

GIBRALTAR

Prosperity

A Qualifying Recognised
Overseas Pension Scheme
(QROPS)



Abacus Pension
Trustees Limited

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FINANCIAL SERVICES • EST. 1974



OUR PROSPERITY QROPS COULD BE OF BENEFIT TO YOU IF YOU CURRENTLY HAVE A UK REGISTERED PENSION SCHEME AND HAVE MOVED ABROAD OR INTEND TO DO SO IN THE NEAR FUTURE

What is a QROPS?

THE ABACUS GROUP

Abacus is an independent, privately owned group of companies, established in Gibraltar over 40 years ago. We provide comprehensive financial solutions and services to both private and corporate clients worldwide. Four decades of expertise in wealth management, corporate structuring, international pensions, tax, fund administration and accounting services help us create and deliver professional solutions that are simple, effective and bespoke. Clients that choose to work with us will benefit from a broad range of integrated services that will be personally selected to suit their needs and implemented to our highest service standards.

Expert Wealth Management & Financial Solutions

INTRODUCTION

Hundreds of thousands of Britons leave the UK every year to start a new life overseas, and after having worked in the UK for years, leave behind their UK pensions without realising the opportunity that this opens up to them to enhance their retirement benefits, and therefore enjoy a better lifestyle in retirement.

The large demand for overseas pension schemes led to the introduction in 2006 of Qualifying Recognised Overseas Pension Schemes (QROPS). Due to the potential benefits that can be achieved through transferring a UK pension abroad, the number of UK expats seeking pension transfer advice keeps increasing every year.

Our Prosperity QROPS could be of benefit to you if you currently have a UK registered pension scheme and have left the UK and moved abroad to an EEA country, or intend to do so in the near future. Deciding on the right pension plan to meet your needs is a fundamental part of retirement planning and should be given much consideration. Aspects such as your country of residence, flexibility and retirement benefit needs form an important part of the decision making process, and under all circumstances should be discussed with your Independent Financial Adviser.

Abacus Pension Trustees Limited is an independent pension provider and does not offer legal, tax or financial advice. This brochure is designed to provide you with information on the features and benefits of the Gibraltar Prosperity QROPS, and should be read in conjunction with the Key Features Document, Scheme Particulars and Fee Schedule. It is a generic brochure and does not constitute financial advice.

Qualifying Recognised Overseas Pension Schemes (QROPS) were introduced as a result of new pension rules set by the UK Government in April 2006. A QROPS is a HMRC recognised pension scheme based in another country or jurisdiction outside the UK that will accept the transfer value from your UK registered pension scheme, whether from an occupational or personal pension scheme. This makes it possible to transfer UK pensions to a jurisdiction that may be more suitable to your personal and financial circumstances, than if left in the UK.

WHO IS ELIGIBLE?

Any national who has built up a UK registered occupational or personal pension and has now become a UK non-resident, or is thinking of doing so in the near future. It could be suitable for any individual who is considering retiring abroad to an EEA country, although for the full tax benefits to apply, you must have been a non-UK resident for 10 complete UK tax years when you commence taking benefits from your pension plan.

A QROPS may also benefit a UK resident with pension funds approaching the UK Lifetime Allowance limit of £ 1,073,100 (tax year 2020/2021) who has not applied for transitional protection.

As long as you are resident in the EEA, there is no requirement for you to be resident in the jurisdiction of your QROPS.



Tax benefits

TAX EFFICIENCY

TAX

A QROPS can help achieve your retirement objectives in a tax efficient manner. Most of the following tax benefits may be possible once your UK pensions have been transferred into a QROPS. Some of these only come into effect once you have been a UK non-resident for ten complete tax years.

PENSION COMMENCEMENT LUMP SUM

30%

A maximum pension commencement lump sum of 30% of the fund value may be provided free of tax, as long as applicant has been a non-UK resident for over 10 years, compared to 25% for a UK pension.

PENSION BENEFITS ON RETIREMENT

70%

Depending on where you are tax resident and your choice of QROPS jurisdiction, you may potentially pay far less tax on your pension income. The Gibraltar Prosperity QROPS pension income is taxed at a flat rate of 2.5%. As a non-UK resident for over 10 years, no UK income tax will be deducted at source. Additional income tax may be applicable in your country of residence and tax advice should be sought in respect of this.

