

Jersey QROPS Key Features

Information for Pension Members

Introduction

A QROPS is an overseas pension scheme that has been recognised by HM Revenue and Customs (HMRC) as meeting their criteria to receive transfers from pension schemes in the UK. It allows anyone who is living outside the UK, or is intending to leave the UK, to transfer their UK approved pension into an approved offshore pension scheme without deduction of tax.

For those individuals that qualify for such a pension, a QROPS plan provides greater flexibility, improved tax efficiency, and a wider choice of investment for retirement planning.

Jersey

Jersey is one of the world's leading International Finance Centres. Reliability, political and economic stability, and a sophisticated and comprehensive infrastructure of laws have kept Jersey at the forefront of global finance for over 50 years. The Island has a AA+ credit rating with Standard & Poor's (S&P).

The Island's status as a Crown Dependency gives the jurisdiction constitutional rights of self-government and judicial independence. This offers both businesses and investors the benefits of an independent international finance centre which is close to the United Kingdom and mainland Europe. Jersey is in the same time zone as London and daily flights are available there along with regular flights to other European centres.

Jersey remains one of the best regulated international finance centres, a position that has been acknowledged by independent assessments from some of the world's leading bodies including the OECD.

Key Features of a Jersey QROPS

- A tax efficient transfer of a UK pension.
- A secure environment to protect your pension assets.
- A wide range of "Open Architecture" investment choices and vehicles for the pension fund's continued future growth.
- The ability to consolidate more than one existing pension fund into a QROPS plan.
- No maximum / lifetime limit on the amount held in the pension fund.
- Ability to pass on pension funds to selected beneficiaries upon death.
- No restriction imposed on the level or frequency of contributions – a single lump sum contribution / transfer can be made at commencement of the QROPS plan, or continued contributions can be made thereafter from wherever the member may be living in the world.
- Multi-currency options – GBP, EURO, USD, etc.
- Up to 30% tax free lump sum option can be taken.
- A number of options on retirement; choice of purchasing a traditional annuity from an insurance company, receive a regular income from the pension trust.
- Ability to transfer out to another recognised pension scheme at any time (outside of Jersey).

Important

Independent professional advice should be sought in connection with any potential pension transfer to ensure that it is in your best interests.

Frequently Asked Questions

Introduction

What is a QROPS?

UK legislation enables pension schemes outside the UK to apply to HMRC for approval to receive transfers from UK pension schemes subject to them meeting certain criteria. Called “Qualifying Recognised Overseas Pension Schemes” (or QROPS) they are an overseas pension scheme that allows individuals who have accrued UK pension benefits to transfer their pension fund away from the UK.

Why would I want a QROPS?

A QROPS plan can provide a number of advantages over a UK pension for anyone who is living outside the UK, or is intending to leave the UK. These can include the potential to take a larger tax free lump sum, a wider choice of investment opportunities, flexible currency options, no imposition of a lifetime allowance limit within the QROPS and choices as to how you wish your pension to be paid to you when you reach retirement.

What is the Vantage QROPS Pension?

The Vantage QROPS Pension is written under a deed of trust subject to Jersey law and is available to both Jersey resident and non-resident members. It has tax approval from the Jersey Comptroller of Income Tax and is recognised by HMRC as a QROPS.

Do I need to live in Jersey to have a Vantage QROPS?

No, QROPS pension members can live in any other country and host their pension in Jersey.

Establishment / Contributions

What funds can be transferred into my QROPS?

A QROPS can accept pension transfers from most forms of UK tax approved pension schemes, including occupational pension schemes (defined contribution or defined benefit), personal pension schemes and SIPPS (self-invested pension schemes). It is important that you seek advice from your financial advisor as in certain circumstances it may be advisable to leave your existing pension arrangements unchanged, for example, in respect of a defined benefit scheme, or if you have accumulated protected rights.

Is there a limit on pension transfers or contributions?

There is no limit to the number of different pension funds that can be transferred into a QROPS, however, the transfer from a UK registered scheme to a QROPS is a “benefit crystallisation event” and at the point of transfer the UK pension fund value is tested against the lifetime allowance (£1m for 2016/17). If the amount transferred exceeds the lifetime allowance the excess will be taxed up to 55%. Once in a QROPS there are no on-going limitations on the size of the fund that can accumulate within your pension plan.

In certain circumstances it may be advisable to leave your existing pension arrangements unchanged, for example, if you have the benefit of a defined salary scheme, enhanced protection or guaranteed rights. Care should be exercised and independent advice taken.

Can I make additional contributions into my QROPS?

Yes, although you will not receive UK tax relief on any further contributions made after you have left the UK.

Can a transfer to a QROPS be made from UK schemes that are already in payment?

Yes, however it would be subject to the 10 year reporting requirement. Annuities in payment and pensions in payment from occupational defined benefit schemes may not be transferred.

What are the charges for a Vantage QROPS?

The charges are set out in our Fee Schedule.

Investments

How can my money be invested?

A QROPS allows you a wide scope of flexibility regarding the choice of investment strategy. It is strongly recommended that professional investment advice is sought, but investment options are wide-ranging and can include equities, bonds, life policies, investment trusts, funds and property. Investments in “tangible moveable property”, such as works of art, classic cars, yachts, fine wine, etc. are prohibited.

