deVere GROUP

QROPS Guide

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Introduction

An increasing number of professionals of all nationalities have been moving and working abroad in the last decade. Whether you are a young executive or a high net worth individual with a diversified portfolio of global assets, you will have specific financial requirements and objectives. Offshore financial products and services can help you achieve financial security and provide you with the quality of life you require as an expatriate or international investor.

Investing in international accounts is no longer the premise of the rich and famous; all expatriates living abroad may now enjoy flexibility, among other benefits, by investing their money overseas. The offshore financial industry has become more popular and financial institutions from around the world have entered the offshore market as a result of the high demand. There are now many providers that offer a broad range of services ranging from saving schemes to pension and retirement plans and wealth management accounts to lump sum investment products.

Over the years, deVere has developed strong partnerships with some of the world's leading investment houses and insurance companies, all of which offer some of the most competitive products in the marketplace and a high level of protection for the investor.

In this guide, we aim to provide you with essential information effective retirement planning as an international investor or expatriate. In addition, one of our experienced financial consultants can assist you further and take you through some of the options available to you that will help you start saving for your retirement with a QROPS scheme.

WHAT IS A QROPS SCHEME?

QROPS stands for Qualifying Recognised Overseas Pension Scheme and allows individuals to transfer their UK accrued pension into another jurisdiction when they retire abroad.

UK pensions have traditionally been frozen when the holder retires overseas with no access to their money. This changed in April 2006, which is known as A-Day, when HMRC changed regulations surrounding pensions enabling holders to transfer their substantial funds to another country when they retire to a different jurisdiction.

By transferring your pension into a QROPS scheme, not only will you have immediate access to your money when you retire but you will also be able to receive a lump sum free of tax and pass on your pension funds to your beneficiaries upon your death.

For a QROPS scheme to qualify it must be legally recognised by HMRC and must meet the following criteria:

- It must be recognised by HMRC for tax purposes - therefore, it must be open to residents of the country where it is based where there are stable taxation laws in place.
- The maximum lump sum taken should not exceed 25% of the total pension fund. You should always leave no less than 75% of the pension for an income.
- To draw your pension you must be at least 50, or 55 from April 2010.

BENEFITS OF TRANSFERRING YOUR PENSION INTO A QROPS SCHEME

If you transfer your UK pension into a QROPS scheme based in another jurisdiction and you plan to retire abroad permanently, then the benefits open to you will help you live your retirement years in luxury.

The major advantages of transferring your pension into a QROPS include:

- Greater investment freedom with the flexibility of investing in a much wider range of funds and investments
- Ability to pass on pension funds to your beneficiaries upon your death
- Tax efficient
- Up to 25% tax free lump sum
- Flexible currency
- Tax planning opportunities

For your pension payments to become more tax efficient, or free of tax, it is more beneficial to transfer your pension into a QROPS scheme in a neutral location, for example Guernsey.

If you choose to transfer your pension into a QROPS fund in another country then you will have to weigh up all the political and currency risks that will affect the value of your pension in the future. You will need to find out whether the country you have retired to has a volatile currency, or political agendas, or whether there are more serious monetary risks within the economy.

ARE YOU ELIGIBLE FOR A QROPS PENSION TRANSFER?

To be able to transfer your UK accrued pension to a QROPS scheme in another jurisdiction you must be between the ages of 18 and 75 and have a substantial pension of at least £75,000 to transfer. You must also be planning to be overseas permanently or living in the country you have retired to for 5 years or more.

HMRC rules state that changes to the QROPS scheme must be reported in the first five years of the transfer. Similarly if you return back to the UK within five years it must be reported otherwise you will face heavy tax penalties. After five years reporting restrictions do not apply so you will become free to move your fund around as you wish.

All QROPS schemes must be legally recognised by HMRC in the jurisdiction that you transfer your pension to. A full list of recognised QROPS schemes can be found on: http://www.hmrc.gov.uk/PENSIONSCHEMES/qrops.pdf

To qualify for a QROPS pension transfer now, you must be living abroad or be planning to move overseas in the next 12 months.

