

Guide to UK Pension Transfers



Contents

Introduction	3
Transferring your UK Pension	4
What are the benefits of transferring your pension?	4
What are the risks associated with transferring your pension?	4
What are your options?	5
Leaving your Pension in the UK What happens if you do nothing?	5
International Self Invested Personal Pensions [SIPPs]	6
What are the benefits of an International SIPP?	6
What's right for you? We're here to help.	7



Introduction

If you live overseas and have a UK-based pension fund, it may be beneficial for you to explore the option of transferring your pension. Transfer options can deliver valuable benefits for expats, but it's important to assess your individual circumstances to ensure that it's the right decision for you.

This guide will give you an overview of the transfer options available, but it does not replace the need for expert financial advice. Our detailed understanding of UK and international pensions and our international licenses mean that our dual-qualified advisors can provide you with clarity and simplicity, helping you to cut through the complexity and potential pitfalls of optimising your pension funds and benefits, wherever you are in the world, and wherever you choose to retire.

Transferring your UK Pension

Following the UK government's decision in April 2006 to allow additional pension freedoms, anyone with a personal or occupational UK pension fund who leaves or intends to leave the UK [becoming non-resident for tax purposes] is now able to transfer their retirement savings to an alternative pension scheme. There have been several modifications to this process in subsequent years, so seeking advice from a dual qualified financial advisor is strongly recommended.

Transferring your UK pension can have a significant impact on the tax you pay, when you can access your pension benefits, the lump sum value you're able to withdraw, and how your family can benefit from your pension funds. It's therefore important to understand your options and take expert advice, to ensure that you can make an informed decision about your UK pension.

What are the benefits of transferring your pension?

- You may pay less income tax. Withdrawn income from pension funds in the UK can be taxed up to 45%.
- 100% of your pension is passed on to your chosen beneficiaries. If your UK pension is part of a Defined Benefit scheme when you die, your spouse will only receive a reduced benefit, and your children could receive no benefit, depending on their age.
- Access to your pension at 55 years of age.
- You can take as much or as little as you need from the scheme as an income with a flexible drawdown plan.
- Mitigate currency exchange rate risk.
- Control of investment and growth potential.
- You can combine all your previous UK pensions into a single scheme, providing greater clarity and efficiency, and potentially reducing the overall fees you pay.

What are the risks associated with transferring your pension?

- If you are transferring a Defined Benefit scheme, you will be losing a guaranteed income for life.
- You may pay more for your overseas pension products than you do for your UK pension in the UK.
- If you are transferring a Defined Benefit scheme, you will take on the management of the investment risk.
- There may be a charge for transferring your pension overseas.



What are your options?

Now that you have left the UK there are a number of options available to you in respect of your UK pensions:

1. Do nothing. Leave your pension funds in the UK.
2. Transfer to an international SIPP [Self Invested Personal Pension].

1. Leaving your Pension in the UK What happens if you do nothing?

If you do decide to leave your pension in the UK, you can continue to receive any benefits you have associated with your pension products, and you can continue to receive tax relief on contributions from relevant UK source income [or based on £3,600 if no earnings] to your UK pension for up to five years after leaving the UK. However, there are also risks associated with doing so. If you do decide to leave your pension funds in the UK they may be:

- subject to income tax of up to 45% when income is withdrawn from the pension¹.
- subject to ongoing tax and pension legislation changes.
- held in GBP creating a potential future currency risk.
- held in an underfunded Defined Benefit scheme².
- held in a scheme with no control of the underlying investments.
- restricted in terms of their growth options and capital protection.
- held in a scheme which doesn't allow your family to benefit fully from your pension funds after your death.

1. This can be mitigated in certain circumstances where a dual taxation treaty exists.

2. As at July 2023 nearly one in ten of all UK final salary schemes are underfunded, with an aggregate deficit of £2.3bn – Source: UK Pension Protection Fund [PPF].



2. International Self Invested Personal Pensions [SIPPs]

An International Self Invested Personal Pension [SIPP] is a UK government recognised personal pension scheme that allows you to take control of your own investment decisions as you save for your retirement. International SIPPs provide significant choice and flexibility regarding investments, tax benefits and currency choice. If you no longer live in the UK, an International SIPP allows you to transfer and consolidate benefits from UK-registered pension schemes easily and efficiently, while still protecting you under UK regulations.

