UK Pension Transfer To Australia Guide

2024 Edition

TITAN Wealth International

This UK pension transfer to Australia guide is aimed at anyone with a UK pension fund, whether you are already an Australian resident or plan to live and/ or retire in Australia.

Which Pension Funds Can I Transfer?

- Defined Contribution Pension Schemes. This includes company and personal pension and drawdown arrangements.
- Private Sector Defined Benefit Schemes
- Funded Public Sector DB Schemes
- Local Government Pension Schemes
  University Pension Schemes

What Pension Funds Can I Not Transfer?

- Your UK State Pension
- Annuities purchased with a life insurance company
- Company Pension you already take payment from
- Unfunded Public Sector Defined Benefit Schemes:

- NHS
- Civil Service
- Military
- Royal Mail
- Police
- Fire Service
- Teacher

What Are QROPS?

QROPS stands for a Qualifying Recognised Overseas Pension Scheme. It refers to a HMRC-approved pension scheme that holds the same standards as a UK-based scheme but is based in another country.

To qualify to be a QROPS, a scheme cannot be a 'registered pension scheme' and must meet the following four incremental definitions at all times:

- The scheme must be a pension scheme.
- The scheme must be an overseas pension scheme - i.e., outside of the UK and meets both the 'Regulation Requirement' and the 'Tax Recognition' tests.
- The overseas pension scheme must be a Recognised Overseas Pension Scheme (ROPS). I.e. It meets both the 'Benefit Tax Relief' and 'Pension Age' tests.
- The ROPS must become a QROPS - to do this, the scheme manager must notify Her Majesty's Revenue and Customs (HMRC) that the scheme:

a. Meets the requirements of a ROPS,

b. Informs HMRC if it ceases to be a ROPS and,

c. Complies with the prescribed ongoing reporting requirements.

Without a QROPS registration, an overseas pension scheme won't be permitted to accept a transfer from a UK pension scheme.

The responsibilities of the QROPS do not end with registration; For five years from the time of pension transfer, the overseas scheme will need to report back to the UK pension scheme.

This reporting ensures that payments made to an overseas pension member, whose funds had been transferred over from a UK scheme, receive benefits broadly in line with the UK scheme.

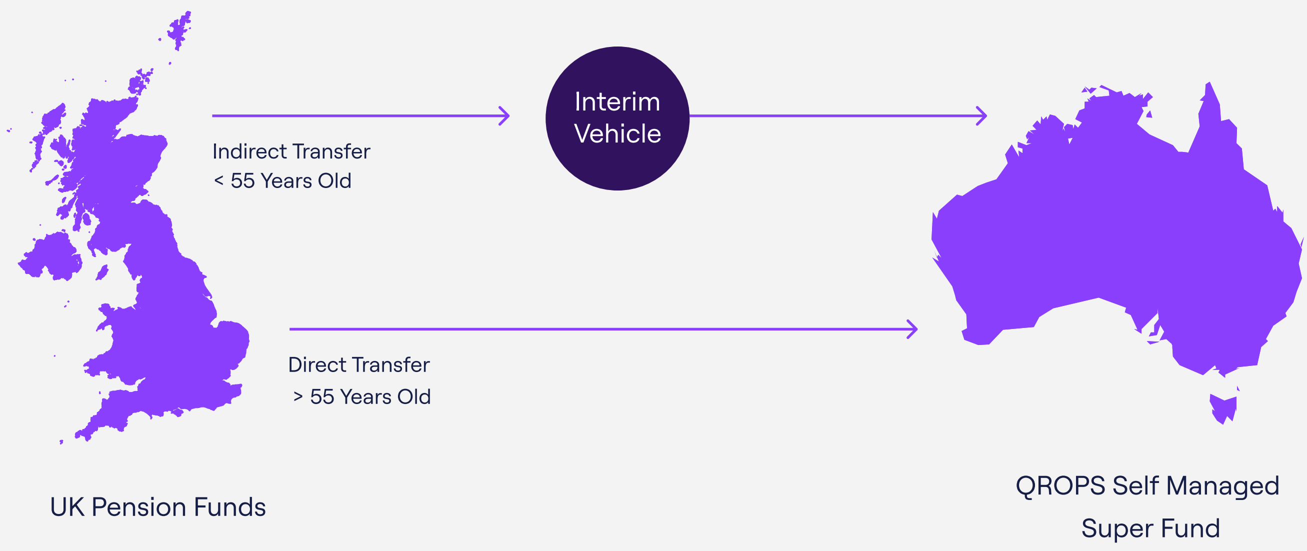
Overseas Transfer Charge

In 2017 it was announced that there would be a 25% tax charge on certain transfers to overseas pension schemes. This tax charge applies to individuals a transferring their UK pension benefits to a country or Jurisdiction other than where they reside.

