

Transferring your UK pension to Australia

If you've made the move back home from the United Kingdom or are looking to settle in sunny Australia permanently, you are eligible to take advantage of our superannuation system and move your UK pension down here.

To be eligible:

- You must have made a permanent departure from the UK with no intention of returning there to work or retire.
- You must be employed or self-employed in Australia.
- You must have Australian residency.
- No part of your UK Benefit is to have started paying a pension.
- Payment is to be made directly from the UK scheme to an APRA approved Australian superannuation fund.

Advantages

- **Investment Returns** – You are more likely to achieve a higher annual return in an Australian fund as you will have more local control and investment choice. Generally, growth in a UK pension fund is restricted to around 5% a year.
- **Control** – You will maintain your pension benefits at retirement, avoiding the difficulties of schemes being wound up or under-funded; issues that are not uncommon to UK pension schemes.
- **Flexibility** – Unlike the UK, in Australia there is no requirement to purchase a pension. You can draw your benefits as a retirement income, as a lump sum or a combination of both.
- **Superior Death Benefit** – In Australia, death benefits payable from Australian superannuation funds are 100% of the fund value. However, in the UK, an annuity or guaranteed pension on death of a surviving spouse is completely lost.
- **No long term currency risk** – you will eliminate the long term currency risk incurred when transferring.

Disadvantages

- **Tax** – Most foreign pensions are taxable in Australia. If tax has been taken out in the UK, and the pension is also taxable in Australia, you may claim a foreign tax credit on your tax return if you were not entitled to seek a UK refund of the foreign tax.
- **QROPS** – You need to make sure your UK pension is transferred to an Australian super fund registered by UK Revenue & Customs with QROPS status (Qualifying Recognised Overseas Pension Scheme) otherwise you may have to pay a UK tax rate of 55%.
- **Time limit** – once you become an Australian Permanent Resident, you have six (6) months to transfer your funds to minimise any Australian taxation on transfer, otherwise you will have to pay an Australian tax of 15% on the increase in value of your UK Pension. (As the work involved is complex, there is usually no way of completing this action within six months. If you have commenced official proceeding they will be happy to accept this).
- **Hassle** – Depending on the nature of the assets, UK fund and residency requirements, the transfer can be somewhat complex and take a number of months.

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Any questions? Call 1800 046 166 or visit: www.moneysolutions.com.au