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New GGI Information and Press Portal

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News and Information for Members and Friends of Geneva Group International

Practice Group Estate Planning, Trusts & Private Equity

Note on the GGI Practice Group

By Robert Anthony

"What you need to know about private equity". For those who have attended our Practice Group Meeting... Thank you!

For the others, we offer you the advantage to download our "guide to help evaluate private equity investments"...

It is simple! Just login to GGI's intranet and download it (practice groups / Estate Planning, Trusts & Private Equity). As an alternative you simply can snap our QR Code below.

No QR Code Reader available? Please **click here** for the link to the PDF-document.

Special thanks for their participation to Jim Demetriou (Haines Watts, United Kingdom), Ben Ho and Tony Shao (Horizon LLP, China), Gernot Kos (GT Fiduciaires, Luxembourg), Céline Fillistorf (DealMarket AG, Switzerland).

No "QR Code Reader" in your smartphone? You can download it from your App store. **Blackberry:** Blackberry Messenger 5.0, BeeTagg. **iPhone:** i-Nigma, QuickMark, QRafter, NeoReader, Barcodes, BeeTagg. **Android:** Barcode Scanner

To fully utilize QR Codes, a mobile phone will need to have: Camera + QR Code-reading software + Web access. **STEP 1:** Point the camera phone at the QR Code. **STEP 2:** Snap a picture. **STEP 3:** The QR Code will decode instantly. **STEP 4:** You will be brought to the webpage including our guide.

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Qualifying Recognised Overseas Pension Scheme

QROPS: for UK pension contributors moving abroad

Transferring your pension funds into an overseas scheme may bring an unexpected windfall for those who have UK pension funds, reports Prof. Robert Anthony.

Do you know what is in your pension scheme and its transfer value? Do you know how your money is invested in the UK? Do you have clients who previously worked and subscribed to UK pensions?

Did you know that if you intend to leave the UK or have already left for tax

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purposes, the UK tax authorities allow UK pension rights to be transferred to a QROPS – Qualifying Recognised Overseas Pension Scheme? The funds are generally transferred in cash, although it is possible to transfer other assets.

The pension scheme to which the assets are transferred needs to be approved by the UK Inland Revenue. Under most international tax treaties, non-government pensions are taxable in the country in which you are a tax resident. After you have lived overseas for five years, the UK relinquishes its interest and the assets can be more liberally invested.

Protective measures are in place to ensure you are not badly advised. If you are being advised on a transfer of your pension, the funds will be placed into a custodian bank account held by a pension management company that has been approved by the UK Inland Revenue. The bank and fund managers will help with the nature of the assets held.

In addition, a financial advisor will advise you independently. They must hold an investment advisor's licence, issued by the financial monetary authorities of each country. A UK financial advisor can advise in the UK but not elsewhere without extra approval. So a UK IFA can't advise in France without an approval (insurance brokerage licence does not cover financial advice).

The UK revenue monitors the companies it has approved. Some have lost their approval due to not respecting UK rules. Personally, I don't see a transfer of one's pension as an opportunity to look at tax loopholes, as the money is there to protect your retirement. I do, however, see a good opportunity for a more hands-on management of the investment in the funds, with improved transparency on costs and hopefully better returns.

Obviously, there is also an aspect of materiality. If the value of the pension is under £100,000, an open architecture may not be as appropriate as a simple managed contract. I won't go into individual cases and technical details here, but it's important to bring to attention a few points.

Protected rights can be transferred if the QROPS wishes to accept them. In certain circumstances, benefits in payment can also be transferred. Care is needed where Americans are concerned though, as it may not be possible. The existing plan should be reviewed as to the terms and conditions in the policy. Care is needed to ensure the individual's unused lifetime allowance does not exceed the year's taxable limits and before putting anything into place, a declaration is made with the UK Inland Revenue to register the transfer of the pension tax free, which gives the pension plan enhanced protection. There is flexibility on retirement age between 50-75. There is no obligation to buy an annuity. Tax is applied in accordance with the rules of the country of residence. After five years out of the UK, the benefits on death no longer apply to UK rules and are transferable to family members.

The application of the pension funds should conform to the domestic legislation of a European member state. The non-respect of the application of the invested transferred funds in the QROPS could be deemed to be a sham thereby being a deemed taxable distribution.

The QROPS is a relatively new legislation and to protect a tax payer by EU law. A transfer outside the EU could be considered as income. The QROPS legislation in Malta is an advantage to a European resident due to taking advantage of treaty protection and minimizing UK taxes on death.

In conclusion, an audit of your client's UK pension will let him know the transfer value and the possibilities. He may find that its pension has a much higher value than he realises and, with good management, could bring him an unexpected windfall in a troubled financial market.

"Control your future or at least know if you are in control."

QROPS benefits

- Substantial tax advantages and savings
- No requirement to purchase annuity
- No limit on fund size
- Outside lifetime allowance
- Flexibility when benefits can be taken
- Investment flexibility
- Open to all nationalities
- Succession planning
- Transparent fee structure
- Professional adviser interaction

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