

Financial Benefits of specialist QROPS advice:

Potential Net (Financial) Gains can be derived from:

- 1) **Accurate tax calculations** – in particular the assessable growth component
- 2) **Effective tax strategies for large transfers** – transfers over the NCC caps
- 3) **Access to wholesale exchange rates** - refer to the Client Case Study below

Reputation – The pension transfer industry has been exposed to less than reputable advisers (many based offshore in Hong Kong, Dubai or Spain and regularly cold call Australian residents with UK pensions). They have traditionally recommended transfers to offshore schemes based in Malta, Gibraltar, the Isle of Man or Guernsey, however, such transfer options have effectively been shut down by HMRC's Overseas Transfer Charge (effective from 9 March 2017) - for more details - [OTC - 25% tax on offshore transfers](#).

Access to wholesale/Institutional Fx rates - 100% of savings passed onto clients – Sterling Planners pass on the full advantage of wholesale Fx rates to our clients. Some transfer specialists don't have access to wholesale rates and some may not pass on the full savings to clients.

'Free' QROPS Advice Vs Paid Advice – Companies offering 'free' QROPS advice often recover their advice fees from the transfer costs and thus may be more inclined to recommend a transfer. Sterling Planners' QROPS Advice is a comprehensive financial analysis and we do not recommend a transfer unless it is in your best financial interests.

Face to Face Meetings – QROPS is a complex area and paperwork can exceed 150/200 pages. Navigating documents remotely could lead to unnecessary errors and subsequent delays or penalties. Where possible, it is best to find a transfer specialist who can meet with you in person. Our offices are located in Sydney and Perth and our Directors fly to Brisbane and Melbourne for client meetings.

Client Case Study

Net Potential Gain from Fx rate = AUD \$32,000 on total transfer value

June 2016 – Our client had a Transfer Value of £440k. The difference between the Bank Retail Rate and our Wholesale Rate on the day of transfer equated to a potential net gain of **AUD \$32,000**. Hence the Fx gain alone more than offset the transfer fee for this particular client of \$10k (+GST). Significant financial benefits also resulted from the Tax, Estate Planning & Fee Consolidation in this client's case.



Other Potential Areas for Financial Benefits

Transfer and Invest in GBP (Pounds Sterling): For clients wishing to wait for a more desirable fx rate before exchanging into AUD\$, Sterling Planners have the distinct advantage of offering a range of GBP based investment portfolios, as opposed to AUD based investments which are hedged against the pound.

Tax Implications – Australian superannuation payments are primarily tax-free Vs UK pension payments, which are likely to be taxed at marginal tax rates – these potential savings are specific to you as an individual and should be addressed as such.

- **Retirement Income Tax Comparisons** – there is typically a significant advantage to transferring your UK pension into the Australian system, as pension payments are usually tax free after age 60.
- **Accurate Tax Calculation** – ATO rulings on the approved methodology for UK Pension Transfer tax calculations have changed several times in the past. The most recent change resulted in greatly reduced tax payments for many of our transfer clients. If your adviser/accountant/financial planner is not a QROPS specialist and inadvertently uses an incorrect calculation method, you could pay more in tax than is necessary.

Lifetime Allowance Limits - Recent changes to UK Lifetime Allowance limits in conjunction with Benefit Crystallisation Events (BCE) required specialist advice to ensure the best financial outcome for you.

[e.g. clients with pension savings as at 5th April 2014 valued at over £1.25 million were advised to implement Individual Protection (IP 2014), in order to protect a Lifetime Allowance to a maximum of **£ 1.5 million**. The deadline for IP 2014 application was April 2017.]

Estate Planning - In Australian Superannuation funds, 100% of your money is paid to your nominated beneficiaries. This gives peace of mind and security to you and your family. Some UK pensions die with the member (no 'spouse' at time of death) and most pay only 50% of the retirement pension to your surviving spouse. By definition your children are unlikely to receive any residual benefit from a UK Defined Benefit fund.

Pension Projections - You will not be making a fully informed decision about the overall cost/benefit to you unless you calculate these numbers, including the impact of any tax and fees payable.

UK Statutory Residency Rules – must be fully understood to provide accurate QROPS advice. UK Residency and Australian Residency definitions for tax purposes are different than for migration purposes. The rules surrounding 'deemed' UK Residency were amended by HMRC in April 2013 and are complex.

Call Sterling Planners client service team on 1300 132 737 to discuss your particular UK pension situation. We are the leaders in UK pension transfers to Australia and one of the most reputable and experienced QROPS specialists in Australia.

General Advice Disclaimer: This document contains information that is general in nature. It does not take into account the objectives, financial situation or needs of any particular person. You should consider your financial situation and needs before making any decisions based on this information. The decision to transfer your UK pension to Australia requires professional advice. It may not always be in your best interest to do so.