Please note that UK state pension benefits and certain unfunded Government pensions such as NHS pensions cannot be transferred.

What are the benefits of an International SIPP?

- An International SIPP is UK-regulated and will continue to work for you, whether you live in the UK or abroad.
- You can consolidate all of your fragmented pensions into one pension for cost effective investment management and administration.
- 100% of your funds will be passed to your beneficiaries if you die before age 75 and a marginal rate of UK income tax will apply to your beneficiary if death occurs after age 75. If you have a Defined Benefit or Final Salary pension, your spouse will only receive a reduced benefit and your children could receive no benefit.
- You have the ability to be involved in how your pension funds are invested.
- You can hold and invest your funds in any currency.

What's right for you? We're here to help



Transferring your UK pension can have a significant impact on the tax you pay, when you can access your pension benefits, your ability to withdraw a lump-sum, and your succession planning, so it's important to seek advice before making any changes to your pension.

Financial advice from a dual qualified pension advisor is strongly recommended if you are considering a pension transfer and want to understand whether a SIPP would be the right option for you.

Forth Capital takes a holistic approach to pensions advice. Before making any recommendations on the best transfer option, we offer an initial consultation to help you establish:

- Which pension products you have.
- When you want to retire and where.
- Your current residency status and tax situation.
- Your financial situation and income requirements.

Contact Forth Capital to learn more about your pension transfer options, and benefit from expert advice to ensure that you make the right decision for you and for your family.

Please note: *The value of your investment or pension can fall as well as rise, and you may not get back the original amount invested. The information provided in this Forth Capital 'Guide to UK Pension Transfers' is based on our understanding of UK tax rules as of October 2023. Please note that the tax treatment depends on the individual circumstances of each client and may be subject to change in future.*

This information is general advice and does not take account of investors' objectives, financial situation or needs. Before acting on this general advice, investors should therefore consider the appropriateness of the advice having regard to their objectives, financial situation or needs.



Contact Us

Email us at:

enquiries@forthcapital.com

or call us on:

USA +1 346 245 8824

UK +44 131 6000 625

Australia +612 9248 0169

Europe +353 1 640 1984

Hong Kong +852 3589 5510

Switzerland +41 22 311 1441

Forth Capital Advisers Limited is authorised and regulated by the Financial Conduct Authority (FCA) Registration Number 811535.

Forth Capital (Genève) is authorised and regulated by FINMA as an Insurance Intermediary (Registration Number F01197232) and is affiliated to SO-FIT, as a financial intermediary within the meaning of Article 2 Paragraph 3 of the Anti-Money Laundering Act (AMLA). SO-FIT is a self-regulatory organization recognized by the Swiss Federal Financial Markets Supervisory Authority (FINMA). All Forth Capital (Genève) Sàrl Advisors are listed on the ARIF (Association Romande des Intermediaries Financiers) public register for regulated Financial Planners in Switzerland, as required under the Swiss Financial Services Act (FinSA).

Forth Capital (USA), LLC, is an Investment Advisor registered with the State of Texas, License Number 804610907.

Forth Capital (Hong Kong) Ltd is regulated by the Hong Kong Insurance Authority No. FB1231 and is a Member of the Hong Kong Confederation of Insurance Brokers (HKCIB).

Forth Capital (Australia) Pty Ltd with ABN 38 627 432 875 is a corporate authorised representative ("CAR") of Shartru Wealth Management operating in Australia under AFSL: 422409.

Forth Capital (Europe) Limited is regulated by the Central Bank of Ireland. Our Central Bank reference number is C133357. Where advice is provided outside of Ireland, the advice is given from Ireland via the Insurance Mediation Directive on a cross border basis.

We are also a member of the Federation of European Independent Financial Advisers (FEIFA). The Federation is not available to all IFA companies. By only admitting members following a rigorous vetting and due diligence procedure, FEIFA provides consumers with an independent assessment of the regulatory and legal status of its Member companies.

Forth Capital (Europe) Limited is a member of PIBA (Professional Insurance Brokers Association) in Ireland. PIBA is the largest Broker representative body in Ireland and currently has a membership of approximately 890 Brokerage firms.