

Gibraltar Pension Plan

Overview

INTRODUCTION

Gibraltar is a relatively new Pensions jurisdiction, but it is established on strong foundations with robust legislation and regulation.

It also has the unique disposition of being a self-governed UK dependent territory which also benefits from having been an EU member since 1973.

With bespoke pensions legislation and regulations, Her Majesty's Revenue & Customs (HMRC) compliant pension schemes, and with a legal system similar to the UK, Gibraltar is an ideal pension jurisdiction for the international expatriate.

IS A QROPS SUITABLE FOR ME?

On leaving the UK you may have left your UK pension arrangements in place.

These pensions remain subject to UK pension law, which may include a withholding tax on income payments, investment restrictions and significant tax charges on death.

Under UK legislation, as an expatriate or UK resident, with an intention to move overseas, you may transfer the value of your UK pension rights to a non-UK pension scheme and thus potentially avoid most of the normal restrictions imposed on the pension fund if it remains in the UK. The transfer must be made to a Qualifying Recognised Overseas Pension Scheme (QROPS) that is recognised by HMRC. For EEA resident Members, the overseas transfer charge will not apply at the point of transfer to a QROPS established in the EEA¹.

UK pension rights are eligible for transfer into the Momentum Gibraltar Pension Plan, either before you commence drawing benefits, or once they have come into payment. This includes most types of pension including income drawdown currently in payment. It is not possible to make a transfer after you have purchased a lifetime annuity or where a pension is already being paid from a Final Salary Scheme.

To establish the suitability of a transfer from your UK pension scheme, we strongly recommend that you speak to a qualified Independent Professional Financial Adviser.

QROPS SCHEMES AVAILABLE IN GIBRALTAR

Our pension scheme is the Momentum Gibraltar Pension Plan. We have 4 levels of membership available depending on your circumstances and the underlying investment.

- QROPS Lite – For Pension Schemes up to £100,000 in value, using approved life companies.
- QROPS Plus – For Pension Schemes greater than £100,000 in value, using approved life companies or a nominated platform.
- QROPS Pro – For all Pension Schemes where a complete open architecture approach is required.

SCHEME BENEFITS

- Your retirement income may be drawn at any time between the ages of 55 and 75.
- You can withdraw up to 30% of the accumulated fund, when benefits have started, as a pension commencement lump sum (PCLS).
- No Gibraltar income tax on your PCLS.
- No Gibraltar income tax on lump sum death benefits paid to beneficiaries.

¹ EEA includes Gibraltar, Liechtenstein, Norway and Iceland in this context

REGULAR INCOME

- Income drawdown can commence from age 55.
- Benefits must start before age 75.
- Income benefits may be taken as a lump sum(s) and/or regular payments based on the maximum UK Government Actuary's Department (GAD) rates.
- Gibraltar Income tax at a rate of 2.5% will be deducted from each income payment.

PENSION COMMENCEMENT LUMP SUM (PCLS)

- You can elect to take up to 30% of the pension value as a PCLS, subject to below.
- If you transferred your UK benefits to the scheme after 6 April 2017, and you draw benefits within five years of the date of transfer or when you are UK resident or were at any point in the previous ten consecutive UK tax years, then you can elect to take up to 25% as PCLS.
- For UK transfers before 6th April 2017, 25% PCLS applies if you are UK tax resident or were at any point in the previous five consecutive UK tax years.

ON DEATH

In the event of death, any remaining fund paid to your beneficiaries as a lump sum will be paid without any deduction of Gibraltar tax.

Where a beneficiary elects instead to take all or any part of the remaining fund as a pension income, Gibraltar income tax at a rate of 2.5% will apply on each income payment.

Please note, If death occurs after age 75 and the conditions set out above for a transfer before or after 6th April 2017 apply, the person(s) who inherit the remainder of the funds may pay UK tax on the benefits.

INVESTMENT GUIDELINES

The Momentum Gibraltar Pension schemes can hold many different types of investment, with some restrictions, in line with the investment policy that the Trustees have adopted which is available on our website.

CONTACT

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This document should be read in conjunction with the Scheme Particulars.