bdhSterling*

Transferring your UK pension to Australia

Your easy-to-follow guide

If you have a UK pension fund and are either an Australian resident or plan to live or retire in Australia, there are many benefits to transferring your pension there.

WHY TRANSFER TO AUSTRALIA?

- **Superior tax effectiveness in retirement –** In Australia, from age 60 and retirement, all retirement income and lump sums drawn from superannuation funds will be entirely free of tax. Pensions drawn from UK schemes are taxed at your marginal tax rate (MTR), which can be up to 47%.
- **Ease of management –** Many clients prefer to manage their assets locally by transferring them to the country in which they intend to retire.
- **Elimination of long-term currency risk –** The possibility of transferring your pension to AUD$ allows peace of mind because you won't have to worry about varying exchange rates throughout your retirement.
- **Avoidance of ongoing transfer fees –** If regular income in retirement is drawn directly from a UK scheme, you may incur ongoing costs in respect of each transfer.
- **Succession planning –** UK pensions can be taxed upon death, or cease altogether on second death. The Australian superannuation system does not have the same restrictions on paying death benefits that UK pensions schemes have, at particular ages or in certain circumstances, meaning your beneficiaries may be better off.

ADDITIONAL FEATURES OF AN AUSTRALIAN SUPERANNUATION SCHEME

- **Wide range of investment options** - including residential property (depending on the type of fund).
- **Transparency of fees –** Superannuation funds in general are a very transparent vehicle with respect to fees.
- **Flexibility of income –** Choose the income for your retirement based on your own personal needs.

HOW WE CAN HELP

There are many advantages and disadvantages to transferring your pension fund, it is important that you take independent advice specific to your circumstances before making any decisions. Our five-step process makes things simple.

OUR TRANSFER PROCESS

STEP 1 Simply contact us to organise a free initial meeting for you and one of our advisers.

STEP 2 Undertake an initial meeting with one of our advisers to understand a summary of your options.

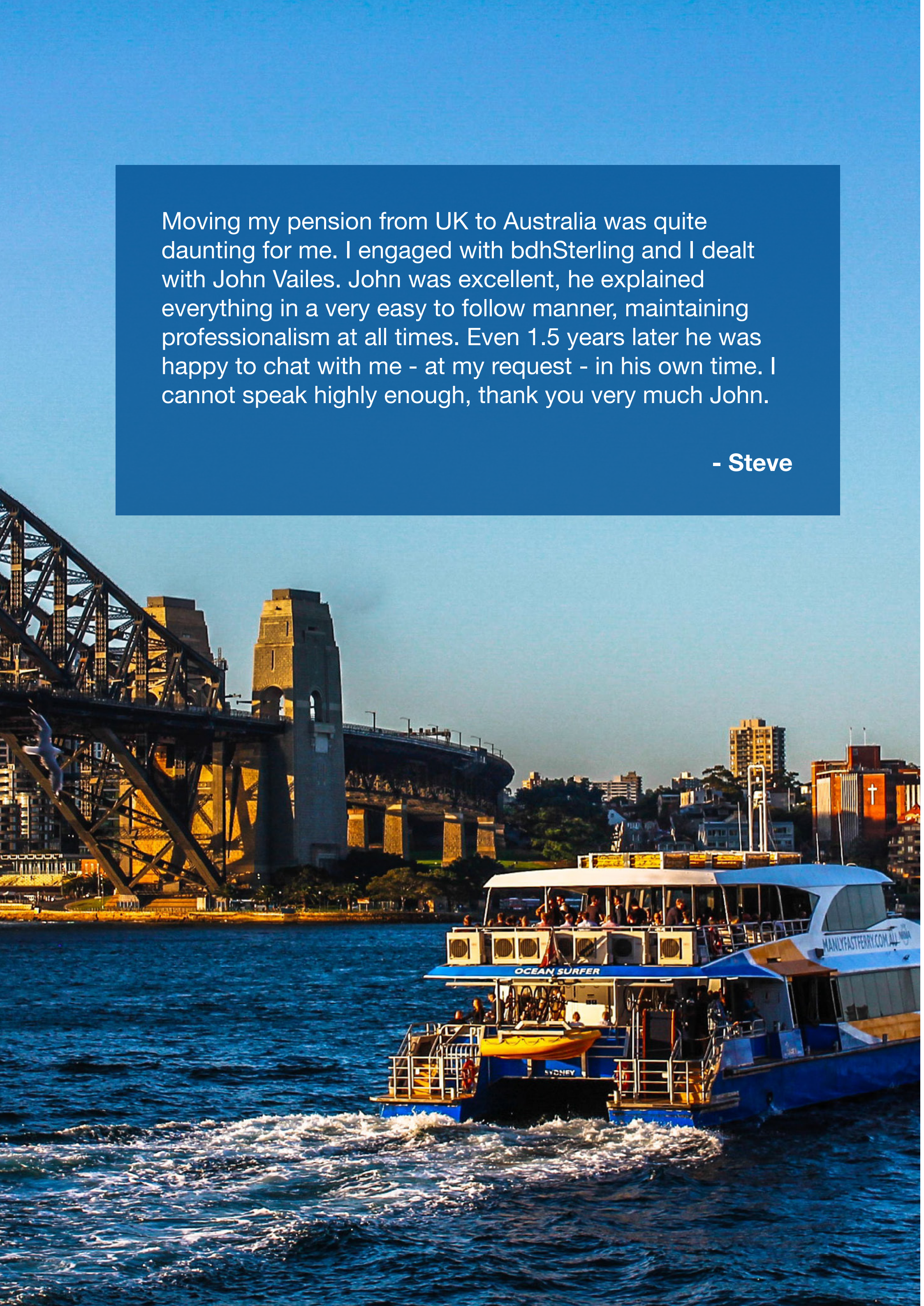
STEP 3 Engage bdhSterling for a Pension Transfer Analysis Report (PTAR) where we will assess your current pensions and complete further research into your financial situation.

