



The **Aegean** Lite  
Personal Pension Plan

INFORMATION SHEET



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## The Aegean Lite Personal Pension Plan Information Sheet

### What are QROPS?

On moving abroad many British expatriates will have left their UK pension arrangements in place. These pensions remain subject to UK pensions law. As a result, the pension income may be subject to UK income tax (20% deducted at source). Additionally, the UK investment restrictions relating to pensions would apply indefinitely and the member payment charges (up to 55%) may apply on death.

Under UK legislation introduced in 2004, effective from April 2006, expatriates or UK residents who have a demonstrable intention to move overseas may transfer the value of their 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 remained in the UK. The transfer must be made to a Qualifying Recognised Overseas Pension Scheme (QROPS) that is recognised by HM Revenue & Customs (HMRC).

### Do I qualify for this scheme?

Whilst cases should be examined on an individual basis there are a number of basic conditions that must be fulfilled in order to transfer to a QROPS.

To gain the maximum benefits from a QROPS arrangement, the member must become non-UK tax resident and remain so for at least 5 full complete and consecutive UK tax years.

The existing UK pension scheme can be in drawdown (i.e. benefit being paid from the fund directly – an approach now referred to as “Capped Drawdown”) before transferring to a QROPS. However, there are restrictions and if the permitted Pension Commencement Lump Sum (PCLS) has been taken, no further PCLS is allowed.

UK rules impose a statutory Lifetime Allowance ('LTA') relating to the amount payable from UK registered pension schemes that will be treated as tax-privileged. Transferring benefits to a QROPS is known as a Benefit Crystallization Event ('BCE') and the value of pension rights transferred in excess of the lifetime LTA will be subject to UK tax.

For further information please speak directly with your Independent Financial Advisor.

### The Aegean Lite Personal Pension Plan

The Aegean Lite Personal Pension Plan was established in the Isle of Man by Sovereign Pensions Limited. Sovereign Pensions Limited is Registered by the Insurance and Pensions Authority as a Schemes Administrator pursuant to section 45 of the Retirement Benefits Schemes Act 2000 and is audited by KPMG.

The key features of the scheme are:

- Retirement income may be drawn commencing at age 55.
- Up to 30% of the value of a member's pension fund may be withdrawn as a PCLS at the time benefits are taken.
- There is no Isle of Man withholding tax on payment of PCLS.
- Isle of Man income tax of 20% is applied to all retirement income paid.\*
- The pension fund can be used by the member for their lifetime and any remaining balance can be passed on to their spouse/civil partner or dependants upon the member's death with a 7.5% deduction of tax at source in the Isle of Man. \*
- Investments can be invested and paid in any major currency.

\* Unless a DTA is in place, please also note that additional taxes may be payable in your county of residence.

## **Pension Commencement Lump Sum**

Members who have been non-UK resident for five full complete and consecutive UK tax years may elect to receive a PCLS up to a maximum of 30% of the fund value at the time of determination.

Members who have been non-UK tax resident for less than five full complete and consecutive UK tax years may elect to receive a PCLS up to a maximum of 25% of the fund value at the time of determination.

Members are only entitled to receive a PCLS if they have not been receiving regular income payments from the Scheme and a PCLS can only be taken from un-crystallised funds.

## **Regular Income**

For members aged 55 and over the maximum regular income shall be 150% of UK GAD (UK Government Actuary's Department) limits with no set minimum figure.

Once a member has reached the age of 75, the member must receive minimum income payments equating to 5% of UK GAD limits per annum.

Under UK legislation all annual income limits will be re-calculated every three years for members under 75 and annually from age 75.

## **Investments**

The objective of the scheme is to accumulate a fund from which retirement annuities and other benefits can be paid. Each member is entitled to nominate an investment manager who in turn can make investment recommendations to the trustee. Due consideration of such recommendations will be given by the trustee and its investment manager. The trustee shall retain ultimate discretion on investments taking into account the investment objective and purpose of the scheme along with any applicable investment restrictions as imposed by law or by the Insurance and Pensions Authority and the Assessor of Income Tax.

The trustee will determine investment performance benchmarks in consultation with the member and any appointed investment adviser. Unless otherwise agreed with the member, the trustee will be using the published inflation rate for the previous year as the benchmark for determining investment performance.

*Whilst every effort has been made to ensure that the details contained herein are correct and up-to-date, this information sheet does not constitute legal or other professional advice. We do not accept any responsibility, legal or otherwise, for any errors or omissions.*



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