

QROPS Guide



HINTONS

QROPS Guide 2015

We hope you find our guide informative and that it highlights some of the vast financial planning opportunities available to you in transferring your UK pension rights to a QROPS. The guide is intentionally generic and therefore individual questions may arise that you would like answers to. If at any time you would like more detailed information please e-mail us at info@hintonpi.com or complete our enquiry form, or call our European Head Office - 0034 952 591 980.

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Introduction

Hintons provides you with all the answers and help that you have been looking for in deciding if a QROPS may be right for you. Not only can you study the information contained in this guide, but if at any time you need more detailed information, then we are here to help.

Anyone with a UK pension scheme who now lives overseas as an expatriate, or is planning to leave the UK can now transfer their existing pension provisions into a QROPS (Qualifying Recognised Overseas Pensions Scheme). And the financial benefits can be huge if planned correctly, improving the amount of tax free cash, investment growth and tax efficiency, flexibility and future financial security of your pension.

Compiled by industry experts with over 20 years 'experience, our aim is to maximise your expatriate status and help you achieve your financial goals by getting more out of YOUR Pension. We will only ever help you transfer to QROPS providers that are 100% approved by HM Revenue & Customs (HMRC) and we will advise you as to the best jurisdiction you should use.

If at any time you need to speak to one of our specialists then we are here to help. You can contact us without obligation or charge and in total confidence.

Benefits

- Tax free lump sum of up to 30%
- Take income from your pension at a level to suit you (no forced annuity rates).
- Take income in a more efficient way – no double taxation issues with the UK
- Leave ALL unused pension funds to your beneficiaries (current tax rate in UK 45%)
- Total protection for those in UK deficit schemes i.e. British Airways, British Telecom etc
- Much greater investment freedom.
- Onshore / offshore funds, highest fixed deposit rates, total diversification.
- Protection against possible future creditors. (depending on QROPS jurisdiction).
- Greater confidentiality.

The benefits of being in control of your pension fund are immense for those living abroad. You can benefit from being able to invest into a more diversified range of asset classes. There are also huge gains to be made in Inheritance Tax Planning (IHT). On an individual's death, the value can be passed onto your loved ones and not straight into the Chancellor's pockets.

Furthermore, you are no longer under any obligation to buy an annuity. If you don't have to buy an annuity, then it means that when you die, or when your spouse dies, then your pension fund doesn't die with you. It means that your hard worked for pension can be passed onto beneficiaries in line with your wishes. QROPS pension arrangements will usually pass to the intended beneficiaries much easily and more quickly than would be the case in the UK.

About QROPS

UK Pensions have traditionally been tied up in many layers of restriction & regulation; in part to protect the tax revenues of the UK by taxing income from annuities and then taking any residual value on death and in part to stop pensioners spending all their money in the first 5-10 years of retirement and then relying on the state. The good news is that for those of us living overseas or about to move to a new life abroad, some of the restrictions have now been lifted. In April 2006 it was announced that British expatriates could move their pension benefits to a QROPS with the UK revenues approval.

A QROPS is a pension scheme set up outside the UK that: -

- Is regulated as a pension scheme in the country in which it was established.
- Must be recognised for tax purposes in the country that the QROPS is established.

A QROPS scheme may however, while complying with the above, be established in a country that taxes pensions but at a minimal rate.

The real benefits come into play when you have been away from the UK for at least 5 years and do not intend to return for at least the foreseeable future. Once your pension schemes have been transferred into a QROPS, and you have been non-resident in the UK for at least 5 years, then the overseas QROPS provider no longer has to report any withdrawals or payments to the HMRC. If the QROPS provider is in a country where payments from such schemes are more tax efficient then payments can be made to you at minimal rates of tax (although you may be liable to tax on the income dependent on your country of residence at the time of receipt).

After you have been overseas for at least 5 tax years, the QROPS pension fund becomes subject only to the laws of the relevant overseas jurisdiction, and the requirement to purchase an annuity by age 75 is no longer applicable. The normal UK minimum pension age will still normally apply of ,

but QROPS pension can be taken from 55. QROPS arrangements can offer considerably more flexibility, greater income potential and more investment freedom than a UK pension. And with the right advice the tax benefits can be immense.

