

SELECT

GLOBAL RETIREMENT SOLUTIONS,
INNOVATIVE THINKING

ISLE OF MAN QROPS



Boal & Co

Actuaries & Consultants

SELECT

Whatever our age, and wherever in the world our lives have taken us, we all want to make the most of what we have. It's right to look at our options, to make the most of the assets that we have and to maximise the opportunities we are given.

For many of us, our pension will be one of our largest financial assets. For some people, particularly those with **Defined Benefit** schemes, their pension may be worth even more than their house.

If you have built up a UK pension fund and are no longer UK resident, you may not realise that your pension is still subject to UK tax. You might have moved abroad to escape the UK, but if your pension has not, it is still subject to constantly changing restrictive UK taxation rules, which may lead to you paying a lot more in tax than is necessary.

There is an alternative. Imagine an overseas pension scheme that can provide:

- more tax-efficiency, both during your life and on your death
- more investment choice, before and after retirement
- the option to change the currency of your pension fund and your retirement pension, to match your local currency
- a scheme especially designed for UK pension transfers that fully recognises and satisfies the relevant UK rules, but maximises the opportunities you have as a UK non-resident for your spouse, children or nominated beneficiaries to receive your pension fund when you die.

SELECT - IS THIS THE SOLUTION YOU HAVE BEEN LOOKING FOR?

WHAT IS SELECT?

THE BOAL & CO SELECT PERSONAL PENSION SCHEME (“SELECT”) IS A PENSION SCHEME ESTABLISHED UNDER TRUST IN THE ISLE OF MAN, AND TAX APPROVED IN THE ISLE OF MAN UNDER PART 1 OF THE INCOME TAX ACT 1989.

Select is listed with the UK tax authority HM Revenue & Customs (“HMRC”) as a [Qualifying Recognised Overseas Pension Scheme \(“QROPS”\)](#). This means that pension transfers made from UK pension schemes to Select are termed [Recognised Transfers](#) and so are permitted transfers under UK pension legislation introduced by the Finance Act 2004. Provided the transfer value of your UK pension is less than the UK [Lifetime Allowance](#) (currently £1 million), there is no UK tax payable when you transfer your pension into Select.

WHY SELECT?

SELECT IS BUILT UPON STRONG FOUNDATIONS:

Location - The Isle of Man is widely regarded as a centre of excellence for pension services, offering unique, flexible but robust legislation for both domestic and international retirement and savings plans. Over the last 25 years, the Isle of Man has developed into one of the largest and most reputable international finance hubs, boasting a highly respected regulatory regime demonstrating strong governance. From a [QROPS](#) perspective, the Isle of Man is the longest standing of all the existing [QROPS](#) jurisdictions.

Flexibility – Select is designed to fully satisfy the rules applicable to [QROPS](#). Whilst fully observing all HMRC requirements, Select aims to optimise the position for members. The result is a scheme which delivers more benefits, and less tax.

Innovation – Boal & Co is an established leader in the [QROPS](#) business. Our awards testify to our tireless drive for progression. We are regularly consulted by the Isle of Man authorities on pension matters.

Expertise – At Boal & Co, we have over 20 years’ experience of international pension transfers. We are advisers to pension schemes for more than 20 “FT Global 500” companies and other world-leading corporations, and are responsible for more than \$10 billion of pension fund assets. Industry accolades include winning “Best International Specialist Pension Provider” at Professional Adviser’s 2012 awards and, most recently, “Best International Pension” at Professional Adviser’s 2015 Awards.

Regulation – Our professional expertise as actuaries and pension consultants is further under-pinned by the fact that we are regulated by the Isle of Man Financial Services Authority (IOM FSA) as a Professional Schemes Administrator under the Isle of Man Retirement Benefits Schemes Act 2000. Select is also regulated by the IOM FSA as an Isle of Man registered scheme.