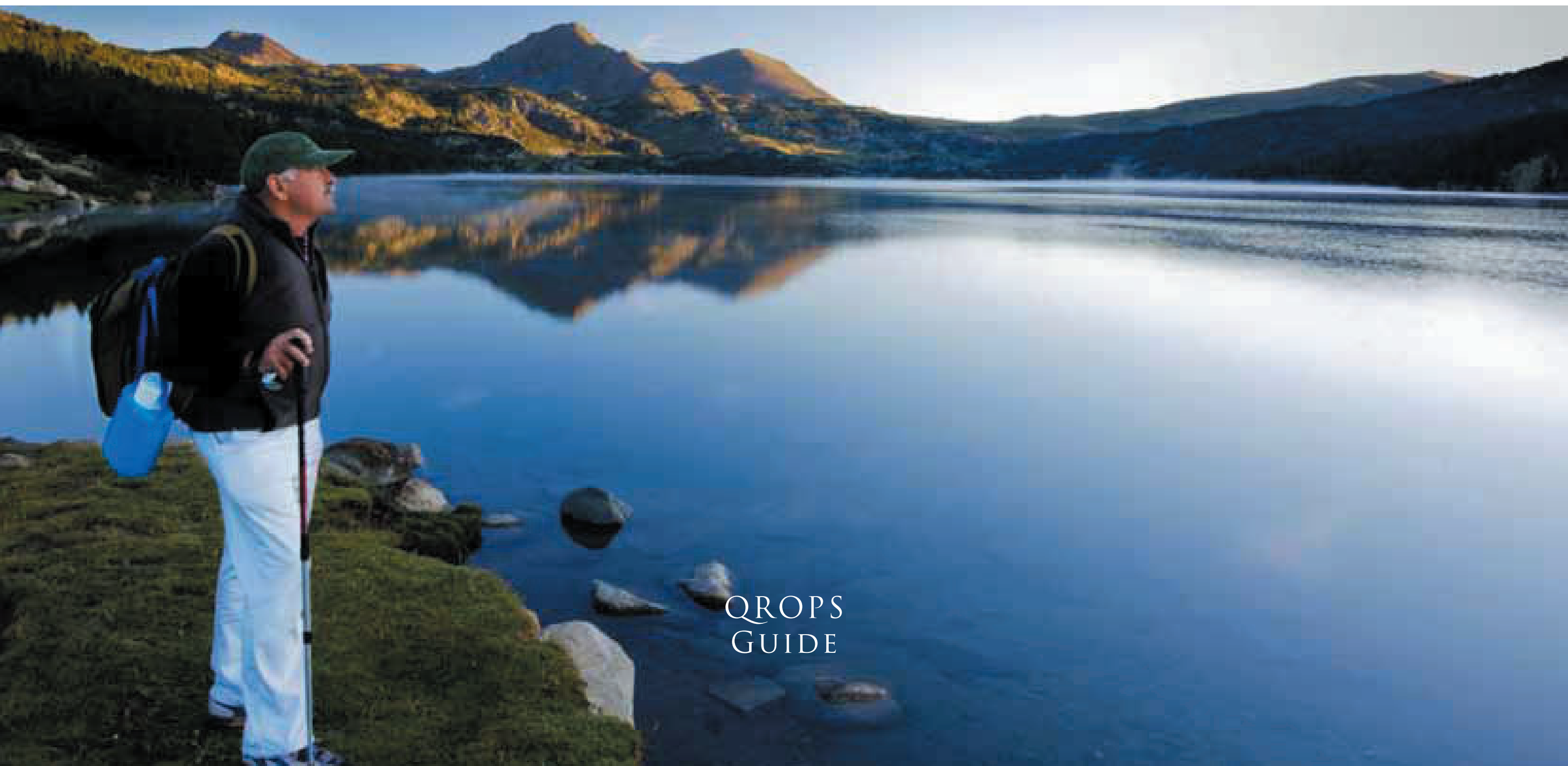
For more information about how to transfer your UK pension to a QROPS scheme, you should talk to a professional financial consultant.

COULD IT BENEFIT ME MORE LEAVING MY PENSION IN THE UK?

If you were to leave your pension in the UK when you retire abroad, you could be leaving yourself open to tax rates of anywhere between 20% - 82% being applied if your pension income was taken via an alternative secured pension (ASP).This would apply even if you are residing outside of the UK on reaching retirement.

There are potentially greater benefits available to you if you transfer your pension to another jurisdiction as if left in the UK your pension could potentially face:

- The application of the tax rates referred to above - . This applies even if you are outside of the UK when you reach retirement age / have retired.
- The inability to pass on the remainder of your pension to your beneficiaries upon your death including your spouse and children.
- Poor investment flexibility and choice
- Below average growth in your pension fund



QROPS SOLUTIONS

Effective planning for your retirement can make the difference between being just able to live and living comfortably. If you have a substantial pension and are planning to retire abroad it makes sense to get sound financial advice from pension experts on QROPS.

At the deVere Group we take positive steps to help you gain the most from your retirement planning with a group of professional retirement planners based globally. To find out more information contact us on the below details.

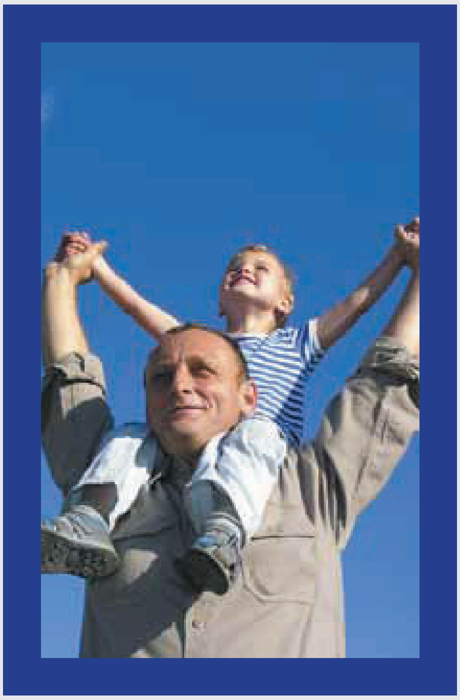
About the deVere Group

The deVere Group is the world's largest independent financial consultancy group. We work with international investors and expatriates to find financial services products that suit their medium to long term requirements for investments, savings and pensions.

With in excess of US$7 billion of funds under administration and management, deVere has more than fifty thousand clients in over a hundred countries. Our independence and ability to offer financial products that are tailor-made to fit an individual's needs are behind our success. As a result we now have offices in over forty countries.

You can find us in Abu Dhabi, Brussels, Dubai, Geneva, Hong Kong, Johannesburg, London, Mexico, Moscow, Shanghai, Tokyo and Zurich, amongst others.

The advice we provide is free and without obligation.



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