

Transferring from a UK pension

If you are considering transferring from a UK pension to your LGsuper account, there are some things you should know.

Can LGsuper accept a transfer from the UK?

Yes, LGsuper can accept transfers from UK pension schemes. We are recognised as a Qualifying Recognised Overseas Pension Scheme (QROPS) by the United Kingdom HM Revenue and Customs Office. Our QROPS reference number is QROPS500475.

The transfer of UK benefits to an overseas scheme is only permitted if the receiving fund is registered as a QROPS. If you transfer to a fund which is not registered as a QROPS you will be subject to an unauthorised payments charge (and surcharge). So, it's best to transfer your money to a registered fund like LGsuper.

Are there any tax implications?

There are some tax implications you should be aware of, so we suggest that you get professional advice before deciding to transfer. If you're not sure who to turn to, we can provide details of an independent firm that can calculate the tax payable by you. Read on for general information on how your UK pension may be taxed on moving it to Australia.

If you transfer your benefit within 6 months of becoming a tax resident of Australia there may not be any tax payable on your UK pension, though this amount counts towards your after-tax contributions limit (see below for more details).

However, if you have been a tax resident for more than 6 months, any growth in the value of the benefit during the time you have been an Australian tax resident will be included as assessable income in the year the transfer takes place. This will be taxed at your marginal tax rate (up to 46.5%) unless you transfer the tax liability to LGsuper, in which case, 15% tax will be deducted from the assessable amount transferred.

You can transfer the tax liability to LGsuper by completing the *Choice to have your Australian fund pay tax on a foreign super transfer form (NAT11724)* available from the ATO. LGsuper will treat the growth component as a taxable contribution, and the remaining amount will not be taxed. Limits apply (see below for more details).

Contributions limit

If you do not transfer your tax liability to LGsuper, the transfer amount will count towards the after-tax contributions limit (\$150,000 for 2010/11). If you are under age 65 you can transfer or pay in up to \$450,000 by using your limit for up to 3 years.

If you choose to transfer your tax liability to LGsuper, that amount will count towards your before-tax contributions limit for the year. This limit includes employer and salary sacrificed contributions. Up to 30 June 2012, this is \$25,000 if you are under age 50, or \$50,000 if you are aged 50 and over. Proposed changes from 1 July 2012 will mean over 50s with less than \$500,000 in super will continue to have a \$50,000 limit. Those with \$500,000 or more in super will have a \$25,000 limit. The rest will count towards the after-tax contributions limit.

LGsuper's obligations

LGsuper is required to meet a number of ongoing reporting obligations to authorities in the UK. This could include reporting your details at the time of a benefit payment, or if you were to transfer this amount from LGsuper to another super fund.

Receiving your transfer

Once we receive your transfer cheque it will need to be cleared and converted into Australian dollars by our bank, and any bank charges associated with the conversion will be deducted. The remaining amount will add to your accumulation account, less any tax that applies.

What we need from you

LGsuper will need to know whether or not the money you transfer has had any tax relief while invested in the UK and some other details. Any information we need should be easy for your UK fund to provide.

Transfers to other Australian super funds

If you ask us to transfer your benefit from LGsuper to another super fund, LGsuper is not required to check whether the fund you transfer your benefit to is a QROPS. If you transfer your money to an unregistered fund you will be subject to an unauthorised payments charge (or surcharge). So, you should check whether the other fund is a QROPS before requesting a transfer.

You should be aware that regardless of how benefit payments and transfers are treated for Australian taxation purposes, the UK system automatically treats all such transactions as having been paid firstly out of UK transferred amounts. You should seek professional advice about the implications of this, particularly if you are accessing benefits prior to the UK minimum retirement age.

What's next?

To arrange a transfer from a UK pension to LGsuper you will need to contact your UK scheme and request a form to transfer to an overseas scheme. You will need to provide your UK pension fund with LGsuper's QROPS reference number, QROPS500475.

This is one of those circumstances where we recommend getting professional advice to calculate any tax that may apply to the amount when it is received by LGsuper. Once you have calculated the amount of tax that needs to be paid, you can complete the *Choice to have your Australian fund pay tax on a foreign super transfer form* (NAT11724) form available from the ATO that authorises LGsuper to pay the tax for you out of the amount that is transferred.

So, LGsuper can take care of the tax when we receive the transfer as long as you can advise us of the amount of tax to deduct. If we don't receive one of these tax forms from you we will treat the whole amount as tax-free, and any tax that is payable will need to be paid out of your own pocket when you complete your tax return.

Any questions?

LGsuper is here to help. Contact us on 1800 444 396 to talk through your options and have your questions answered.

This info sheet has been prepared by the Queensland Local Government Superannuation Board (AFSL 230511 RSE Licence No. L0000178) on behalf of the Local Government Superannuation Scheme (ABN 23 053 121 564 RSE Registration No. R1000160). Information on products offered by the Board can be found in our product disclosure statements.

It provides general information only and does not take into account your personal objectives, financial situation or needs. The Board recommends you consult with an authorised or licensed financial advisor if you require advice which takes into account your personal financial circumstances. LGsuper has representatives that are authorised to provide personal advice on LGsuper products and superannuation.

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