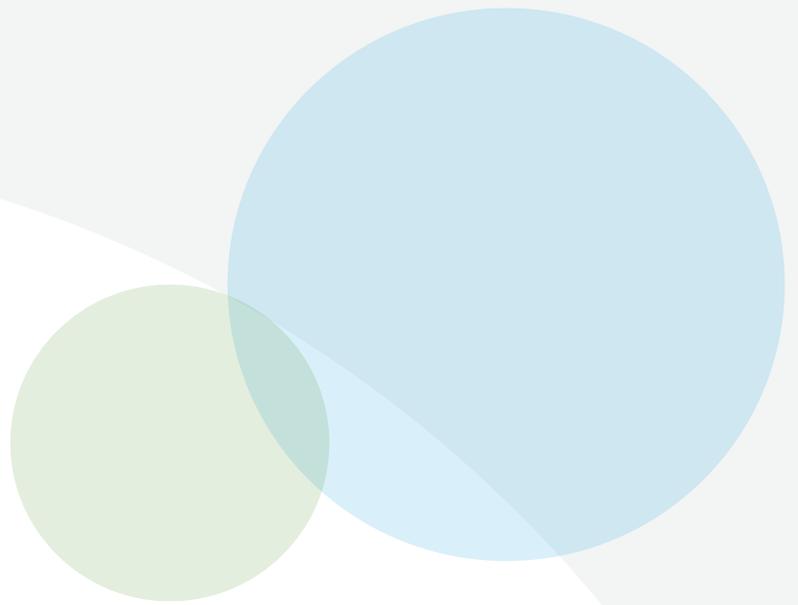
Boal & Co (Pensions) Ltd is the [Trustee](#) and administrator of the Boal & Co Select Personal Pension Scheme.

WHAT IS A QROPS?

Qualifying Recognised Overseas Pension Schemes are special overseas pension schemes which satisfy rules and regulations laid down by UK legislation. The Finance Act 2004 made it possible, from April 2006, for UK pensions to be transferred to any overseas pension scheme which has notified HMRC of its status as a **QROPS**.

Before 2006, it was only possible for a person to transfer his or her UK pension to an overseas pension scheme located in the person's new country of residence. Modernisation and simplification of UK pensions legislation removed this restriction. This not only enables an individual to freely transfer a UK pension overseas, it also gives choice over where it can be transferred to. Select has been designed to optimise this choice.

The **Trustees** have notified HMRC that Select is a **QROPS**, and HMRC have given the scheme the reference number 502030.



WHAT ARE THE KEY BENEFITS OF SELECT?

If you have a UK pension scheme or a UK personal pension, there are a number of benefits from transferring your UK pension to Select, particularly if you have been, or will be, UK non-resident for at least 5 complete tax years (we will refer to this as not “UK resident/recently resident”):

1. TAILORED PENSION PAYMENTS

- a range of payment levels are calculated by our actuaries and personalised to your situation
- consideration of how your Select fund is invested and your individual life expectancy
- payable to you by annual, half-yearly or quarterly [Drawdown](#)

2. INHERITANCE PLANNING

- a lump sum payment on death from a UK pension scheme will be subject to a tax charge based on your beneficiary’s marginal tax rate
- Select can be used to provide a pension for a spouse or dependant
- Select can pay out as a lump sum with 7.5% Isle of Man tax due on this distribution on death (or nil Isle of Man tax if the fund is not in [Drawdown](#))

3. ELIMINATE LIFETIME ALLOWANCE TAX CHARGE

- UK pension [Lifetime Allowance](#) limits are steadily reducing
- a transfer to a [QROPS](#) is a one-off [Benefit Crystallisation Event](#)
- if your fund grows in a [QROPS](#) beyond the [Lifetime Allowance](#), no [Lifetime Allowance](#) excess tax charge is due

4. INCREASED RETIREMENT LUMP SUM

- majority of UK pension schemes are only permitted to pay 25% of the pension fund (or 25% of the [Lifetime Allowance](#), if lower)
- Select enables you to take a lump sum of up to 30% of fund value

5. PENSIONS PAID FREE OF UK TAX

- UK pensions are usually subject to UK tax at source
- UK tax is not applied to Select pension payments, they are subject to 20% Isle of Man Tax at source (but potentially avoidable with a suitable [DTA](#))
- your residency at the time of payment will determine if further tax is applicable

6. INVESTMENT CHOICE

- a wide range of collective investment funds are available, held either directly or through investment wrappers
- ability to appoint an investment manager

WHAT PENSIONS CAN BE TRANSFERRED INTO SELECT?

Transfers into Select can be made from most forms of UK tax approved pension schemes, including:

- occupational pension schemes, both [Defined Contribution](#) and [Defined Benefit](#)
- [SIPPs](#) and other personal pension schemes
- additional voluntary contribution (AVC) schemes
- section 226 retirement annuity policies.

Transfers from a [Defined Benefit](#) pension scheme can be made but not if the pension has already commenced from that scheme, or if the scheme in question has entered the Pension Protection Fund. Please note that it is not possible to transfer State pensions such as the Basic State Pension or the State Second Pension (formerly SERPS).

