

Quick Guide

**FOR KIWIS
MOVING BACK
HOME**

**UK PENSION
TRANSFERS
& KIWISAVER**



HEADING BACK TO NZ OR RECENTLY RETURNED? WELCOME HOME!

Moving home - it can be an exciting as well as daunting prospect, particularly in these "uncertain times" (as the now frequently-used catchphrase reminds us).

So, first and foremost, we wish you all the best with your journey home, and settling back into Kiwi life.

If you're organising your relocation, or are just home and juggling a long 'settling in' to-do list, you likely have many urgent matters at hand - like organising tickets, finding a home, or looking for a job.

But as you restart your New Zealand life, planning for retirement can

provide you with a solid foundation for a secure financial future. And a key part of that is assessing whether to transfer your UK Pension to New Zealand, and taking a look at your KiwiSaver needs and goals.

Of course, what's right for you will very much depend on your circumstances and needs. Which is why we put this Quick Guide together - some key things Kiwis moving home need to know about these tools.

We hope you find this a helpful read. And of course, we're here to help with any questions you may have.

Welcome back!

Tom Gilbert

Managing Director, Pension Transfers



THE PROS AND CONS OF TRANSFERRING YOUR UK PENSION TO NZ.

If you've been living in the UK for a few years, and have now decided to come back for good, then there may be many valid reasons to consider transferring your UK pension to New Zealand. But a UK pension transfer is also a complex decision to make, with several factors to weigh.

At Pension Transfers, we have 20-plus years' experience in helping UK ex-pats and Kiwi repats move their hard-earned retirement savings across the globe and closer to home. Read on for a summary of the key things to know, to get your journey to financial wellness started.

UK Pension Transfers - in a nutshell

To make a compliant UK pension transfer to New Zealand, you need to move into a NZ ROPS (Registered Overseas Pension Scheme). ROPS are pension schemes outside of the UK that have been approved by the UK government, and they come in many forms, including self-administered pension schemes, managed funds, or investment platforms.

On the surface, the UK transfer process sounds straightforward.

You need to send a written notice to your UK scheme administrator. Within 30 days of receiving your notice, the administrator should confirm the current value of your pension scheme and send through relevant documents for your transfer.

However, the process can get quite complicated and lengthy, taking between two to six months on average. Before getting your transfer underway, it's important to understand the implications in detail and make sure that a UK Pension transfer is appropriate for your situation.

Why transfer your UK Pension?

If you've decided to move back to New Zealand for good, a UK pension transfer can make good financial sense. Here are some benefits that make it worth considering:

Four-year tax-free window

Have you been out of New Zealand for at least 10 years? Then you may be able to transfer your UK pension tax-free within the first four years of becoming a NZ tax resident again.

Generally speaking, if you complete your transfer within four years of becoming a NZ tax resident, you can transfer your UK pension without any NZ tax obligations on the lump sum. This opportunity (called 'transitional tax residency') is also open to returning Kiwis who have lived overseas for at least a decade, and have never claimed transitional residency before. Otherwise, you'll be considered a full tax resident upon your return, which means you'll pay tax on the lump sum. Get in touch to learn more.

Investment oversight

By managing the investment of your funds through your chosen ROPS or in combination with your KiwiSaver plans, you can regain control of your retirement planning.

Reduced exposure to volatility

Provided you manage the transfer and currency exchange in two or more steps (we'll get to this shortly), you'll be less exposed to fluctuations in currency exchange rates.

Estate Planning

You can have confidence that your pension will remain in your Estate for your loved ones. On your death, the balance of your pension will be transferred to your Estate, tax-free, without having to pay the UK inheritance tax.



What are the potential drawbacks?

While there are valid reasons to consider transferring your UK pension to New Zealand, the process can also be quite daunting, amid ever-changing rules and complicated jargon to decipher. Also, it may not make financial sense for everyone, depending on your needs and circumstances.

Once again, working with experts like the team at Pension Transfers can help you navigate the ins and outs of the process – please don't hesitate to contact us should you have any queries.

