

Q. Am I able to transfer protected rights into a QROPS

A. Yes, as long as the receiving QROPS is willing to accept it. When the transfer takes place form CA1881 should be completed, which enables HMRC to keep track of where the protected rights are. In transferring protected rights it is necessary to state that you understand that all protection associated with UK pensions legislation is being given up.

Q. Can I transfer benefits that are already in payment to a QROPS?

A. Yes, so long as the receiving QROPS is willing to accept transfers of funds where the member is receipt of an unsecured or alternatively secured income. Unless the member has not been UK resident during the last five complete tax years then UK rules associated with these benefits are lost. If the member does not satisfy this condition however UK provisions associated with these types of benefits continue to operate until the five-year rule has been satisfied.

“ Annuities in payment and pensions in payment from occupational final salary schemes may not be transferred.

Q. I am a resident of the USA to stop space can I transfer my UK pension rights into an IRA?

A. Transfers to QROPS for a US citizen or problematic and we believe it is best to leave the funds outside of the USA and transfer to an offshore of based QROPS.

Q. Can I purchase residential property with my QROPS fund?

A. If you have been a UK resident at any time in the last five tax years than in relation with any activity associated with a QROPS the answer to this and similar questions is precisely that which would apply to a UK registered pension scheme. The answer in these circumstances being "yes" but subject to a tax charge of typically 70% of the asset value. This makes it an unrealistic proposition.

“ However, if having transferred to a QROPS you have not been at any time in the last five years resident in the United Kingdom then the operation of the QROPS become subject to the legislation of the jurisdiction to which the fund has been transferred. Some jurisdictions permit investment into residential property although most frequently this will be only permitted through indirect ownership that is by way of a corporate structure.

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

A. There are may be. Although most of the situations that we have come across regarding the transfer of non-UK residents pension entitlement to a QROPS are overwhelmingly in favour it is possible that on some occasions this may not be an advisable course of action.

For example, some clients with older pension plans may have guaranteed annuity rates that are well in excess of the rates available today in these circumstances it may well be inappropriate to move a pension. However one should also look at the longer term implications and benefits of transferring.

Q. How long does it take to transfer my UK pension rights to a QROPS and how is the process initiated?

A. in all likelihood the process will take a couple of months. However, where the transferor is from occupational pension scheme the process may take rather longer.

The process is initiated by asking you to complete a letter of authority which enables us to obtain the appropriate information about your UK pension including details of funds and transfer values. This will also allow us to collect the appropriate discharge forms from your pension provider.



Once we have this information we will provide you with a detailed analysis of your current benefits and the advantages and disadvantages of transferring to a QROPS.

Q. Which jurisdictions do you find most satisfactory for recommending a QROPS transfer?

A. After having undertaken considerable research identifying appropriate jurisdictions where investor protection is strong and similar to that we are used to in the United Kingdom we have identified the scope for significant improvements in investments and benefit options from QROPS based in Guernsey and New Zealand.

Q. Some QROPS appear to require an employment contract why is this; and is this something you agree with?

A. There are some QROPS that do require an employment contracts however we have come to the conclusion that these are somewhat artificial devices and we are not comfortable in recommending QROPS from those jurisdictions. Of course, one can never say never, but in practice we are a very happy that the two jurisdictions we are currently recommending fulfil legally, every requirement to increase your benefit options.

Q. I have an extremely large pension fund and concerned about any tax considerations I need to worry about?

A. A pension transferred to a QROPS will be what is known as a benefit of crystallisation events and will give rise to a tax charge if the amount transferred exceeds an individual's unused lifetime allowance (LTA). The LTA to which everyone is entitled is £1.6 million in the 2007 2008 tax year. Before any transfer to a crops is finalised it is essential to check whether there is any possibility whatsoever of the LTA being exceeded in.



If this is the case we would advise registering for enhanced protection before transferring to a QROPS and this will remove any possibility of attack.

Q. Once I have transferred my pension to a QROPS can I access the entirety of my fund as a lump sum?

A. The answer is perhaps. Once you are a QROPS member and you have transferred all of your UK pension rights you remain subject to UK pension rules and less you have been non-UK resident for five complete tax years. After that, all restrictions and reporting requirements for where he and less you become a UK resident again.

Subject to the proviso, access to the fund is available in line with the legislation of the jurisdiction associated with the QROPS. For example in New Zealand it is possible to access up to 40% of the fund as a lump sum (subject of course to the five-year rule having been satisfied), irrespective of age. In other jurisdictions subject to the member being over the age of 50 then full access to the fund becomes available. Although, whether this is a good idea or not, depends upon personal circumstances.



You must of course consider the taxation consequences in respect of any course of action that you intend to take.

Q. What are the costs associated in transferring to a QROPS?

A. This really does depend upon individual circumstances, the nature of the benefits to be transferred and the QROPS that we believe is the most suitable as a receiving scheme. Considered in terms of a percentage of the transfer value then the larger the funds to lower the relative costs will be.

Considering the costs that will be levied by the receiving scheme and those associated with the advice to you might consider a total cost of somewhere between 4% and 7% of the transfer value. There will be additional fund management and annual administration costs which are in general relatively modest.

Q. Can I transfer the assets held within my UK pension scheme into a QROPS without first liquidating them into cash?

A. If the assets are held in an insured scheme they will be realised and converted into cash before transfer. If however your scheme is A SIPP or SSAS it may be possible to transfer certain assets in specie providing the receiving scheme administrators and trustees are willing to accept them.