



## **UK Pension Transfers**

There are a number of issues you need to consider when deciding to transfer your UK pension to Australia. It is important that you understand the UK tax implications and possible loss of UK benefits if you transfer your funds and obtain specialist advice on this prior to leaving the UK.

In making your decision, however, you should note that the tax benefits in Australia, particularly in retirement when you start receiving income from your pension or superannuation, are usually greater for Australian based schemes. While pension payments from Australian schemes are concessionally taxed in Australia, these concessions do not apply to UK pension payments.

## **Changes to UK law**

The UK Government has introduced changes to UK pension Schemes from 6 April 2006. These changes will affect Australian residents with UK Pension Schemes who either retain the benefits in the UK or transfer them to Australia.

Some of the changes are:

- Introduction of a lifetime allowance of 1.5 million pounds.
- Maximum amount that can be taken as a lump sum is 25% of the fund at retirement.
- Transfers to overseas schemes must be to “Qualified Recognised Overseas Pensions Schemes”.

If you wish to transfer your pension to Australia our advisers at McKinley Plowman & Associates can assist you with setting up an account within a Qualified Recognised Overseas Pension Scheme and organise the transfer.

## **Taxation of UK Pensions in Australia**

There can be Australian tax implications of rolling your UK pension to Australia if you have been a resident of Australia for more than 6 months. Funds that are rolled over within the 6 month timeframe are not taxed when entering the Australian superannuation fund. For those funds that are rolled over outside the 6 month window period, any growth on the fund from the time the person becomes an Australian resident is taxed at 15% on entry to the new fund. Obviously the longer the time the pension remains in the UK, the greater the potential tax liability.

If you have decided to transfer your UK pension to Australia is important that you initiate the process as soon as possible. Be aware that the administrative process for the transfer of funds to Australia can take many months.

## **Process for Rolling over your UK Pension to Australia**

The transfer of UK funds to Australia can be a time-consuming process. Our advisers and administrative team at McKinley Plowman & Associates can assist you at each step.

This includes:

- Providing details on Australian superannuation funds qualified to accept your UK pension payments.
- Liaison with the UK pension providers and assistance with the completion of UK transfer paperwork.
- Monitoring of the transfer process to ensure it remains on track.
- Assessment of the Australian Taxation implication of transferring your funds.

**Important: This is not advice.** Clients should not act solely on the basis of the material contained in this article. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas.