

QROPS – Your guide to Transferring UK pensions

Approval from the UK Revenue

The Zurich QROPS Personal Retirement Bond is approved as a Qualifying Recognised Overseas Pension Scheme by HMRC. The Approval number for this product is 500700.

Acceptable Products to Transfer

The Zurich QROPS Personal Retirement Bond can accept transfers from UK Occupational Pension Scheme's (DB or DC), UK Personal pensions (including but not limited to Self Invested Personal Pensions, Stakeholder Pensions and Free Standing AVC's) and UK Section 32 Buy Out Bonds.

Taxation – Residency

In order to proceed with a Transfer it is a pre-requisite that the individual is tax resident in Ireland.

In addition, the date the member ceased to be UK Tax Resident is also relevant. The UK Revenue reserve the right to have UK Taxation applied to the funds in a number of scenario's.

Unauthorised Payment Tax

The first is known as the unauthorised payment tax. This unauthorised payment tax can be between 40% and 55% of the value of the fund and can be levied by HMRC if a payment is made from a QROPS and at the time of payment, the policyowner was resident in the UK in that year or any of the previous 10 UK Tax Years.

To protect against a scenario where this unauthorised payment tax could be levied as a result of a payment from our QROPS approved product, we have decided to prohibit any transfers from UK schemes to the Zurich QROPS Personal Retirement Bond if the member is resident in the UK in the current UK tax year or any of the previous 10 UK tax years. It is important to note that the UK tax year for 2021/2022 runs from the 6 April 2021 and finish on 5 April 2022.

Overseas Transfer Tax

The second potential taxation is known as the Overseas Transfer Tax. This taxation can be up to 25% of the fund and can be applied at the point of the transfer of UK Pension Schemes to the QROPS and also within the 5 year window thereafter if the conditions required by HMRC are not satisfied.

The taxation will not apply if either of the below scenario's are satisfied

1. The member is resident in the same country in which the QROPS receiving the transfer is established, or
2. The member is resident in a country within the EEA and the QROPS is established in a country in the EEA.

As our QROPS is both resident in Ireland and the EU and our clients must be resident in Ireland in order to take out a Zurich QROPS PRB, there is no potential for the Overseas Transfer Tax to be applicable at the point of transfer. However the Tax could become payable at any point in the five years thereafter if the client's circumstances change and as a result they do not satisfy one of the points above. If the client's intention is to remain resident in Ireland after the transfer takes place, then there is no potential for the Overseas Transfer Tax to be applied.



Reporting to HMRC

If a payment is made within 10 years of the start of the QROPS, the QROPS provider must report the transaction to HMRC within 90 days.

Payments made as a result of retirement, ill health retirement, transfer to another policy or death would be reported.

As above, due to the measures we take to protect against the unauthorised payment tax the reporting of these payments types on the Zurich QROPS PRB is unlikely to lead to any issues for the client around the unauthorised payment tax.

Benefits accessed under Flexi drawdown in the UK

As above our product can accept transfers from company pension schemes and personal pension arrangements in the UK. However it is important to note that this assumes that the benefits under same arrangements are uncrystallised and have not been accessed in part in the UK under flexi-access drawdown or otherwise.

Where UK pension holders have accessed their UK pension in part in the UK, then we cannot take a transfer of the remaining funds.

Advice in the UK

Where the transfer is coming from a defined benefit scheme and the transfer value is £30,000 or higher, the UK pension scheme provider will require that advice is provided by an independent Financial Advisor authorised by the Financial Conduct Authority in the UK.

Access

Benefits can be accessed from age 55 onwards to mirror the rules under UK pensions. This is a strict rule imposed by HMRC which must be adhered to in order to receive QROPS approval for the product.

Retirement Options

Retirement options under Zurich's Personal Retirement Bond mirror those applicable under Irish rules as these are compatible with the requirements HMRC impose, however Salary and Service Lump Sums are not available as these have been phased out in the UK. The member will be entitled to a lump sum of up to 25% of the value of the fund with option to purchase an ARF/AMRF or pension annuity with the residual fund.

Pension Lump Sum

Pension lump sum's taken from a QROPS product in Ireland will be subject to the lifetime limit of €200,000 and taxable thereafter at the rates as prescribed by our Revenue.

Standard Fund Threshold

The Irish Revenue have confirmed that UK pension funds transferred to a QROPS in this state can be ignored for the purposes of the Standard Fund Threshold as long as the Tax Relief on same funds was obtained by the member whilst living and working in the UK.

Death Benefit

Death benefits payable from the Zurich QROPS PRB will be treated as preserved and payable in full to the member estate with CAT applicable depending on the relationship of the beneficiary to the member.

Death benefits payable under the UK arrangement must be discussed with the UK provider.

The Process

Transfers may seem daunting and complicated but once the necessary steps to avoid any negative tax consequence are taken, the process is quite simple. It is essentially the transfer of benefits from one insurer to another, albeit that one of the insurer's is based in the UK. If your client decides the wish to proceed with the Transfer, what do they need to do:

Step 1 – Complete the application form. The application form for the Zurich QROPS PRB is available on our Broker Centre.

Step 2 – Request the requirements to Transfer to a QROPS from the UK Provider

Step 3 – The member must complete the relevant declarations as required by the UK provider. In addition the QROPS provider will be required to complete various declarations which can be facilitated by your Zurich Service Team.

Step 4 – Await payment of transfer.

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Zurich Life Assurance plc is regulated by the Central Bank of Ireland.

The information contained herein is based on Zurich Life's understanding of current Revenue practice as at January 2022 and may change in the future.

Intended for distribution within the Republic of Ireland.

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