When moving to Australia, You can transfer your pension without incurring the 25% tax charge. However, if you were to move to another country within five UK tax years of the transfer, you would incur the charge.

What Is A QROPS SMSF?

A QROPS SMSF is an Australian Self-Managed Superfund that has met the designation of QROPS as outlined by HMRC. A UK Pension transfer cannot occur to any overseas scheme that is not a QROPS. To qualify as a QROPS, an SMSF requires a specially drafted trust deed.



What Is The Age 55 Rule?

The requirement for a specially drafted trust deed was introduced in Australia, in 2015, as a result of HMRC removing all Australian QROPS from the approved list.

HMRC took this action as they were concerned that Australian Superannuation schemes could pay certain benefits to members before they were 55. Subsequently, Self-Managed Superfunds and some retail Australian Superannuation schemes changed their trust deeds to allow only members who are already 55.

This means that the scheme will not be in breach of the 'Pension Age Test' and meets the conditions to become QROPS. UK pension funds, therefore, cannot be transferred to Australia until the member reaches the age of 55.

Regardless, if you are not yet 55, you should still seek advice regarding your UK pensions. Several options could help you maximise your UK pension fund in the interim.

What Is The Non-Concessional Contribution Cap?

The Non-Concessional Contribution cap (NCCC) is the limit Australian residents can pay into an Australian superannuation scheme from their post-tax earnings.

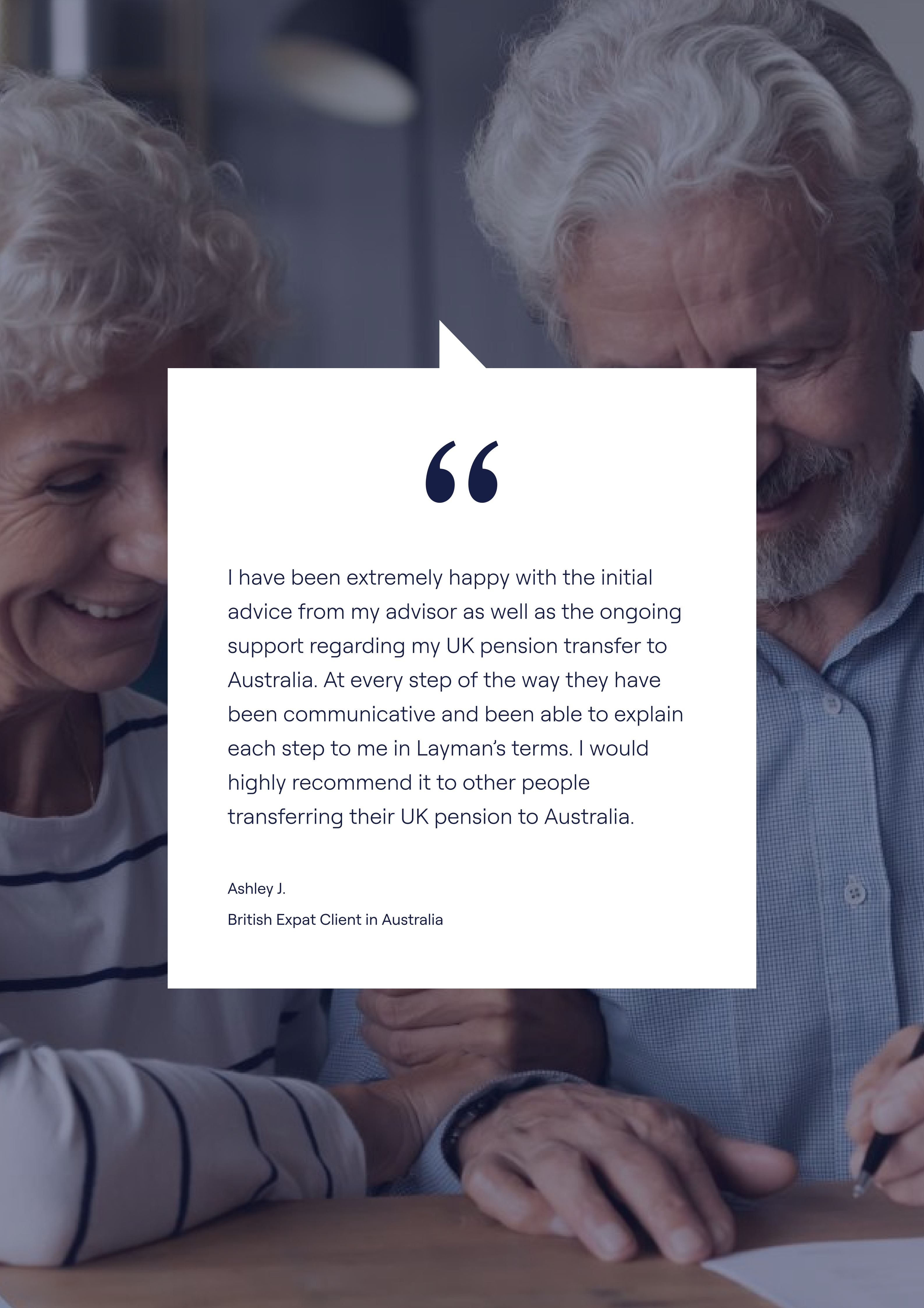
This cap includes transfers from non- Australian schemes – such as UK pensions. The cap is A$110,000 per Australian tax year.

