware of all your pension options, ask as many questions as you need.
- You will then be asked to complete a letter of authority, as detailed above this is just to enable your adviser to have access to information about your pension.
- The letter of authority allows a valuation and gives details on any guaranteed benefits of your current pension such as guaranteed annuity rates, guaranteed minimum pension rights from state pension opt outs as well as other benefits that may be guaranteed or underwritten by the UK provider. This information will be sent to one of our experts without cost or obligation to you and helps ensure that you get a full pension review.
- You will receive your free, detailed and personalised pension report.
- You will then see all your options clearly laid out, enabling you to make informed decisions about your pension.

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What happens next?
Conclusion

Evidence shows that many expatriates have greater financial potential once they become tax resident overseas.

Understanding that potential is key to making the most of it. With your Expat Pension Review we anticipate that you will easily understand your pension options, and the best choices you have for the further investment and utilisation of your retirement savings.

You will shortly receive a telephone call arranging a mutually convenient time for you to speak to your adviser in order to get the ball rolling, and to enable them to construct your personally tailored review.

If you don’t receive a call it may be because your telephone number was inadvertently mistyped when you completed our enquiry form.

Don’t worry, you can call us on +44 (0) 121 696 4616 (Lines open: 8am-6pm GMT – Monday to Friday) or email us at enquiry@expatsavingsteam.com and we will immediately arrange your telephone appointment to ensure your Expat Pension Review can be completed.

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Glossary of pension types

UK Pensions

**Personal Pension** – a pension scheme set up by an individual, independent of any workplace/occupational pension scheme

**SIPP** – a self invested personal pension plan that enables the account holder to choose and manage the investment of their own pension savings

**Occupational Pension** - a pension generated by a company for the benefit of its employees, sometimes referred to as a workplace pension

**Occupational Defined Benefits** - sometimes called a final salary scheme, this is a workplace pension structured so that it guarantees to pay out a defined amount. Usually this is an amount based on how much an account holder earns when they retire

**Occupational Defined Contribution** – sometimes called a money purchase scheme, this is a pension built up through an account holder’s contributions, those of their employer, and tax relief on those contributions from the government. The final pension is an accumulated amount and can be used to buy an annuity, for income drawdown, or for lump sum withdrawal

**State Pension** – this is a contribution-based benefit, payable by the government to anyone who has made sufficient National Insurance contributions over their working lifetime

**QROPS**

QROPS is an acronym that stands for qualifying recognised overseas pension scheme. A QROPS is an overseas pension that has to meet certain qualification requirements set by HMRC, such as being designed to offer an income for life.

QROPS can receive transfers of British pensions without incurring either an unauthorised payment or scheme sanction charge from HMRC. Many British expats utilise QROPS because they offer multiple benefits such as currency and investment flexibility. In addition, there are tax advantages available to some expats. And with QROPS, remaining funds can be easily transferred to beneficiaries in the event of the death of the scheme holder.

Those who are eligible to transfer their UK pension to a QROPS may be able to reduce tax, and legally avoid UK tax as long as they remain tax resident overseas.

**International SIPP**

An international SIPP is exactly the same as a traditional self invested personal pension plan as discussed above, in that it enables the account holder to choose and manage the investment of their own pension savings. International SIPPs are simply those available to international clients.

**Overseas Occupational Schemes**

Expats who move to work abroad may be given the option of joining their employer’s occupational or workplace pension in their new country of residence. If the scheme holder then relocated or repatriated, the funds held on their behalf in their former employer’s occupational scheme would remain overseas.

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Superannuation

In Australia superannuation, or super for short, is money saved by a scheme holder’s employer over their working lifetime for them to live on when they retire from work. Contributions are made on top of salary paid, and there is a legal requirement relating to how much superannuation an employer must pay. Almost every employed person in Australia is required to join a government-approved superannuation fund.

Account holders are encouraged to make personal contributions and pay into their superannuation fund out of their wages as well, in order to increase the amount of their super payout when they retire.

KiwiSaver

In New Zealand KiwiSaver is a voluntary, work-based savings initiative to enable scheme members to save for retirement. Those who choose to save via such a scheme benefit from additional contributions from their employer, and annual government tax credits. KiwiSaver schemes are managed by the private sector and not guaranteed by the government. Contributions for employees are deducted from their salary at 3%, 4% or 8%. The self-employed agree with their KiwiSaver provider how much they want to contribute, and make payments directly.

Whilst savings are designed to provide an income in retirement, they may be accessed early in part or whole if a scheme member is buying their first home, moving abroad, suffering significant financial hardship or seriously/terminally ill.