Just because it is possible to transfer a UK pension does not necessarily mean that it is advisable to do so. Independent financial advice should be taken by any individual in connection with any pension transfer, and particular consideration should be given when contemplating the transfer of pensions from either a [Defined Benefit](#) scheme or from a pension policy with guaranteed annuity options, when a pension transfer might be inadvisable. Transfer values can vary widely from one [Defined Benefit](#) scheme to another, and UK legislation now requires that any transfer from a UK [Defined Benefit](#) scheme be formally advised by a UK FCA regulated individual, in addition to any local advice you have received in your country of residence. Please ask your financial adviser for advice.

Boal & Co, as a firm of Actuaries and Consultants, are also able to provide an actuarial calculation for your [Defined Benefit](#) transfer value which uses pension [Drawdown](#) as the income in retirement, and which may be more suited to your needs. Please ask your financial adviser if you would like us to prepare this for you.

HOW IS MY SELECT FUND INVESTED?

Investment management can either be self-directed by you or delegated to an investment manager. Investment can be made into any of the following asset classes:

- collective investment funds
- private portfolio bonds, investment bonds and other life assurance policies

As Select is an “open-architecture” scheme, insurance bonds and investment funds can generally be selected from any product provider. Please note that investment in residential property is not permitted in any circumstances because of HMRC regulations applicable to UK tax-relieved pension funds, including [QROPS](#). Loans to members or connected persons are also not permitted.

For avoidance of doubt, Boal & Co does **NOT** provide investment advice. Responsibility for investment decisions rests with you, or your appointed investment manager.

Please remember that investment values will inevitably fluctuate. Investment involves risk. The value of investments and the income from them can go down as well as up, and may be affected by fluctuations in exchange rates. Past performance should not be viewed as a reliable guide to the future. The value of your Select investment cannot be guaranteed.

PLEASE REFER TO BOAL & CO'S INVESTMENT GUIDELINES FOR A FULL LIST OF ASSET CLASSES AVAILABLE UNDER SELECT.

WHAT BENEFITS ARE PAID AT RETIREMENT?

Select is a [Defined Contribution](#) pension scheme, which means that the amount of benefits received by you, in the form of retirement lump sum and pension, is entirely dependent on the following:

- the amount of money paid into your Select fund (for example, by way of transfer values from UK pension arrangements), and
- the investment performance (which may be positive or negative) of your Select fund

Therefore, there are no guaranteed retirement benefits of any form. Retirement benefits from Select can be taken by you from as early as age 55 and no later than age 75. Your pension in retirement is provided via [Drawdown](#), which means that each year a proportion of your Select fund is drawn down and used to provide the pension, whilst the balance of your fund remains invested. Pension payments are payable to you by annual, half-yearly or quarterly [Drawdown](#) of income and capital from your fund. As such, it is to be expected that your Select fund will gradually reduce after retirement, through the effect of regular pension payments to you.

The amount of pension, i.e. the rate of [Drawdown](#), is flexible within limits. Provided you are not UK resident/recently resident in retirement, the amount of pension you can draw from your Select fund will be within a range of amounts calculated by our actuaries and personalised to your situation, taking into account how your Select fund is invested (and the range of associated target future investment returns) and your individual life expectancy. We will be able to advise you prior to retirement of the range of permitted pension [Drawdown](#) relevant to your individual circumstances.

After retirement, the amount of pension payable to you is normally reviewed every 3 years in line with the investment return achieved by your Select fund. If your fund earns more than anticipated, this can result in an increase to your pension. If your fund earns less than was assumed, this can result in a reduction to your pension. Failure to implement the recommendations of any regular pension review, or sustained poor investment performance, could lead to your Select fund running out before death.

At retirement, Select members can opt to take up to 30% of their Select fund as a retirement lump sum, compared to the 25% maximum from UK pension schemes. If you are UK resident/recently resident at retirement, UK tax rules apply.

WHAT HAPPENS ON MY DEATH?

Even if you have left the UK, your UK pension fund continues to be subject to UK tax laws and restrictions. With a UK pension scheme, a lump sum payment on death after reaching age 75 will be subject to a tax charge based on your beneficiary's marginal UK tax rate.

There is no requirement for your Select fund to wind up on your death. If you have a surviving spouse or dependant, your Select fund can be used to provide a continuing pension for them. You can nominate family members (children for example) to come in as new members of your Select scheme, and benefit in the future from pension and other retirement benefits payable from your fund. Any spouse or dependant's pension income would be subject to 20% Isle of Man tax at source as normal (but potentially avoidable under a suitable [DTA](#)), and may also be subject to tax where the recipient is resident.

