



Australian
EXPATRIATE
Superannuation Fund

A GUIDE TO TRANSFERRING A UK PENSION TO AUSTRALIA

July 2022

UK TO AUSTRALIA - PENSION TRANSFER GUIDE

If you have spent time working in the UK, it is likely you will have accrued some savings in a pension scheme through your employer. This is due to the auto enrollment rules in the UK that make it a compulsory requirement for your employer to contribute to a pension scheme on your behalf. So whether you are an Australian national or a UK expatriate, if you are now living or retiring in Australia you may be wondering how you can transfer your UK Pension.

In this guide, we will cover the main points you need to know and also the process when transferring your pension, with IVCN – Australian Expatriate Superannuation Fund.

WHAT YOU NEED TO KNOW

There are various points you should know and consider and criteria that **MUST** be met in order for you to be eligible to transfer your UK Pension to Australia.

Here are the eligibility rules:

- You can only transfer your UK Pension to a scheme in Australia that is registered with Her Majesty's Revenue and Customs (HMRC) as a Qualifying Recognised Overseas Pension Scheme (QROPS), like our Australian Expatriate Superannuation Fund.
- You **MUST** be aged between 55 and 75.
- If you are not a resident in Australia, then your transfer would be subject to an Overseas Transfer Charge of 25%.

Other points you should know:

- If you are under the age of 65, you can transfer up to \$330,000 AUD plus fund earnings (investment growth) to Australia, without being liable to an additional tax charge.
- If you are over the age of 65, you can transfer up to \$110,000 AUD plus fund earnings (investment growth) to Australia, without being liable to an additional tax charge.

TRANSFER / CONTRIBUTION LIMITS

When transferring your UK Pension to Australia, there are limits on the amount you can transfer without being subject to an additional tax charge.

A UK pension transfer is classed as a 'non-concessional' contribution. The total non-concessional contribution allowance you have per financial year is \$110,000 AUD. However, if you are under the age of 67, you can bring forward two years of your allowance, giving you a total of \$330,000 AUD (assuming you have not already used some of this allowance in that year). If you are over the age of 67, you are not permitted to bring forward any of your future allowance.

Upon transferring your UK pension to Australia, the Australian Tax Office will want to know the value of your UK pension at the date you became an Australian resident. If the value, at that date, does not exceed your allowance, then you will not be subject to a tax charge on transfer. If the value does exceed the allowance, then the total 'excess' will be subject to a tax charge.

IVCM are not authorised to provide you with tax advice and so we would always encourage you to seek professional tax advice, so that you are fully aware of your position.

TAX POSITION ON TRANSFERRING A PENSION

When you transfer your UK Pension you are assessed for tax on transfer. The amount of tax you pay depends on the 'applicable fund earnings' (investment growth) achieved within your plan from the date you became an Australian resident, to the date you transferred your pension to Australia. If transferring to our Australian Expatriate Superannuation Fund (AESF) the investment growth achieved will be taxed at a fixed concessional rate of 15%.

Lets take an example

Your UK Pension was valued at \$100,000 at the date you became an Australian resident. When you transferred it to the AESF, the value had grown to \$150,000. Therefore, the growth achieved of \$50,000 would be taxed at 15%.

You should note that if you transfer your UK Pension within 6 months of becoming an Australian resident, the investment growth achieved during this period would be FREE OF TAX.

UK PENSIONS THAT CAN BE TRANSFERRED TO AUSTRALIA

You may transfer the following types of UK pension schemes to an Australian registered QROPS:

- An Occupational Pension Scheme
- A Defined Benefit Scheme (i.e. A Final Salary Scheme)
- A Defined Contribution Scheme (i.e. A Self Invested Personal Pension (SIPP))
- A Small Self Administered Scheme (SSAS)

You are **not** permitted to transfer your UK State Pension directly to Australia.

QROPS IN AUSTRALIA

QROPS stands for 'Qualifying Recognised Overseas Pension Scheme'. A QROPS is an overseas pension scheme that is registered with Her Majesty's Revenue and Customs (HMRC) and can accept a transfer of UK pension funds.

As you now know, you can only transfer your UK Pension to a scheme in Australia that is registered with HMRC as a Qualifying Recognised Overseas Pension Scheme (QROPS). Many Self Managed Super Funds (SMSF) are registered with HMRC as a QROPS and you may transfer your UK Pension to them. Your only other alternative is our Retail Superannuation Fund, which is the only Retail Superannuation Fund in Australia that is a registered QROPS.

SELF MANAGED SUPER FUNDS VS RETAIL SUPERANNUATION FUNDS

As it states in the title, an SMSF is a Self-managed fund, meaning that the day to day administration, reporting and investment decisions is your responsibility as Trustee of the fund. An SMSF carries a much heavier level of responsibility than a Retail Superannuation fund and due to complexity, it is essential that you have a thorough understanding of how they work and the legislative requirements of managing them. Failure to manage them correctly may result in tough penalties from the regulator. For these reasons, many individuals outsource the management of their fund to financial firms or accountants and this can sometimes be more expensive and not cost effective.

