

# UK PENSION TRANSFERS

*Quick Guide*



# UK PENSION TRANSFERS TO NZ: KEEPING YOUR SAVINGS CLOSE

Making sure that your finances keep up with the changes in your life is crucial, and that certainly rings true for those who have chosen to restart their lives in a different part of the world.

As a UK ex-pat living in New Zealand, you understand just how vital it is to have control over your money. And depending on your situation, a UK pension transfer can grant you this control, making it easier to manage your hard-earned savings.

What's more, it can give you certainty in these ever-shifting economic landscape, where rules change quickly.

With this in mind, consider this guide as a launchpad for a broader discussion. In it, we provided an overview of what UK Pension transfers entail - the benefits and potential drawbacks.

Hopefully, it will help set the direction for a secure financial future - just the one you are envisioning for yourself and your family.

Enjoy the read and let us know if we can help you. Our team are just one phone call away.

## **Tom Gilbert**

Managing Director, Pension Transfers



# MOVED FROM THE UK TO LIVE IN NZ? HERE'S ANOTHER WAY TO MAKE NEW ZEALAND HOME.

Relocating to the opposite side of the world is an exciting big step, with lots of smaller steps in between. And now that you've been here a while (say, two or three years), you may have decided that Kiwi life is for you.

If this sounds like you, there might be another step to take, to finally call New Zealand 'home' - and that's moving your UK pension closer to you.

Depending on your circumstances, a UK pension transfer to New Zealand can make good financial sense, as part of your retirement planning.

It's something to consider, if you're looking to build a solid foundation for a more secure financial future. Also there are tax advantages to transferring your UK pension sooner rather than later.

Read on for some key things to know.



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

If you've moved to New Zealand from the UK, and have now decided to settle down here 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 expats 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 your pension 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 have moved to New Zealand on a permanent basis, a UK Pension transfer is worth considering. Here are some benefits that make it worthwhile, depending on your circumstances:

## Four-year tax-free window

Have you moved to New Zealand fairly recently? Then you may be able to transfer your UK pension tax-free within the first four years of becoming a NZ tax resident.

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.

Keep in mind that the process may take several months, so the sooner you get started, the better. After the tax-free period is up, you'll likely need to pay tax on lump-sum withdrawals and transfers. 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 UK expats who are looking at transferring their pension. 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. 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

There's only one way to transfer your UK pension to New Zealand, and that's by choosing an NZ Registered Overseas Pension Scheme (ROPS for short) to manage your UK pension funds.

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

As we said before, relocating to the opposite side of the planet is not for the fainthearted: a new home, a new career, schools to find, wheels to buy... the list goes on.

And yet you have made it till here, so you can now enjoy the many perks and opportunities that Kiwi life brings.

In the meantime, it is important not to lose sight of key 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.

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.](#)



# PENSION TRANSFERS

## 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](http://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.

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