If you elect for your Select fund to be wound-up after your death, any remaining balance can be paid out by the Trustee to your nominated beneficiaries. 7.5% Isle of Man tax is due or payable at source on this lump sum distribution (or nil if the fund is not in drawdown). Please note, if you are UK resident/recently resident on death, there may be UK tax applicable to this lump sum distribution. In addition, the recipient could also be subject to tax on this distribution depending on their residency.

For added succession planning, your Select fund can be transferred to a separate Trust on your death giving you the opportunity to plan for your family's future in the most efficient manner. Your financial adviser can help you with this if it is something you require.

You are able to indicate your preference in the Expression of Wish section of the Select application form.

WHAT IS THE TAXATION POSITION?

- investments held within Select accumulate free from tax (apart from any taxes deducted at source)
- at retirement, pension benefits are paid after deduction of 20% Isle of Man income tax at source (unless eliminated under a suitable [DTA](#))
- at retirement, up to 30% of your Select fund value can be taken as a retirement lump sum benefit, free of Isle of Man tax at source. (If you are UK resident or recently resident at retirement, then lower UK limits will apply)
- if your Select fund is wound up on death, the remaining fund can be paid to your beneficiaries as a lump sum distribution subject to 7.5% Isle of Man tax at source (or nil if the fund is not in [Drawdown](#))

Even though pension benefits are paid to you net of 20% Isle of Man income tax (unless a suitable [DTA](#) applies), you may have a liability to tax on Select benefits in your country of residence. Tax rates vary widely from one country to another, and you are advised to take local tax advice and to declare Select pension income on your annual return. If you are UK resident in retirement, you may be able to avoid this 20% overseas tax via the UK-Isle of Man [DTA](#).

It is a legal requirement and obligation of any [QROPS](#), including Select, that the [Scheme Administrator](#) reports to HMRC in certain situations when your benefit begins to be paid. The reporting obligation currently applies for the first 10 years following transfer regardless of residence, and then ceases unless you are UK resident at the time of payment or have been UK resident in any of the preceding 5 tax years.

Please note that the information given in this document is based on our understanding of current pension law and taxation practice, which may change in the future. No liability can be accepted for any personal tax consequences of this scheme or for the effect of future tax or legislative changes.

ARE THERE ANY LIMITS ON THE SIZE OF MY PENSION FUND?

UK pensions are subject to ever increasing tax restrictions, designed to reduce the possible use of pensions for tax relief. Where previously there was no limit to the size a pension fund could grow to (only a limit on how much was paid in as contributions), UK tax law introduced in 2006 created an upper limit to the size of a UK pension fund, namely the **Lifetime Allowance**. Any excess of a UK pension fund above the **Lifetime Allowance** is subject to UK tax, at 25% (if benefits taken as a pension) or 55% (if benefits taken as a retirement lump sum) on what is termed a **Benefit Crystallisation Event** (for example, the commencement of a pension), even if the member is UK non-resident.

The **Lifetime Allowance** has reduced in steps in recent years from £1.8 million down to £1 million, bringing more and more UK pensions into the catchment of the excess 25%/55% tax. The possibility of further reductions to the **Lifetime Allowance** creates considerable uncertainty.

More and more individuals who, through their own hard work and financial success, have accumulated larger UK pension funds face the prospect of excess UK tax, even if they are no longer UK resident.

The good news though is that it is possible to eliminate this uncertainty by transferring to Select. A transfer to a **QROPS** is a one-off **Benefit Crystallisation Event**. If at the time of transfer the transfer value is less than the **Lifetime Allowance**, there is no **Lifetime Allowance** excess tax charge.

After transferring to Select, even if the Select fund increases to an extent where it exceeds the **Lifetime Allowance**, or even if the level of the **Lifetime Allowance** is further reduced, the crystallisation event has already occurred at the date of transfer and no further tax is payable in relation to the **Lifetime Allowance**. In short, transferring to a **QROPS** brings greater certainty for larger pension funds which might otherwise be subject to future UK tax. Exporting a UK pension overseas means that the pension is tested against the **Lifetime Allowance** once, and thereafter is not subject to changing UK allowances.

WHO OFFERS SELECT?

The Boal & Co Select Personal Pension Scheme was established and is administered by Boal & Co (Pensions) Ltd. Boal & Co (www.boal.co.uk) is a leading firm of offshore consulting actuaries, with operations in the Isle of Man, Jersey, Ireland and Gibraltar.

Boal & Co is an award-winning firm, having won several prestigious awards for innovation in pensions.



