



## Qualifying Recognised Overseas Pension Schemes

**No matter whether you are advising expatriates / those considering moving abroad or this is your personal position, then it will be well worth considering the advantages of QROPS and in particular the specific benefits that schemes from providers in Guernsey can offer.**

### What is a QROPS?

Her Majesty's Revenue & Customs (HMRC) introduced a series of changes to the UK pensions system from 6 April 2006 – known as 'A Day'.

The overhaul included withdrawing the existing agreements for the transfer of UK pension rights to overseas schemes and meant that, in effect, this would only be possible if the receiving scheme was recognised by HMRC as a QROPS.

While an individual is resident in the UK or has been for any of the last five complete tax years, the QROPS rules require benefits to be paid in line with those which could be paid if funds were still held in the UK scheme. However, once a person has migrated and ceased to be a UK tax resident for five full UK tax years then it is the rules of the QROPS in its place of registration that apply.

### What does a QROPS in Guernsey offer?

- Pension income paid gross without the deduction of Guernsey income tax
- No Guernsey income tax or capital gains tax on the assets within the scheme, gross roll up
- Increased freedom of investment choice
- No limits to the value of the fund which can be accumulated
- Optional lump sum – up to 25% and tax free
- Flexibility of benefit drawdown
- No requirement to purchase an insurance based annuity (although may do so)
- Ability to avoid potential negative financial implications of an Alternatively Secured Pension (ASP) or an Unsecured Pension (USP)
- Ability to leave residue of fund to named beneficiaries
- Able to receive protected rights from UK registered pension schemes
- May be used to receive transfer values from any UK registered pension scheme even where it is in drawdown, subject to certain conditions

### Guernsey – Cream of the QROPS

- A leading jurisdiction for the provision of QROPS
- Offers security by being proactive in ensuring that its schemes continue to be approved by HMRC
- Bespoke personal pension regime – including Retirement Annuity Trusts (RATS) – for 25+ years
- Pension schemes are approved by the Guernsey's Income Tax Director
- Experienced service providers offer a variety of investment models with some providing for a choice in investment manager and/or an open architecture that allows the most diverse of investment choices
- Trust practitioners that are well regulated by the Guernsey Financial Services Commission (GFSC)
- Features on the OECD 'white list' published at the conclusion of the G20 summit in London

**International Pensions:** Guernsey is also a natural home for international pensions. The Island hosts many experienced service providers offering attractive products in this marketplace.