

GOLD VISION FINANCIAL SERVICES

PENSION CHANGES APRIL 2015 – ACCESSING AND TRANSFERRING YOUR UK PENSION

1. On 21 July 2015 after a consultation period the UK Government announced the final outcomes on proposed changes announced in the 2014 Budget. Draft legislation will be further reviewed in August 2014 and tabled in Parliament in Autumn 2014.

2. In a nut shell it can be summarised as follows:

a. You will be able to access your funds from aged 55 as you wish with 25% still remaining tax free and the remainder being at your marginal tax rate. This is from a Defined Contribution Scheme and not from Private or Public Defined Benefit Schemes.

b. Private Defined Benefit schemes will still be allowed to be transferred to Defined Contribution Schemes.

c. Funded Public Defined Benefit Schemes such as the Local Government Pension Scheme will still be allowed to be transferred into Defined Contribution Schemes. However, Unfunded Public Defined Benefit Schemes (the vast majority of public sector funds) will not be allowed to be transferred from April 2015.

3. A further explanation of the reforms:

a. You can now take your pension how you like.

From April 2015, no matter how much you decide to take out from your pension after retirement, withdrawals from your pension will be treated as income; the amount of tax you will pay on what you withdraw will depend on the amount of other income you have in that year. This is instead of being taxed 55% for full withdrawal, as it has been previously.

b. 25% of your pension pot will remain completely tax-free, as it was before. You'll be able to access 25% of your pot in one go without paying any tax.

c. This applies just to people with 'defined contribution' pensions. This is a type of pension also known as a 'money purchase' scheme.

This is when the money you and your employer pay in is invested by a pension provider chosen by your employers. The amount you get when you retire usually depends on how much has been paid in and how well the investment has done.

d. People who have a 'defined benefit' scheme will benefit too.

A 'defined benefit' pension is typically a promise of a certain level of pension in retirement which is linked to your salary. It has been announced that people in the private sector or in a funded public sector scheme will still be able to transfer from a defined benefit pension scheme to a defined contribution one if they want to, meaning they can benefit from the changes.

5. Everyone who will be able to take advantage of the new reforms will be able to access free and impartial guidance. This will help people make confident and informed choices on how they put their pension savings to best use.

This guidance will be available through a number of different channels - via an online tool, over the phone, or face to face. Individuals will be able to choose the channel, or mix of channels, that they find most convenient.

It will be entirely impartial, so won't be given by anyone who could be trying to sell you a product.

6. Your pension provider or scheme will be required to tell you about the guidance and how to access it. Accessing the guidance will be arranged by your pension provider, who will be required to tell you about it.

7. The changes will come into effect from April 2015

If you are over the age of 55, or will be from April 2015, you will be able to take advantage of the new system from then. If you're younger than 55 then you will be able to take advantage of the new system when you do reach 55.

8. The Government continues to believe that transfers from unfunded public service defined benefit schemes should be banned, in order to protect the Exchequer and taxpayers. Transfers from funded public service defined benefit to defined contribution schemes will be permitted, and safeguards similar to those in the private sector will be introduced where appropriate.

9. Detailed Summary on Proposed Changes can be found at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/332718/Pension_artwork_print.pdf

Summary

The government intention has been well received in providing further flexibility in accessing your Pension funds; however, those with Unfunded Public Defined Benefit Schemes will not be able to transfer from April 2015. Therefore, those wishing to do so have a **limited period** of time in which to commence their transfers to either another UK fund or to move it outside the UK.

Should you need further assistance in either understanding the new rules and / or facilitating a UK Pension Transfer to an Offshore Pensions Scheme such as an Australian Super Fund then please do not hesitate to contact us on

08 93758503 or via email john@goldvision.com.au

Cheers John Horvath

GOLD VISION FINANCIAL SERVICES t/as WORLD PENSION TRANSFERS

Unit 9 No 3 Bishop Street, MORLEY WA 6062. **Ph:** 08 93758500 **Fax** 08 93758504

Email: admin@goldvision.com.au **Web:** www.goldvision.com.au

John Horvath, AR # 324513 of Gold Vision Financial Services Pty Ltd, ABN: 80128547562,
CAR # 390097 of Libertas Financial Planning Pty Ltd ABN 27 160 419 134 AFSL No. 429718