At least 70% of the pension fund must be utilised to provide a retirement income. A QROPS allows tax efficient pension income planning, as it offers the flexibility of varying income withdrawals between 0 - 150% of GAD each year. This can be altered in line with tax planning or changing income needs throughout retirement.

TAXATION OF UNDERLYING INVESTMENTS IN YOUR QROPS

NO TAX

There is no tax applicable to investment growth or income as this is rolled up gross. This can have a significant benefit on the value of the pension assets over the long term.

TAX ON DEATH BENEFITS

NO TAX

Unlike the UK, where a 45% tax charge applies to pension benefits on death post age 75, in Gibraltar there is no tax on lump sum death benefits paid out from your QROPS, regardless of the age at death. Our QROPS is written under discretionary trust and lump sums paid out on death are at the trustee's discretion and fall outside of the pension member's estate. Some UK occupational schemes may not allow a lump sum to be paid to a beneficiary following the member's death and will only permit a 50% spouse's pension, whereas a QROPS may offer the flexibility of a lump sum or income payments to any nominated beneficiary/ies.

QROPS ARE EXEMPT FROM THE LIFETIME ALLOWANCE TEST

£1,073,100

In the UK, the Lifetime Allowance Limit represents the total value of a person's combined pension holdings that is permitted over their lifetime. For UK tax year 2020/2021 this was £1,073,100. If your total pension fund exceeds this allowance it could result in a tax charge of up to 55% of the excess. This allowance may seem like a generous amount, but some Members in deferred final salary schemes may be reaching this threshold without even being aware of it.

When transferring from a UK registered pension scheme into a QROPS the pension scheme value is tested against the Lifetime Allowance only at the date of transfer. This means that any further growth in the pension value is not subject to this test, and will not risk a subsequent hefty tax charge, as they would if left under the UK taxation regime. This presents a great opportunity for those who are approaching this threshold or feel they may do so in the future.

Additional benefits

YOU CAN SIMPLIFY YOUR RETIREMENT PLANNING BY CONSOLIDATING ALL YOUR UK REGISTERED PENSIONS INTO ONE SINGLE QROPS



INVESTMENT FLEXIBILITY

Prosperity QROPS allows access to a wide range of investment options, and amongst others, may include equities, corporate and government bonds, collective investment funds, cash and commercial property. Your financial adviser will guide you through this large investment choice and help you design an investment strategy that matches your risk profile and your retirement objectives.

Structures such as investment platforms or insurance bonds may also be used, and through working closely with your financial adviser, you may have more control over your pension assets than in most UK pension schemes. Transfer values into the Prosperity QROPS can be accepted in cash, and also where applicable, on an 'in specie' basis, subject to the trustee's approval of the assets being transferred.

PENSION CONSOLIDATION

Most people build up more than one UK pension throughout their working lives, and it can be difficult and time consuming to keep up with the different values and investment outcomes under several pension providers. Even more complex, may be to manage several pension income streams from different providers, in varying amounts and frequencies once you retire, especially if you are living abroad.

You can simplify your retirement planning by consolidating all your UK registered pensions into one single QROPS. This eases the administration of your pension, may result in cost savings, facilitates regular pension reviews, and means one coherent investment strategy may be applied to your entire pension fund.

CHOICE OF CURRENCY

The Prosperity QROPS allows you to invest your pension assets in a number of different currencies, including UK Sterling, Euros and US dollars. When you live abroad and most of your expenditure is no longer in UK Sterling, holding your pension in a Sterling denominated investment could result in fluctuations in your retirement income. Holding your QROPS investments in a different currency could help mitigate exchange rate risk.

COST TRANSPARENCY

The costs of transferring your UK pensions into our Prosperity QROPS are fully outlined in our separate Fee Schedule leaflet, so you will be clear about this prior to making any commitments to transfer.



Q&A

WHEN CAN I TAKE MY PENSION INCOME?