In order to be an eligible scheme, the QROPS must be fully approved by HMRC, and a list of such schemes can be found at <http://www.hmrc.gov.uk/PENSIONSCHEMES/qrops-list.htm>

But where do you turn next? That's where our free evaluation service becomes invaluable in helping you source expert guidance. After you have read through the rest of our guide, we suggest you contact us for a discussion relating to all the points you should consider depending on your personal circumstances.

FAQ

[What is the minimum value I can transfer to a QROPS?](#)

The minimum we recommend in fund size is £50,000 GBP. Whatever your situation and UK pension transfer value, contact us anyway as there is usually a solution to be found.

[Will payments from my QROPS pension fund be reported to HMRC in the UK?](#)

QROPS providers are required to notify HMRC of any payments from transferred pensions in respect of a relevant member. However this does not apply UNLESS the member is:

1. Resident in the UK when the payment is made, or
2. Although not resident in the UK at that time, has been resident in the UK earlier in the tax year in which the payment is made or in any of the five tax years immediately preceding that tax year.

[If I transfer my UK pension into a QROPS will I have to buy an annuity?](#)

No, although you may if you wish. Without the need to purchase an annuity it means you can invest into better returning assets and gain the advantage of passing any remaining funds upon death to your loved ones.

[Who may apply to transfer their pension into a QROPS?](#)

Most of the schemes are not available to US citizens and there can be problems with US residents; however any other nationality may apply.

What investment choice and freedom will I have with a QROPS?

The investment choice will normally be very wide indeed. Under certain circumstances you can manage the assets yourself with total freedom, or work with an investment manager / financial adviser. You may also appoint an investment manager to make the decisions for you or with you. It really depends what you are looking to achieve and how involved you would like to be with the investment decisions. We can arrange for an investment adviser to work with you by reviewing your QROPS fund assets and made recommendations to you on a quarterly basis. There is no limit to the size of funds that may be accumulated within a QROPS.

How & when can I take benefits from my QROPS?

There is generally considerable flexibility in the timing of taking benefits from a QROPS. Usually benefits will be taken between the ages of 55 and 75, but it can be possible to access funds before or after these ages. Please contact us for further information dependent on your circumstances.

Once I have transferred my UK pension to a QROPS can I access my fund as a 100% lump sum?

The answer to this is 'no'. This is because retirement funds that you have built up may need to provide an income for you and your dependents for the rest of your life and perhaps beyond. After the 5 years of non UK residency there are less restrictions and access is something that you will need to discuss with your adviser. There may be serious tax implications depending on your country of residence, although we do have specialist solutions available and you should contact us for further details. Full pension fund access may require a second transfer to take place into an international pension scheme.

How will any benefits or withdrawals be taxed?

Most of the schemes we recommend are at a minimum rate of tax. The tax treatment of any income you receive will depend upon where you are tax resident at the time.

What will happen to my QROPS pension fund upon my death?

With the better QROPS schemes, any funds remaining upon death of the individual will be paid to those nominated by you as beneficiaries. Dependent on your personal circumstances, significant tax planning opportunities may be possible.

I have a UK SIPP and I have drawn an income, can I benefit?

A QROPS can be used to receive transfer values from any UK registered pension scheme (other than annuities and with some UK occupational pensions) even where benefits have been taken. It

may still be beneficial to transfer to a QROPS if you are non-UK resident and intend to remain so for the long-term.

How long will a transfer to a QROPS take?

Most transfers can take 2-3 months. The process is initiated by you completing a letter of authority enabling Hinton to get information from your pension provider of current benefits and a transfer value. This is not binding in any way and will only allow Hinton to receive details of the pension scheme you have.

Can I transfer the funds and assets in my UK scheme or do I have to liquidate them into cash?

This will depend on the pension provider you have and the assets that you hold. Generally a transfer will be quicker if converted into cash.

What are the key facts to look for in a good QROPS?

Strong investor protection from a well-established jurisdiction similar to the UK, investor protection, transparency of charges and tax efficiency.

My pension fund is substantial, what tax implications may there be?

A transfer to a QROPS will be a benefit crystallisation and therefore will give rise to a tax charge if the amount exceeds the lifetime allowance (currently £1.25 million in 2014/2015 tax year). If your fund is in excess of this amount then please contact us for specialist advice.

Are there any circumstances in which I shouldn't transfer to a QROPS?

