SOVEREIGN

PENSIONS UPDATE

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Sovereign joins PLIG to help combat pension transfer scams

Sovereign has recently joined the Pensions Liberation Industry Group (PLIG). The Group was set up to help combat pension scams, which can be damaging to individuals, pension schemes and society generally, by sharing good practice via a voluntary code of practice for pension transfers. PLIG includes trustees, administrators, legal advisers, insurers, regulators and consumer representatives.

The PLIG Code offers a robust common framework for evaluating risk, carrying out due diligence and ensuring the fair treatment of transfer requests. First introduced in March 2015, it applies to all requests by members for transfers from a UK registered pension scheme to another registered pension scheme or Recognised Overseas Pension Scheme (ROPS).

The Code is reviewed and updated on a regular basis to ensure that it reflects market changes, current risks and good practice, and to encourage stronger protection for members.

The PLIG is chaired by Margaret Snowden OBE, who is also chairman of the Pensions Administration Standards Association and chair of the Monitoring Board on Incentive Exercises. She is a governor and member of the Council of the Pensions Policy Institute as well as a fellow and past chairman of The Pensions Advisory Service.

More information on PLIG is available via its website www.combatingpensionscams.org.uk/

Sean Gillease joins Sovereign's Guernsey office

Sovereign is delighted to announce the appointment of Sean Gillease as business development manager at its Guernsey office. He joins from Concept Group, where he served as Group Sales and Marketing Manager for the past five years.

Sean has a sound knowledge of international and domestic pensions, particularly in respect of Guernsey RATS, QROPS, QNUPS and SIPPs, and has worked on the development of international pension and savings plans.

Sean brings with him a number of strong relationships with business partners in Guernsey, the UK, Europe, South Africa and Asia. He can be contacted by email at sgillease@sovereigngroup.com or by telephone on +44 (0)1481 729 965

Guernsey introduces Pensions Regulation

Guernsey's position as a market-leading jurisdiction for international pensions has been further strengthened by its introduction of standalone pensions regulation. The new framework, effective since 30th June 2017, makes the formation and management of pension schemes or gratuity schemes a regulated activity.

It is notable and unusual that gratuity schemes are specifically catered for within the new regulations. This will make Guernsey especially attractive to international organisations seeking a robust and tax neutral home for their employee benefit arrangements. This may be of particular interest to businesses in the Middle East where this type of arrangement prevails over traditional pension plans.

The new framework is pragmatic and flexible in that it caters for those wishing to self-invest as well as externally managed pension arrangements. More information can be found here:

https://www.gfsc.gg/news/category/pension

Josephine Rocca to oversee Sovereign International SIPP

Josephine Rocca, currently Operations Director of Sovereign Pension Services (Gibraltar) Ltd, is to move to the UK to oversee the administration of the Sovereign International SIPP. This will ensure that current service levels can be enhanced. Josephine will work alongside Richard Chandler, who retains overall responsibility for the wider SIPP and SSAS business.

Josephine, who has been with Sovereign since 2008, gained an LLB Law from University of London in 2010. She therefore provides additional legal expertise in addition to her experience of managing pension operations at the highest level for several years.

Statutory right to transfer to QROPS set to remain after pensions crackdown

The UK government confirmed, in its response to the 'Pension Scams consultation' issued in August, that while it does intend to proceed with its plans to limit the statutory right to transfer, the statutory right to transfer to a QROPS is likely to remain in place. It is understood that some of the measures will be attached to the second Finance Bill of 2017.

In December 2016, the government published a consultation paper proposing a package of measures aimed at tackling three different areas of pensions scams: a ban on cold calling in relation to pensions to help stop fraudsters contacting individuals; making it harder for fraudsters to open small pension schemes; and limiting the statutory right to transfer to some occupational pension schemes.

In respect of the final measure, an individual's statutory right to a pension transfer would be limited to certain arrangements only, including:

- An FCA regulated personal pension arrangement (including SIPPs)
- Transfers to an occupational pension scheme where there is a genuine employment link
- Transfers to authorised Master Trust schemes.

The proposed measure did not preserve the statutory right to transfer to a Qualifying Recognised Overseas Pension Scheme (QROPS).

Having considered the industry's response to the consultation, the government published its findings in a consultation outcome published on 21 August. While this confirmed that the government does intend to limit the statutory right to transfer, it also said it was looking at how to maintain the statutory right to transfer to a QROPS.

In the response document, HM Treasury said: "The government does not wish to prevent legitimate transfers to overseas pension schemes. It will, therefore, consider how best to extend the criteria under which there is a statutory right to transfer to include legitimate transfers to QROPS.

"In this context, the government notes the tightening of the rules around the tax treatment of transfers to QROPS announced in the recent Spring Budget, and will take that into consideration. In addition, it will also factor in legislation that took effect from April 2017 that means that if neither an overseas non-occupational pension scheme nor its provider is regulated it cannot be a qualifying overseas pension scheme or a QROPS."

The government said it would engage with industry and other stakeholders on this issue during the course of this year. More information will follow in future issues once the new framework takes shape. The response to the consultation can be accessed here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/638844/Pension_Scams_consultation_response.pdf

Sovereign launches new Guernsey QNUPS

Sovereign's Guernsey office recently launched a new Qualifying Non-UK Pension Scheme (QNUPS). The plan is branded as the Brock Personal Pension Plan and was released in response to continued demand for a cost effective and flexible QNUPS solution from Guernsey.

There are a number of fee options from which to choose, depending on how the plan is to be invested and the value of the pension scheme assets.

Guernsey's tax framework provides an excellent tax neutral destination for internationally mobile individuals because non-residents of Guernsey are not taxed on their pension income in Guernsey. As a result, a pension scheme member has only to consider their tax liability in their country of residence.

More information on the Brock Personal Pension Plan can be accessed via the following link:

https://www.sovereigngroup.com/pensions/guernsey/

Please contact your local Sovereign representative for more information.

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