Retirement benefits from a Gibraltar QROPS can be taken at any time after age 55. In the event of serious ill health or injury, you may be able to take your pension income earlier, at the discretion of the Trustees.

CAN ALL UK REGISTERED PENSIONS BE TRANSFERRED INTO A QROPS?

The following UK pensions cannot be transferred into a QROPS:

▼ UK STATE PENSION ENTITLEMENT

▼ A DEFINED BENEFIT PENSION SCHEME THAT IS ALREADY IN PAYMENT OF PENSION BENEFITS

▼ AN INSURANCE COMPANY ANNUITY

WHAT ARE MY OPTIONS AT RETIREMENT?

At any age after 55 you can take your pension commencement lump sum with or without income payments. The income payments can be paid out to you directly from your pension fund, or they can be used to purchase an annuity. There is no requirement to start taking income immediately, and you can decide on the frequency and amounts (subject to certain limits) of your retirement income, which can be altered or even halted at any time to suit your retirement needs.

WHAT HAPPENS IN THE EVENT OF DEATH?

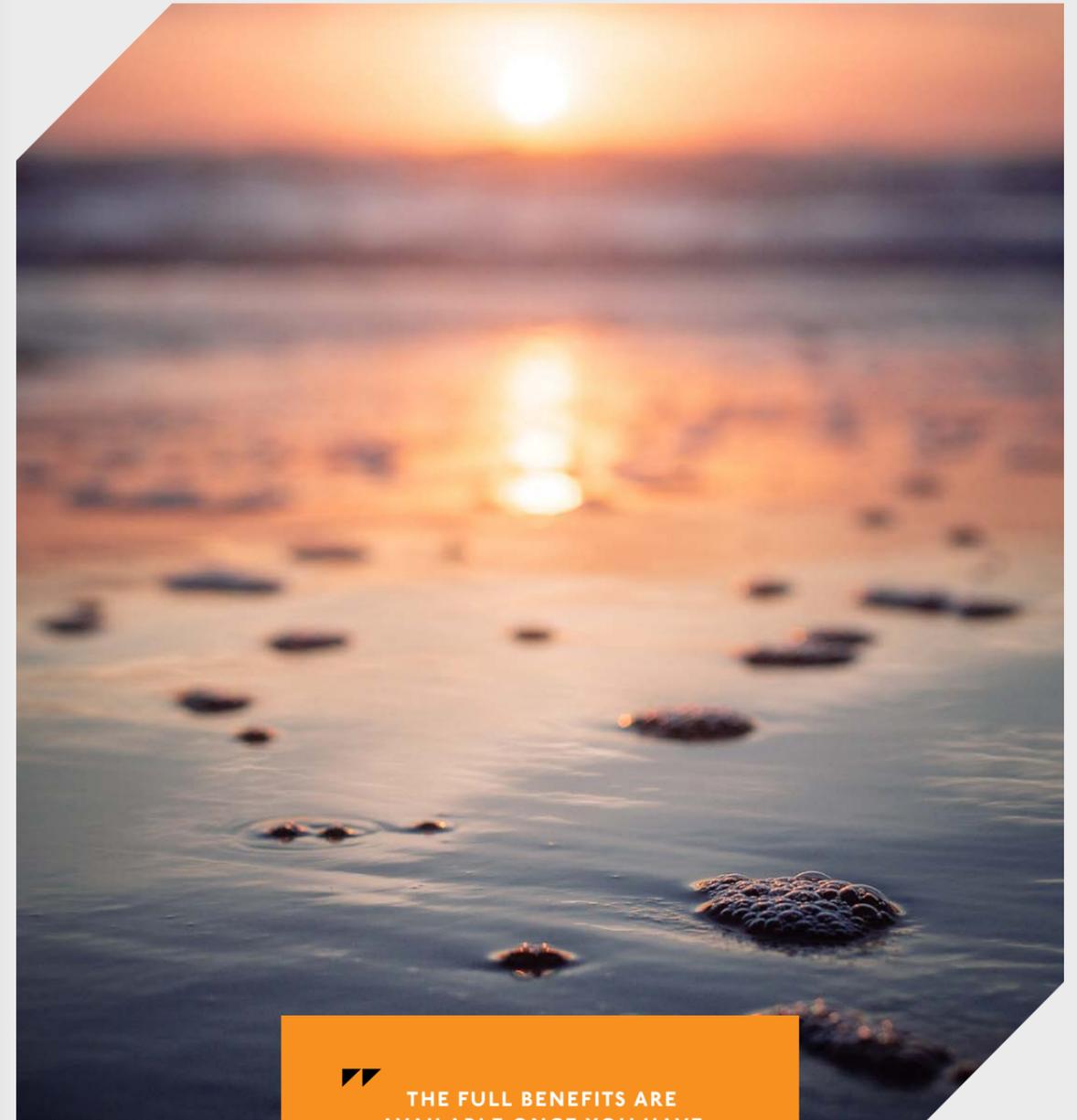
A nomination of beneficiaries form will have been completed as part of the initial application form, so you will have selected a beneficiary or beneficiaries of your choice. In the event of your death a lump sum or a pension income will be paid out to your beneficiaries. There is no requirement for your beneficiary to be a financially dependent person, and you can amend your beneficiaries as often as you wish throughout your lifetime, as long as the Trustees receive your request in writing.