Can I invest in property?

Investment into residential property is not permitted with UK tax relieved funds. Investment in commercial property can be permitted.

Can the Trustee make loans?

The Vantage QROPS cannot make loans to pension members themselves but the trustees do have the discretion to authorise loans to other parties, subject to commercial terms being applied.

Can my existing UK pension transfer investments “in specie” rather than selling them and transferring cash to the QROPS?

Yes, it is possible for the QROPS to accept assets transferred from a UK scheme. However, both the transferring and receiving pension trustees must be willing and capable of doing so.

Does my pension fund currency have to remain in Sterling?

No, your QROPS pension can be held in (almost) any currency, e.g. EUROs. This may prove advantageous if you are living in Europe and do not wish to be exposed to currency fluctuations or conversion rate fees.

Frequently Asked Questions

How will I know my pension fund value?

Members of the Vantage QROPS pension receive annual statements which are issued via your financial advisor. An additional benefit for our members is a secure online access to your fund value via our website.

Pension Drawdown / Retirement

When can I take my benefits?

You can commence benefits at any time between age 55 and 75 and it may be possible to commence benefits earlier if you are in serious ill health or if you are in a profession that customarily retires before the age of 55.

Can I have a tax free lump sum?

Yes. You can take up to 30% of your pension fund as a tax free lump sum from age 55 providing that you have lived outside the UK for 5 years or more (otherwise the figure is restricted to 25% - the standard UK pension limit). The balance of your pension fund must then be invested and used to generate an income calculated to last the rest of your life, either by purchasing an annuity or drawing an income from the fund.

One unique aspect of a Jersey QROPS is that after you have taken your 30% tax free cash option, you can then take advantage of additional 30% tax free payments from additional contributions you have subsequently made into your Vantage QROPS.

How will my pension payments be taxed?

Under Jersey tax laws pension income payments are subject to 20% taxation (unless made to a member who is tax resident in a country with a Double Taxation Agreement, "DTA", with Jersey).

What are my options at retirement?

Speak to your financial advisor to agree what is best for your own personal circumstances. Our Vantage QROPS pension offers a number of options when you reach retirement. You can:

1. purchase a traditional lifetime annuity from an insurance company,
2. opt to receive a regular income from the pension fund (paid out by the trustees), known as an "annuity equivalent", or
3. have a combination of 1 and 2.

How is the "annuity equivalent" calculated?

The trustees will calculate the amount in accordance with guidance notes and adopting the UK Government Actuarial Department Tables ("GAD Tables"). These will determine the maximum amount of income that can be paid from the pension fund to the member. The Vantage QROPS permits payments up to a maximum of 150% of GAD tables. The remaining pension fund will continue to be invested and the trustees will review the payment amounts on a regular basis (at least every 3 years).

What happens if I die pre-retirement?

If you die before commencing to draw any benefits from your pension fund then the trustees will pay the pension fund value over to your estate and it will be distributed by the executor. QROPS pension payments are not subject to UK inheritance tax.

What happens if I die post-retirement?

This will depend on the option taken at retirement. If you have purchased an annuity from an insurance company then you are at risk of the payments from them ceasing and any remaining pension assets will be retained by them. If you have chosen an Annuity Equivalent then the remaining pension fund (net of any lump sum already taken and a 10% local Jersey tax levy) will pass on to your nominated person. QROPS pension payments are not subject to UK inheritance tax.

Other

What happens if I return back to the UK?

A QROPS is best suited for those who are living outside the UK on a permanent basis. Should your circumstances change and you return to the UK then it is advisable to seek specialist transfer and tax advice but in essence UK pension regulations would once again apply to the pension fund. There is no requirement to transfer your QROPS back to a UK registered scheme.

Can I transfer my pension away from Vantage at a later date?

Yes, providing your proposed scheme is tax authority approved and recognised as a QROPS and the accepting scheme rules permit transfers in.

Do you have to report pension payments to the UK Authorities?

The trustees are required to report any pension payment to HMRC up until the member has been resident outside of the UK for ten full tax years. Any payments made after this point are no longer reportable.

Frequently Asked Questions

What if I have a complaint?

In the event that you should wish to register a complaint in relation to your pension plan, then they should be made in writing to: The Pension Director, Vantage Pension Trustees Limited, PO Box 420, No.4 The Forum, Grenville Street, St Helier, Jersey, JE4 0WQ. We will provide a written response within 5 working days to acknowledge that the complaint has been received and is being considered. After review we will further advise when we consider the complaint to be closed. If in the event that we are unable to resolve your complaint within 3 months, we are obliged to report your complaint to the Jersey Financial Services Commission.

The Vantage Commitment

An experienced and established provider of retirement planning solutions with a professionally qualified workforce. The provision of full pension trustee and administration services. Vantage Limited is an independent, privately owned Jersey registered business and is regulated by the Jersey Financial Services Commission for the conduct of trust company, investment and general insurance mediation business. Vantage Pension Trustees Limited, a wholly owned subsidiary, is licensed by the Jersey Financial Services Commission for the conduct of pension trust company business.

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