Boal & Co is a member of Abelica Global (www.abelicaglobal.com), a leading international organisation of actuarial consultancy firms.

All Select assets are held under trust for members by the scheme's Trustee, who is registered with the Isle of Man Financial Services Authority as a Professional Schemes Administrator under the Isle of Man Retirement Benefits Schemes Act 2000.

WHAT ARE THE COSTS OF SELECT?

The charges for Select take the form of an initial fee, when you transfer in, and an annual fee for ongoing membership. Both fees are taken from your Select fund. The applicable fee scales are set out in the separate Fee Schedule document.

Investment management charges are agreed between you and your appointed financial adviser or investment manager, and are also paid for out of your Select fund.

Normal underlying charges, if any, associated with the investments in your Select fund will apply in the usual way, subject to any discounts that are obtained. All such discounts will be credited in full to enhance your Select fund. In some cases, a financial adviser may charge clients an initial transfer fee in lieu of commission from the underlying investments. In this case, the amount of the adviser's fee must be agreed by the financial adviser with you in writing.

AM I ELIGIBLE FOR SELECT?

Select is an overseas pension scheme designed for individuals who currently have UK pensions or existing [QROPS](#) arrangements. Select is open to Isle of Man residents and non-residents alike, though please note that there are some countries from which we are unable to accept business (please contact us for details).

The minimum investment into Select (for example, by transfer value from existing UK pension schemes) is £50,000.

For smaller investments Select 'Lite' is available, with a reduced minimum total transfer of £25,000 up to a maximum of £100,000, and a more restricted investment choice.

Please contact your financial adviser for details.

SERVICE ASSURANCE

If at any time you believe that our service could be improved, or if you are dissatisfied with any aspect of our services, please write to our administration office:

Boal & Co (Pensions) Ltd
Marquis House
Isle of Man Business Park
Douglas
Isle of Man
IM2 2QZ
British Isles

In this way, we will be able to ensure that any concerns are dealt with carefully and promptly.

Any matters relating to the investments in your Select fund should be raised with your financial adviser or investment manager.

HOW DO I JOIN SELECT?

If you have read the Select brochure and accompanying material, are eligible and have decided that you would like to transfer your UK pension or existing **QROPS** to Select, you can apply for membership using the application form. The information collected in the application form will enable us to contact your UK pension company or existing **QROPS** provider and authorise them to arrange for transfer of the value of that pension into Select.

The application form also enables you to tell us who your financial adviser is, and the rate of investment management fees applicable.

ONCE COMPLETED, THE APPLICATION FORM SHOULD BE SENT BY POST TO OUR HEAD OFFICE.

GLOSSARY

Benefit Crystallisation Event is a defined event or occurrence that triggers a test of the benefits 'crystallising' at that point against the individual's available lifetime allowance.

Defined Benefit pension scheme (also known as a final salary pension scheme) means a scheme where pension is calculated by reference to salary and length of pensionable service.

Defined Contribution pension scheme means a scheme where the benefits are dependent entirely on the amount of contributions paid into the scheme and the investment return achieved on them.

Drawdown means the regular withdrawal of money from a member's Select fund in order to provide the member with a pension in retirement. The funds paid out in drawdown will typically include a return of both capital and interest.

DTA means Double Taxation Agreement.

Lifetime Allowance is an overall ceiling set under UK legislation to limit the amount of an individual's UK pension funds. The current lifetime allowance is £1 million. When you initially transfer UK pensions into Select, their value is tested against the lifetime allowance and, if it exceeds the lifetime allowance, a UK tax charge will arise unless you have registered your UK scheme for protection. This is a one-off test.

QROPS or **Qualifying Recognised Overseas Pension Scheme** is a non-UK pension scheme which satisfies certain HMRC requirements as to benefits and reporting, and HMRC have been notified of its compliance with these requirements. A list of Recognised Overseas Pension Scheme notifications is available on-line at www.gov.uk/government/publications/list-of-qualifying-recognised-overseas-pension-schemes-qrops

Recognised Transfer means the transfer of a UK pension to another UK-approved pension scheme or to a QROPS. A recognised transfer is an authorised member payment and so does not incur a tax charge. (Note, see separate reference to **Lifetime Allowance**)

Scheme Administrator means Boal & Co (Pensions) Ltd.

SIPP or **Self-Invested Pension Plan** is a form of personal pension arrangement with the widest possible investment choice.

Trustee means Boal & Co (Pensions) Ltd as the trustees of the Boal & Co Select Personal Pension Scheme.



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