STEP 4 Receive your report – Our licensed UK advisers will complete your PTAR and outline our recommendations.

STEP 5 Engage bdhSterling – If a transfer is recommended, and you accept our recommendations, let us manage all aspects of the transfer for you.

OUR FEES

The bdhSterling commitment - Our clients will always know of their fees before any work begins, so they can assess the cost vs benefits.



Moving my pension from UK to Australia was quite daunting for me. I engaged with bdhSterling and I dealt with John Vailes. John was excellent, he explained everything in a very easy to follow manner, maintaining professionalism at all times. Even 1.5 years later he was happy to chat with me - at my request - in his own time. I cannot speak highly enough, thank you very much John.

- Steve

FREQUENTLY ASKED QUESTIONS

WHICH UK PENSION FUNDS CAN BE TRANSFERRED?

- Defined contribution (DC) pension schemes, including company and personal pension and drawdown arrangements
- Private sector defined benefit (DB) schemes
- Funded public sector DB schemes

WHAT UK PENSION FUNDS CANNOT BE TRANSFERRED?

- The UK state pension
- Annuities purchased with a life insurance company
- Company pensions already in payment
- Unfunded public sector defined benefit schemes

What is a QROPS?

QROPS stands for ‘Qualifying Recognised Overseas Pension Scheme’. They are overseas pension schemes that HM Revenue & Customs (HMRC) recognises as eligible to receive transfers from a registered pension scheme in the UK.

Without a QROPS registration, an overseas pension scheme would not be permitted to accept a transfer from a UK pension scheme.

Who’s eligible for a QROPS?

If you are a permanent resident of Australia and aged 55 or over, you could be eligible to transfer your UK pension funds to an Australian QROPS.

FREQUENTLY ASKED QUESTIONS (CONTINUED)

What is the overseas transfer charge?

This tax charge (25% of the transferred pension fund) applies to individuals transferring their UK pension benefits to a country or jurisdiction other than the one they are resident in.

When you move to Australia, you can transfer your pension to Australia without incurring this 25% tax charge. If you were to then move to another country within 5 UK tax years of the transfer, though, you would incur the charge.

What vehicle can you transfer your UK pension to in Australia?

A popular option is an Australian Self-Managed Super Fund (SMSF) that has met the designation of QROPS as prescribed by HMRC.

An SMSF is a superannuation fund of which the fund holder is the trustee. This means you manage the fund yourself, saving for retirement within the SMSF and controlling your own investments.

What is the Age 55 rule?

UK pension funds currently cannot be transferred to Australia until the member reaches the age of 55.

Individuals under 55 should still consider taking advice regarding their UK pensions. There may be important options to be considered and opportunities to capitalise on, with the UK pension fund, in the interim.

Is there a limit to how much you can transfer into an Australian Superannuation scheme?

