

UK PENSIONS

ARRIVALS GUIDE

FOR THOSE RECENTLY LANDED



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WELLINGTON AUCKLAND MANCHESTER

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YOU'VE MOVED TO NZ BUT YOUR PENSION HASN'T

If you've recently arrived in New Zealand from the UK and left a pension over there you might be wondering what your options are and where to start. UK pensions are awesome assets, and whether it's £5,000 or £500,000, they deserve your attention. This paper is designed to give some high-level guidance on what to consider when you've recently arrived and whether to take action now or in the future.

For those recently arrived there are three big questions that generally need answering:

- Do you intend to stay in New Zealand for the next five full UK tax years?
- What type of tax resident are you on arrival in New Zealand?
- What type of pension do you have in the UK?

Once you know the answer to these questions your options and your course of action on your UK pension will be much clearer, whether that's leave it where it is or move it.

This guide helps you through those questions and what they mean for you and offers practical housekeeping tips to follow now you're here in New Zealand and your pension is in the UK.

INTEND TO PUT DOWN ROOTS IN NZ

question

1

Do you intend to stay in New Zealand for the next five full UK tax years?

If you want to transfer your UK pension to New Zealand it's important that you intend to stay here due to something called the Overseas Transfer Charge (OTC). The OTC is a piece of UK legislation that states, if you transfer your pension to New Zealand and then you leave New Zealand within five years of the transfer then the HMRC wants 25% of your pension. Long story short, the HMRC are trying to stop people moving just to get tax free pension benefits. But there are obviously unintended consequences of the legislation.

So, if you know that you are definitely going to be leaving New Zealand within 5 years of arriving, there's probably not a lot of point to transferring your pension from the UK, as you will just expose yourself unnecessarily to this tax charge.

If you're not sure whether you'll be sticking around in New Zealand, you can still transfer your pension to New Zealand, and if you leave New Zealand transfer it back to the UK. This will avoid the OTC issue.

TAX RESIDENCY IT PAYS TO KNOW

question

2

What type of tax resident are you on arrival in New Zealand?

The good news is everyone gets four years to transfer their UK pensions to New Zealand from when they arrive back or move here, tax free. The four years start when you get to New Zealand and doesn't stop if you leave the country, it just continues to roll. If you transfer a UK pension to New Zealand after the four years is up you need to pay tax on the transfer in New Zealand.

In addition to the 4 years where you can transfer without tax there are also different classes of tax citizen. Anyone that arrives in New Zealand and qualifies for transitional residency can transfer their funds into a zero-rate scheme here and get tax free growth on their funds during their transitional residency period. Transitional residency can be complex to ascertain so its best to get professional advice on the matter.



PENSION TYPE KNOW WHAT'S UP

question

3

What type of pension do you have in the UK?

There are two main types of UK pension: Defined Contribution (DC) and Defined Benefit DB), also known as Final Salary pensions). They each have their own unique set of attributes and require different considerations when considering a pension transfers.

Defined Contribution Pensions

The value of these pensions on a given day varies depending on the assets your pension funds are invested in.

Defined Benefit Pensions

Interest rates of the day determine the value of defined benefit pensions to be transferred. For example when interest rates are low transfer values are very high, the inverse applies when interest rates are low. It's crucial to understand the relationship between these and numerous other variables when considering a pension transfer.



SORTING OUT THE DETAILS

The time for sorting out your UK pension is not at retirement age. By then it is often too late, and you end up being a taker of decisions that have already been made for you, either by regulators, tax authorities, the company you worked for or your pension provider.

The process of sorting your UK pension starts with housekeeping, and that's a chore that most people let slip. Basics housekeeping for your UK pension is to ensure your UK pension provider(s) hold:

- A New Zealand address on file for you, this should be your current residential address and not a PO Box number (it should also match a utility bill or bank statement)
- An up to date personal email address that you regularly use
- Your details on file including:
 - Your name spelt as per your passport
 - Your date of birth
 - Your national insurance number in the full YYXXXXXX format (where Y is a letter and X a number)
- Your current marital status

The details that you should ensure you have in a safe place are:

- Your pension provider name, the scheme name (if any) and your policy number
- Your national insurance number
- A current and valid passport that is signed (in case you need to prove your identity to your UK pension provider)
- Any log-in details to your UK pension provider website or member portal

It's also a great idea to pass all of the above information to a trusted family member in the instance that they need to correspond with your UK pension provider on your behalf.

GET YOUR FREE PERSONAL UK PENSION REPORT



Everything you need to get the decision right in one place:

- ✓ UK pension analysis
- ✓ UK and NZ tax assessment
- ✓ Financial comparisons
- ✓ Scenario planning
- ✓ Future considerations

It's been the starting point for thousands of clients who have made an informed decision on whether to transfer their UK pensions.

GETTING IT RIGHT COUNTS

Thank you kindly for keeping in touch with me. For now, I will not be moving my pension. I will however be keeping your details and referring back to you when I wish to pursue it. You by far are the best party to deal with, no nonsense, professional and in my opinion genuine. I do sincerely thank you for your advice to date. **GE**

SIMPLE EXPLANATIONS

I'd put my UK pension savings in the "too hard" basket for a long time - navigating the respective IRD requirements, and the world of QROPS wasn't something I wanted to spend time on. While, financially, my pension transfer will have been at the lower end of the scale I received first class communication throughout the process, with all the document completion (the hard work) explained and completed for me, ready to sign ... as well as a clear explanation of current and potential tax implications of the transfer. Overall the process couldn't have gone smoother. **MC**

SIMPLE FACTS ABOUT US

over
5,000
transfers

worth
\$450m
transferred

from
800
UK pension
providers

Charter Square has been transferring UK pensions to New Zealand since 1999. As one of the first pension transfer providers in the world Charter Square has built an extensive and unrivalled knowledge of the QROPS market and the tax and legislative environment. Our staff present to NZ Government Select Committees, assist the IRD on foreign superannuation taxation legislation and are regularly consulted as experts by media and the Institute of Financial Advisors on QROPS and UK pension transfers.

Charter Square operate an office in the UK to liaise directly with your UK pension provider in the relevant time zones to ensure your transfer is executed on a timely basis and without problems. Our processes of thorough New Zealand scheme review and detailed understanding of your UK pension(s) allow you to receive a full and robust opinion on your UK pension and the implications of transferring it.

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