Additionally, if you are looking to transfer your UK pension to a SMSF, you should note that it will also be your responsibility to apply directly to HMRC to register your SMSF as a QROPS. It is not a straight forward process by any means.

If this does not sound like a route you are comfortable with then your other option is our Retail Superannuation Fund. Retail Superannuation Funds are similar in structure to UK Pension plans. All of the day to day management and administrative requirements are handled by us as the provider and trustee of the scheme. This removes the burden away from you. You also do not need to worry about QROPS registration as this is all taken care of with AESF.

TRANSFERRING YOUR UK PENSION TO AUSTRALIA, WITH IVCM

Here are some of the key benefits of saving for your retirement with our Australian Expatriate Superannuation Fund.

✓ **TRANSPARENT FEES**

There are **NO HIDDEN COSTS & CHARGES** out with the fees and charges disclosed in our Product Disclosure Statement, Member Guide and Investment Guide.

✓ **NO ADMINISTRATIVE BURDEN ON YOU**

Unlike Self Managed Superannuation Funds (SMSFs), all of the day to day administration and management of your fund is taken care of us, so that you don't have this responsibility or liability.

✓ **CONTINUED EXPERT SUPPORT AND GUIDANCE**

Our team of retirement solution specialists are always on hand to assist you with any questions you have, at any time.

✓ **INVESTMENT OPTIONS IN MULTI-CURRENCY**

We have a wide range of investment options available in GBP, AUD and USD, so you can take advantage of the best currency rates to **SAVE YOUR MONEY**.

✓ **QUICK AND SIMPLE TRANSFER PROCESS**

If you are looking to transfer your UK Pension or an existing Superannuation Scheme to us, we handle all of the administration involved, so you don't have to.

✓ **ONLINE CLIENT PORTAL**

This allows you to fully manage and switch investments online, giving you full control over your fund.

THE COST

The cost of transferring your pension to Australia will vary depending on a number of factors. Many UK Pension providers may impose an exit charge on your pension funds and this is a point you should always check with your pension provider.

At IVCN, we pride ourselves in providing our clients with a seamless transfer process. We deal directly with your UK scheme provider and handle all of the administration involved with moving your pension funds, so you don't have to. We charge a one off establishment fee of \$595 and a transfer in fee of \$195, per transfer. The ongoing fees will vary depending on the investment fund(s) you choose.

HOW IT WORKS

Transferring a Pension Plan to Australia is a process that we make simple for you, by handling all of the administration involved, on your behalf.

Simply follow these 3 steps and we will take care of the rest.

1. Apply

Print, complete and return our new business application forms.

Our application form also includes a letter of authority so that we can deal directly with your existing UK pension provider so you don't have to.

2. Personal ID

Provide certified copies of ID Documents

One should be a copy of your passport or driving license as photographic identity and the other a recent bank statement or utility bill, as proof of address.

3. Complete

Post or email your completed documents to us

Post all documents to us or scan all your documents email to us to get the process underway immediately.

TRANSFER REQUIREMENTS

Listed below are all the items we require, to handle the transfer process on your behalf:

- **AESF Application Form**
- **APSS263 (HMRC Form)**

You should also provide us with your completed and signed transfer forms from your UK Pension Scheme(s) and your identification documents, as noted above.

Post all of this documentation to our office in Australia:

IVCM (Aust) Pty Ltd

Level 10, 20 Martin Place

Sydney, NSW 2000

We can start the process with a scanned copy of this paperwork but ultimately we need the original signed paperwork to finalise the transfer of funds.

The plan is managed by Diversa Trustees Limited, ABN 49 006 421 638, RSE License L0000635, AFSL Licence 235153, as Trustee for the Fund. The promoter of the fund is IVCM (Aust) Pty Ltd ABN 16 608 923 477, AFSL 491530

This guide does not contain personal advice. It is provided for general information only and does not take into account your personal objectives, financial situation or needs. This information is true and correct as at 28 July 2021 and may vary from time to time. You should

consider the AESF Product Disclosure Statement (PDS) before making a decision and seek professional financial advice. A copy of the PDS is available on the IVCM website (www.ivcm.com/products/aesf) or by contacting sssus on [+61 (0) 2 7202 0151]

The Australian Expatriate Superannuation Fund is a division in the Tidswell Master Superannuation Plan (ABN 34 300 938 877, RSE R1004953). The plan is managed by Diversa Trustees Limited, ABN 49 006 421 638, RSE License L0000635, AFSL Licence 235153, as Trustee for the Fund.

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