If you are under 65, it is possible to 'bring forward' two years' worth of nonconcessional contributions and transfer A$330,000 in one tax year from the UK. You would then have to wait two Australian tax years before making a further transfer.

What Are Your Options Now?

Indirect UK Pension Transfer - the best option is to use an interim vehicle such as a SIPP (Self-Invested Personal Pension). This may provide additional benefits, such as allowing the pension to hold Australian dollar investments.

At Titan Wealth International, we can facilitate UK pension transfers in either GBP or AUD, from the UK or in Australia, and convert them to your chosen currency at wholesale rates. So even if you are under 55, there are compelling reasons to consider transferring your pension.



> I have been extremely happy with the initial advice from my advisor as well as the ongoing support regarding my UK pension transfer to Australia. At every step of the way they have been communicative and been able to explain each step to me in Layman's terms. I would highly recommend it to other people transferring their UK pension to Australia.

Ashley J.

British Expat Client in Australia

Eight Benefits Of Transferring Your UK Pension To Australia?

1. Less tax - From the age of 60, all retirement income and lump sums drawn from Super are tax-free in Australia. However, pensions drawn from UK schemes are taxed at your marginal tax rate, up to 49%.

2. Greater control over retirement benefits.

3. Transparency of fees.

4. Flexibility of Income - depending on your circumstances, you can choose between 4% and 10% in pension income each year.