Yes there is, this is known as a non-concessional contribution cap (NCCC). The NCCC is the limit an Australian resident can contribute into an Australian superannuation scheme from their post-tax earnings. Included in this cap are transfers in from non-Australian schemes such as UK pensions.

Currently, this cap is A$110,000 per Australian tax year. If a member is under 75, it is possible to 'bring forward' two years' worth of non-concessional contributions and transfer in A$330,000 in one tax year, from the UK. The member would have to wait two complete Australian tax years before they can make a further transfer in.

Although I have a financial services background, transferring pension assets from the UK to Australia is specialist work, and needs doing 100% right first time. The BDH guys over-delivered with a lot of knowledge, experience and professionalism, which in turn gave me the peace of mind I needed throughout this process. I have absolutely no hesitation in recommending them. BDH exceeded my own high expectations.

- Tim

WHY CHOOSE US?

- **Chartered Financial Planners** – An award-winning Chartered Financial Planning firm with offices in both the UK and Australia
- **Dual licensed advisers** – One of the few firms with internal advisers licensed in both the UK and Australia who specialise in UK pension transfers.
- **Professional indemnity insurance** – Our internal advice is covered by professional indemnity insurance in both the UK and Australia, affording our clients the highest level of consumer protection.
- **Defined benefit (DB) specialists** – UK legislation requires members of defined benefit schemes to take advice from a UK FCA-registered firm. Our advisers are licensed to provide this advice.
- **Extensive management experience** – Over 100 years of combined management experience in the investment industry.
- **Additional services** – In addition to pension transfer and wealth management advice, clients benefit from a range of additional integrated services such as accounting and tax, mortgages, insurance, investment property and property management.
- **Experienced administration teams** – Located in both the UK and Australia, our administration teams liaise with your schemes on your behalf and manage all aspects of your transfer. Between our global offices, we can work on transfers for 18 hours per day.
- **Technical expertise** – Most of our senior management have worked in the pension transfer industry for at least a decade. We are one of the few firms to offer a Pension Transfer Analysis Report prepared by UK licensed specialists that integrates with an Australian Statement of Advice (SOA).
- **Larger balance specialists** – We specialise in transferring funds in excess of the contribution caps, offering multi-jurisdictional and multi-currency solutions. Some of our clients' strategies will take over a decade to complete, requiring simultaneous management both in Australia and offshore.
- **FX management** – The majority of QROPS super funds in Australia engage banks to convert any pension transfers at retail banking rates. This means that most clients incur an FX conversion fee of between 4% and 5%. We use specialist providers who can pass on wholesale rates.
- **Independence** – We are privately owned by the management team.
- **Nationwide offices in Australia and an office in the UK** – So you can make appointments with us regardless of where you are migrating to.
- **Recognised as QROPS industry experts** – Having provided consultancy to numerous Australian financial planning firms as well as superannuation funds.

If you are looking to access and transfer a UK based pension to Australia, I can highly recommend bdhSterling. Charlotte Evrard's knowledge and experience in this area, in what is a very complex process, was invaluable. Her comprehensive advice, discussion of options, outline of both UK and Australian tax implications and detailing of advantages and disadvantages was delivered in a timely and professional manner, as were the many requests for additional information, answers to questions and regular progress updates. Seamless collaboration with bdhSterling's UK based office allowed and facilitated effective dealings with what proved to be challenging pension trustees in order to allow our retirement goals to be realized.

- David

For more information on transferring your UK pension to Australia, contact bdhSterling today:

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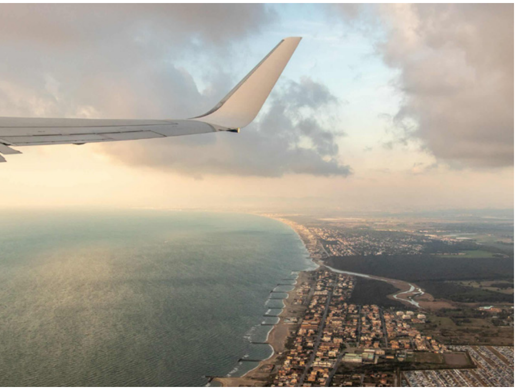

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General Advice Disclaimer

The information summarised in this brochure is general in nature. It does not take into account your specific circumstances and should not be acted on without full understanding of your current situation and future goals and objectives by a fully qualified financial adviser. In doing so, you risk making commitment to a product and / or strategy that may not be suitable to your needs.

The value of your investment can fall as well as rise and is not guaranteed.

All information correct as of October 2022.