

EXPATLAND
NZ PENSIONS
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Pension Transfers



Expatland UK Pensions

One of the common issues facing migrants to New Zealand from the United Kingdom (UK) is how to transfer their pensions.

There are many considerations to think through and this chapter will address the key issues.

If you want to transfer money from your UK pension fund/s back to New Zealand, you must use a New Zealand (Qualifying) Registered Overseas Pension Scheme (QROPS / ROPS).

If you are thinking about transferring money from another country back to New Zealand, make sure you have all the facts before making your decision.

Initial Considerations

Below are 5 things you need to know before you transfer any pension or superannuation benefits from overseas to New Zealand.



1. What benefits will you lose when you transfer?

For example the plan you are a member of may have penalties for rolling funds over or exiting the scheme.

This of itself could mean that you need to retain your pension or superannuation benefit in the UK for a further period of time.

2. If you're using a financial adviser to help with the transfer, is the fee set or is it commission based?

Assuming the fee is commission-based, find out how much the commission is likely to be, and make sure you are comfortable your adviser is acting in your best interest. There may be flexibility to transfer the benefit to another scheme prior to moving it to NZ.

3. Will you be charged any other fees, either by your adviser or the pension or superannuation providers?

The key message is understand cost.

4. Are there any tax implications you need to consider?

This is a complex NZ tax matter given tax laws change routinely. We have the specialist skills in our Expatland Team to assist you. Presently there is no tax on transferring your pension to NZ if done correctly.

5. Will the age you can access your benefits be different? (in relation to your current age)

Please be aware you are unable to transfer your UK pension funds into any NZ KiwiSaver savings schemes, as these are no longer QROPS approved schemes.

Major Benefits of Transferring to a NZ QROP

Set out below are the major benefits of transferring your pension to a NZ QROP.

1 No UK Tax Payable on Pension Income:

Transferring your pension out of the UK to a NZ QROPS scheme means that your income will no longer be UK taxable. You can avoid paying UK tax of up to 45 percent on your pension income.

With a NZ QROPS it may be possible to pay no tax depending on your country of residence.

2. No Tax On Death:

Although UK rules have changed, your beneficiaries will still have to pay tax at their marginal rate if you die over the age of 75.

NZ QROPS have no tax on death at any age.

3. No Lifetime Allowance:

Currently in the UK the lifetime allowance is £1,030,000 GBP. NZ QROPS schemes have no lifetime allowance applicable, so your pension can grow to any size without a tax charge.

4. Higher Lump Sum:

A 30 percent lump sum amount may be taken from a NZ QROPS scheme when you reach 55 years (conditions apply), however, generally speaking only 25 percent can be taken tax free in the UK.

5. The money is in a NZ QROPS approved Trustee schemes so you will therefore always have the right to your money under the QROPS rules when you transfer.

6. The rules that govern pension entitlements in both the UK and New Zealand are designed to protect your interests.
7. Upon passing away, your pension fund balance is paid to your estate or your nominated beneficiaries (at the Trustee's discretion).
8. A NZ QROPS gives you the ability to either hold and invest your pension funds in GBP pounds Sterling or change over to New Zealand Dollars at any stage.

A UK scheme will generally be restricted to GBP currency only.

In a NZ QROPS some investment options may be available that may not be available in a UK scheme and once the pension has been transferred to New Zealand the funds can still remain in Sterling giving you exchange rate control.

Clients will receive personalised financial advice making sure they are receiving the best service possible. And the process can take anywhere between 2 to 6 months to fully complete.

AT A GLANCE

Why You Should Move Your Pension to New Zealand from the UK

- **More Flexible:** NZ's retirement options are more flexible and once your money is changed over to NZ dollars, the exchange rate fluctuations and transaction charges won't erode your pension funds for retirement.
- **Access to Funds:** In NZ you don't have to buy an annuity at retirement, and you can usually draw down your retirement income in any way you wish, by way of an initial lump sum amount and thereafter regular retirement payments.
- **Consolidated Assets:** Consolidation of your assets in NZ.
- **Online Access:** You will have access to an online reporting system, so you can track the value of your pension in NZ at any time.
- **NZ Approved Registered Financial Adviser:** You will have an ongoing personal point of contact in NZ to help you manage your pension by a NZ Authorised Financial Adviser.

- **Tax Exemption:** Your NZ pension transfer will be exempt from NZ Tax, assuming the lump sum is received in NZ within four years of you becoming a New Zealand tax resident.
- **Tax Free:** NZ pensions are paid Tax Free; however, you will be taxed in NZ on the growth of your investment pension funds.
- **No UK Tax Payable on Pension Income:** Your income will no longer be UK taxable. With a NZ QROPS it may be possible to pay no tax depending on your country of residence.
- **No Tax on Death:** NZ QROPS have no tax on death at any age.