In the meantime, here's a quick summary of the common risks to avoid:

Not understanding tax implications

The four-year tax-free window is a great opportunity for Kiwis who are returning after at least 10 years spent overseas. But timing is crucial. Once the four-year term expires, the tax payable on the transfer could range between 4.76 per cent and 100 per cent of your pension value. And of course, if you've spent fewer than 10 years abroad, you'll have to pay tax on the lump sum you transfer. Make sure you contact a tax professional to make an informed decision – we can point you in the right direction to get help.



Timing and currency exchange

Again, timing is key. Many people do the transfer and exchange rate in one go, losing control over when their money converts from GBP to NZD.

Another approach is to transfer your UK pension to your chosen ROPS in New Zealand (more on this on the next page) in GBP, and wait for a favourable exchange rate to convert to NZD. We partner with foreign exchange experts to offer strategic insights and guidance.

Losing some benefits

If your UK pension scheme includes benefits like pensions for your spouse and dependants, insurance coverage, and minimum pensions, you may lose them by transferring your funds to New Zealand. Get in touch - we can help you get a clear understanding of the pros and cons.



CHOOSING AN APPROPRIATE ROPS SCHEME FOR YOUR NEEDS

If you're a Kiwi moving back to New Zealand after living in the UK, you can only transfer your UK pension to a New Zealand Registered Overseas Pension Scheme (ROPS for short).

ROPS come in many 'shapes and forms', but broadly speaking, there are three types: those that offer generic managed funds, those that offer access to investment platforms, and self-administered personal pension schemes.

Each of these scheme types has its own benefits and drawbacks. Also, some have entry and exit fees, some offer greater flexibility than others, or have differing retirement ages. And so, with all of this in mind, it is important to carefully weigh up the options that are best suited to your needs and goals.

Once again, we're here to help you make sense of the variables and find an appropriate strategy for your needs.



THE VALUE OF PONDERING YOUR UK PENSION TRANSFER EARLY

Organising a relocation to the opposite side of the world is not for the fainthearted – especially in these times of limited travel.

Of course, as a returning Kiwi, you won't need to apply for a visa to return home, but you'll still have seemingly countless details to figure out: home, career, schools, wheels - the list goes on.

And while readjusting to Kiwi life will likely feel like a full-time job for a while, it is important not to lose sight of financial decisions, like whether transferring your UK Pension is right for your needs.

Why get the UK Pension report?

Every pension and every person is different, so getting personalised

advice early can help you make an informed decision from the get-go.

When you have arrived back in New Zealand, the team at Pension Transfers can help you comprehensively assess your options, with a personalised and complimentary UK Pension Transfer report.

With Pension Transfers, your report is designed to answer your questions specific to your situation: It will detail the benefits, risks, ROPS recommendations and more, based on your unique needs and circumstances. Comprehensive information to help you make an informed decision about your UK Pension transfer.

Like to find out more? [Click here.](#)



KIWISAVER FOR RETURNING KIWIS: HOW IT WORKS AND WHAT TO CONSIDER

Depending on how long you've been away from New Zealand, you may or may not have had KiwiSaver before. Perhaps you've joined in the past, but it's been a while since you last looked into it, let alone made contributions.

Read on for a handy recap of how KiwiSaver works, what to know, and what to consider.

How does KiwiSaver work?

KiwiSaver is a Government-backed, voluntary savings initiative, designed to help New Zealanders save for retirement and purchase their first home.

Once you've joined the scheme, you can choose to contribute 3%, 4%, 6%, 8% or 10% of your before-tax wage or salary. If you're employed, your employer has to contribute as well, at least 3% of your before-tax wage or salary.

Each year, if you're aged between 18 and 65, for every dollar you put into your KiwiSaver in the year to 30 June, the Government will add an extra 50 cents - up to a maximum of \$521.43.

This is also known as 'annual KiwiSaver Government contribution',

and it's one of the key benefits of joining the scheme.