Yes there are, although in most situations we have come across so far, as long as you are non-UK resident and intend to remain so for a total of at least 5 years the benefits to you can be immense. If you have guaranteed annuity rates set many years ago when interest rates were much higher, this would be one such situation that would need careful consideration.

Can I organise a QROPS myself?

No. QROPS providers will only take pension transfers through their appointed intermediaries.

QROPS Procedure Factsheet

<p>Step 1</p> <p>Enquiry submitted to Hintons</p>		
		<ul style="list-style-type: none"> - It can take 2-4 weeks for existing scheme providers to supply the information required at step 4.
<p>Step 2</p> <p>Hintons contacts clients & sends Letter of Authority.</p>		<ul style="list-style-type: none"> - No obligation on client to proceed up to step 5.
		<ul style="list-style-type: none"> - If client agrees to process at step 5, continue to step 6.
<p>Step 3</p> <p>Client sends LOA by email or fax with original to follow.</p>		<ul style="list-style-type: none"> - Step 6 can take 4-6 weeks for transfer to complete.
<p>Step 4</p> <p>Hintons contacts existing UK pension provider to confirm pension can be transferred to QROPS and ascertain transfer value.</p>		
<p>Step 5</p> <p>Analysis of present scheme and QROPS option. Client can make educated decision</p>		<p>Pension now based offshore</p> <p>Greater flexibility; Greater range for tax free cash and more attractive tax breaks (better growth); no need to purchase annuity.</p>
<p>Step 6</p> <p>Discharge form sent to existing provider. Application form sent to QROPS provider.</p>		

Costs

In terms of costs as a percentage, the larger your fund the lower the costs will be. The remuneration we receive for works completed (that will come from your transferred pension) is between 1%- 3% depending on the complexity and/or size of the transfer. Each client is disclosed to the exact cost before proceeding with the transfer.

Further Info

QROPS transfers are not right for everybody. You cannot transfer a state pension into a QROPS, nor can you transfer if you have already taken an annuity with your pension.

However, in more cases than not a QROPS can be significantly beneficial, especially if constructed with careful and expert guidance.

Each of the expatriates or people leaving the UK that we and our providers have helped take control of their pensions has a unique financial situation. There may be other financial assets, liabilities and IHT issues to take into consideration.

How long before the Chancellor realises how many billions are leaking from UK pensions PLC and back tracks, who knows? Will the availability of QROPS encourage even more affluent people to leave the UK and move abroad? Probably!

Can a transfer be made into a QROPS right now? YES! Our advice is that if you don't intend to return to the UK in the foreseeable future, contact us now while this opportunity is available.

Next Step

Your next step should be to contact us by requesting a call back for a confidential discussion. Full information on the QROPS scheme and most importantly the jurisdiction of the QROPS most appropriate to your personal situation will then be provided to you. You do not need to know the exact value of your pension today but the more information you have available the better. After speaking with one of our experts, you will need to download and complete one of our letters of authority. This allows a valuation of your current pension to be sent to us, without cost or obligation.

Either complete our enquiry form, e-mail info@hintonpi.com or call us on 952 591 980 today.

European Administration Centre
Hintons, CAP Building, C/Mercurio, Urb. Pueblo Sol, Local 77/78, Arroyo De La Miel, Malaga, Spain 29631

Tel: 0034 952 591 980 www.hintonpi.com

Letter of Authority

Date _____

To (pension company name) _____

Pension number/s _____

National Insurance no. _____

Client name _____ DOB _____

Address Europe _____ Address UK _____

Telephone number _____ Email _____

Dear Sir/Madam

Please accept this letter as my authority to appoint Hintons for the above mentioned plans.

Please can you provide them by email and/or post the QROPS transfer documents - CETV value/ discharge papers to maria@hintonpi.com or their administration centre; address shown above.

Please could you send an acknowledgement to Hintons of this letter by email.

Kind regards

Client signature

Appendix 2

Printable Enquiry Form

For further contact with us about QROPS, you may of course contact us by printing and completing the form below and then emailing to us at: info@hintonpi.com

Full Name	
Daytime Phone Number (incl. International dialling code)	
Email address	
Country of residence	
Approx. value of pension fund	
Approx. amount of other investable assets	
Comments / Notes	