WHAT IS THE 10 YEAR RULE?

Pension members with UK registered pension schemes have received UK tax relief on the contributions made into these schemes. Transferring these schemes into a QROPS will take the pension scheme outside the remit of the UK taxation regime, therefore in order to qualify for the substantial benefits available to QROPS, certain rules apply. The 10 year rule refers to the length of time, measured in complete UK tax years, that you have been a non-UK resident. The full benefits are available once you have lived outside the UK for this length of time. Prior to completion of the full 10 years, the taxation of a QROPS will mirror the taxation regime applicable to UK pensions.

What happens if I decide to return to the UK?

If you have transferred your UK pension into a QROPS and you unexpectedly decide to return to the UK, there is no requirement to transfer your QROPS back to a UK pension scheme. The QROPS will remain in situ and when benefits are withdrawn they will be subject to the normal UK tax rules.



THE FULL BENEFITS ARE AVAILABLE ONCE YOU HAVE LIVED OUTSIDE THE UK FOR 10 YEARS

Gibraltar

Gibraltar as a QROPS jurisdiction

Gibraltar is a British overseas territory and is considered a member of the EU for financial matters. Gibraltar is one of the most highly regulated financial centres in the world and together with Malta, is a leading QROPS jurisdiction. It is highly respected as an international financial centre with a sound financial system and a low risk profile in terms of financial, political and economic stability. Providing QROPS since 2012, it is also one of the few jurisdictions that have received formal notification from HMRC to confirm that its QROPS meet the UK requirements.

It is regulated by the Gibraltar Financial Services Commission, and follows the same stringent guidelines and principles as the UK Financial Conduct Authority. Gibraltar is also on the Organisation for Economic Co-operation and Development (OECD) white list.

In 2009 the Gibraltar Association of Pension Administrators was formed to provide guidance to the industry and has produced a Code of Practice to ensure the highest standards of professional compliance.

Gibraltar offers a low, flat rate of tax at 2.5% on QROPS pension income, both for residents and non-residents. There is no inheritance tax.

With English as the official language, accessibly located in mainland Europe with good transport links and operating in the time zone of GMT+1, it can be an ideal location for the administration of your QROPS.

WHO REGULATES THE PROSPERITY GIBRALTAR QROPS?

The Prosperity Gibraltar QROPS is a scheme that is recognised by HMRC and is listed on HMRC's list of recognised schemes. The trustees of the scheme are Abacus Pension Trustees Limited and they are regulated by the Gibraltar Financial Services Commission.



IN 2009 THE GIBRALTAR ASSOCIATION OF PENSION ADMINISTRATORS WAS FORMED TO PROVIDE GUIDANCE TO THE INDUSTRY AND HAS PRODUCED A CODE OF PRACTICE TO ENSURE THE HIGHEST STANDARDS OF PROFESSIONAL COMPLIANCE

TRUSTED TO DELIVER VALUE

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