When you're saving for retirement, every dollar counts. To receive the maximum contribution amount, you need to contribute at least \$1,042.86 in the year to 30 June. But if you contribute less than this (\$1,042.86), you will still get the Government contribution, proportionate to the amount you contribute.

Is it an investment tool?

Yes, KiwiSaver is an investment and not a savings account. The money you contribute to it is invested in a fund, with a certain level of risk attached to it.

Generally, there are five risk levels to choose from: defensive, conservative, balanced, growth, and aggressive. Typically, the higher the risk, the higher the volatility but also the higher the potential reward in the long haul.

Depending on how long you're invested for (for example, how far off your retirement is), and your attitude towards the ups and downs that can happen with investing, one fund may be more appropriate than the other.

It's also important to note that, if you don't make an active choice of fund, upon signing up you'll be automatically enrolled in a default fund, whose risk level may not be appropriate for you. This means you may miss out on potential returns and a bigger retirement nest egg down the track.

You can use it to buy your first home.

Planning to buy your own New Zealand home? While KiwiSaver is primarily designed to help Kiwis save for retirement, it's also helping more and more people get onto the property ladder.

KiwiSaver can benefit first-home buyers in two ways:

First-home withdrawal

Members who have been in KiwiSaver for at least three years can withdraw almost all the money in their account (except for \$1,000) to form part of their deposit. [Click here](#) to learn more.

First Home grant

Members who have been making regular contributions for 3-5 years may also be eligible for a First Home grant of up to \$5,000 (for an existing home) or \$10,000 (for a new build). What's more, the grant is available per buyer, so if you're purchasing as a couple and you are both KiwiSaver members, you can both access it. [Click here](#) to check the eligibility criteria, or [here](#) for the house price caps in your area of choice.

How can you join?

To be able to join, you need to be a NZ citizen or permanent resident, living in New Zealand. When you start a new job, if you're not already a member and are eligible, your employer will automatically enrol you in the scheme. But you don't have to be employed to join: if you're employed or unemployed, you can still opt in through a KiwiSaver provider.

[Click here](#) to learn more from the IRD website.

Need help with your KiwiSaver?

Get in touch. Our partners KiwiSelect specialise in helping New Zealanders make the most of the scheme. They can provide you with information on several different KiwiSaver providers for you to choose from, and there are no hidden charges for the service.

PENSION TRANSFERS WHO WE ARE

About Pension Transfers

Since 2000 the team at Pension Transfers has specialised in helping UK expats and returning New Zealanders transfer their UK pension to Kiwi shores. Over that time, we have seen numerous changes - to regulations that govern transfer eligibility, to fund types and more - and have developed a deep understanding of how to assist our clients in making an informed decision for their pension transfer and future financial needs.

Led by Principal Business Owner, Tom Gilbert, in 2020 Pension Transfers purchased another well regarded pension transfer advice provider, UK Pension Transfers. This expanded our team to include Carol Garret and Joanne Smith, both bringing a wealth of knowledge and expertise, as well as the all important commitment to service excellence.

No stranger to winning awards for excellence in advice, Pension Transfers is a leading expert in this highly specialised area of financial advice.

Important Information

PENSION TRANSFERS (2005) LIMITED (FSP34505), trading as Pension Transfers, holds a transitional licence issued by the Financial Markets Authority to provide financial advice.

To be eligible to receive your UK Pension Transfer report, you must be living in New Zealand.

To view our Disclosure and important licence information, please [click here](#) or visit our website at www.pensiontransfers.co.nz.

For taxation advice, please contact a taxation specialist.

Information Disclaimer

Please note that the content provided in this guide is intended as an overview and as general information only. While care is taken to ensure accuracy and reliability, the information provided is subject to continuous change and may not reflect current developments or address your situation. Before making any decisions based on the information provided in this short guide, please use your discretion and seek independent guidance.

Quick Guide

**FOR KIWIS
MOVING BACK
HOME**

**UK PENSION
TRANSFERS
& KIWISAVER**