5. Manage assets locally.

6. Remove the currency exchange rate risk.

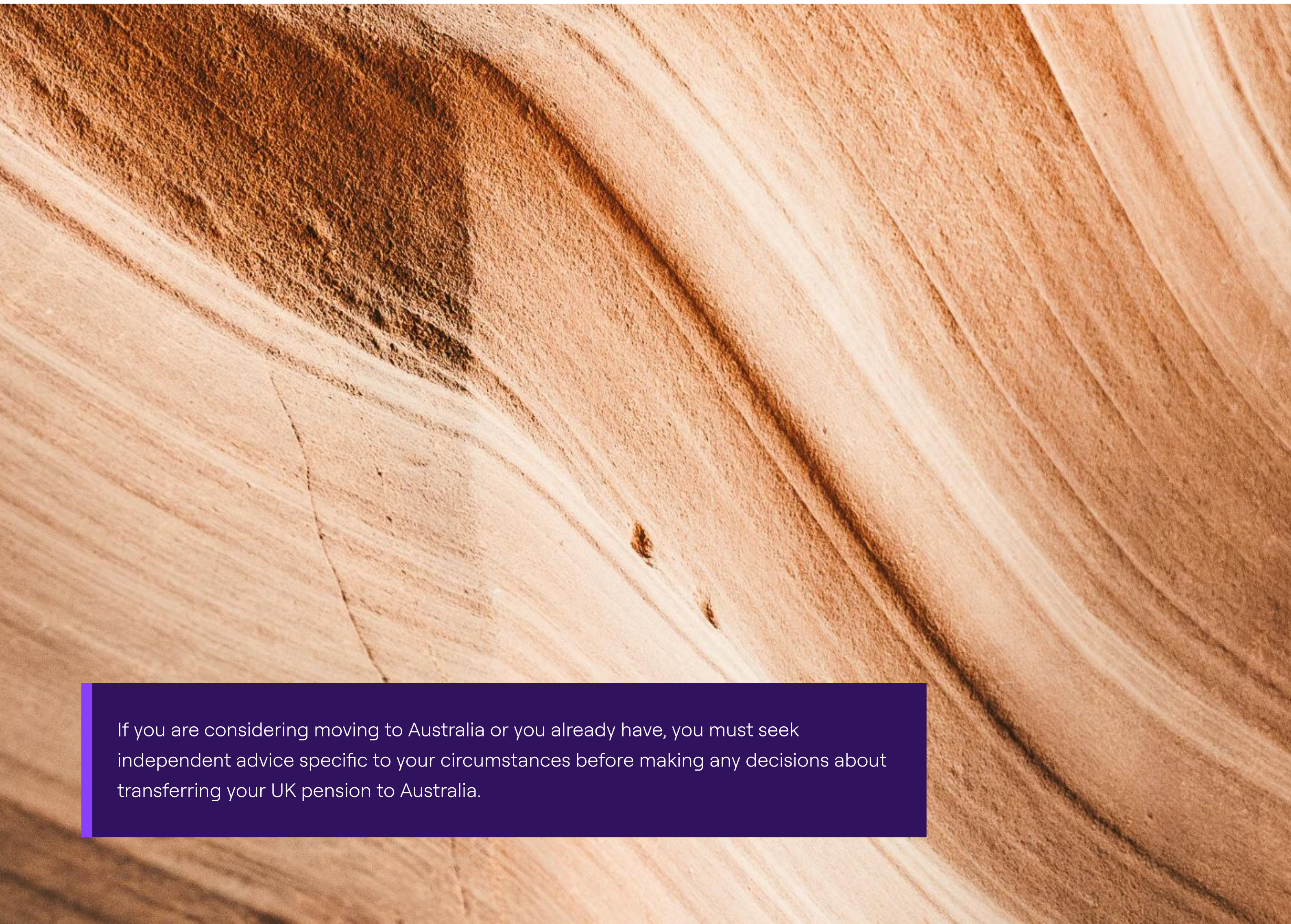
7. Avoid transfer fees - If regular income in retirement is drawn directly from a UK scheme, you will incur ongoing costs for each transfer.

8. Succession planning - UK pensions can be taxed upon death. The Australian system has superior benefits available to your children and other beneficiaries.

When Transferring Isn't Your Best Option

However, despite the positives, there are also reasons why transferring your UK pension fund to Australia might not be suitable for you:

- Charges for a small fund - If your pension fund is small, the charges you'll incur for transferring may not make Financial sense.
- You may be happy with your current pension scheme.
- Uncertainty around where you will live - If you believe you may reside in the UK or another country in the future, transferring may not be the best step



If you are considering moving to Australia or you already have, you must seek independent advice specific to your circumstances before making any decisions about transferring your UK pension to Australia.

TITAN Wealth International

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Who Are Titan Wealth International?

Founded by UK-qualified financial advisers Titan Wealth International is a global advisory company specialising in cross-border financial advice for British expat clients.

We are an independent financial advisory consultancy helping people meet their financial goals, plan for the future, and grow their wealth.

You know that you are in safe hands with our commitment to transparency, proven expertise, and market-leading standards.

We offer a modern approach to financial advisory and set ourselves apart from our competitors by providing unparalleled personal financial advice to expatriate clients living globally.

Honesty, integrity, transparency and regulation are at the heart of our approach. We tailor solutions and advice that can only come from understanding our clients and their requirements.

We work with them to understand their financial goals and offer the right strategies to help their investments develop and grow to maximise their return.

TITAN Wealth International

Get Your Complimentary UK to Australia Pension Transfer Report

In just 15 minutes with Titan Wealth International's Australian pension transfer specialists, you will:

- Discover the UK to Australia transfer benefits you qualify for
- Uncover the best options tailored to your retirement goals in Australia
- Gain clear insights into the advantages and drawbacks specific to your transfer needs

Get My Free Transfer Report

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