

Isle of Man Pension Scheme

Overview

The
International
Pension
Solution


Momentum

INTRODUCTION

The Isle of Man has a long history of providing pensions for the international community, and has a range of different types of scheme available. One of the first jurisdictions to have schemes that are Qualifying Recognised Overseas Pension Schemes (QROPS), the Island is also home to a number of international Pension Schemes and Qualifying Non-UK Pension Schemes (QNUPS).

Isle of Man Pension Schemes and their Trustees are regulated by the Isle of Man Financial Services Authority, and this, combined with its long history as an International Financial Centre gives, further comfort that your pension is in a well regulated, stable, jurisdiction.

With bespoke pensions legislation and regulations, Her Majesty's Revenue & Customs (HMRC) compliant pension schemes, and with a legal system similar to the UK, the Isle of Man 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.

UK pension rights are eligible for transfer into the Momentum Isle of Man 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 an annuity or where a pension is already being paid from a Final Salary Scheme where a pension is already being paid.

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 ON THE ISLE OF MAN

Our pension scheme is the Momentum Isle of Man Pension Plan. We have 3 levels of membership available depending on your circumstances and the underlying investment structure chosen.

- QROPS Lite – For transfers or investments up to £100,000 in value, using an approved investment.
- QROPS Plus – For transfers or investments greater than £100,000 in value, using an approved investment.
- QROPS Pro – For all Pension Schemes where a complete open architecture flexible investment 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 fund value, when benefits have started, as a pension commencement lump sum (PCLS).
- No Isle of Man tax on your PCLS.
- No tax on death except when death occurs in drawdown.

REGULAR INCOME

- Income drawdown can commence from age 55.
- Benefits must start before age 75.
- Income benefits from age 55 to 75 may be taken between 0% to 150% of the UK Government Actuary's Department (GAD) rates.
- Subject to residence in a country has an effective Double Taxation Agreement with the Isle of Man, pension income will only be taxable in the country that you are resident. Where this is not the case, a withholding tax of 20% 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, at the time that benefits are taken, providing that you have been a non-UK tax resident for the previous five complete tax years.
- If you have been a UK resident within the previous five tax years you can elect to take up to a 25% in a PCLS.

ON DEATH

In the event of death, the fund can either be transferred to another scheme to provide income for dependants, or paid out as a lump sum. If a lump sum is paid, once drawdown has commenced, tax of 7.5% will be due.

However, if you were a UK resident in any of the previous five tax years prior to death, where death occurs after age 75, the person(s) inheriting the remainder of the funds may pay UK tax on it.

INVESTMENT GUIDELINES

The Momentum Isle of Man Pension schemes can hold many different types of investment, with some restrictions, in line with the investment policy that the Trustees have adopted.

OTHER PENSION SCHEMES AVAILABLE FROM THE ISLE OF MAN

The Momentum Extra Pension Plan – a pension scheme that is designed for clients who are unable to add to their existing pension arrangements, and are looking to build up tax efficient retirement provision.

This may be due to being subject to the UK pensions cap, or perhaps living in a jurisdiction where the local pension arrangements are not suitable. As an added benefit, the Extra Pension Plan has been designed to meet the UK QNUPS regulations.

International Group Schemes – the Isle of Man has specific pension legislation for International Schemes which allow companies to set up a regulated pension scheme for their employees who may work in different parts of the world. The legislation ensures that schemes are operated by appropriately licensed professionals, that adopt strong internal governance, and where certain member rights are enshrined in law.

In addition, legislation also allows substantial flexibility regarding the payment of benefits, leaving schemes free to develop a bespoke benefit structure that can be adapted to suit specific objectives, or to incorporate multi-jurisdictional requirements.

Bespoke Schemes – In addition to the above, we are able to offer bespoke pension plans for both individuals and companies, either via the Isle of Man or internationally, and enable clients to arrange the type of retirement planning that best suits their needs, from Individual SIPPS and QROPS through to group schemes for directors and employees.

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Momentum Pensions Limited is licensed and regulated by the Isle of Man Financial Services Authority, Company Registration number RA102, as a Retirement Benefits Scheme Administrator