SOVEREIGN

PENSIONS UPDATE

FEBRUARY 2018 | ISSUE 16

Faster transfers now available via the Sovereign SIPP

The Sovereign International SIPP has now joined the ‘Options Transfers’ service provided by Origo. The industry’s only complete pensions transfer service, it facilitates enhanced communications between participants, including collection of the initial due diligence.

This creates significantly improved turnaround times for pension transfers and a better outcome for the pension scheme member. The fastest pension transfer ever conducted through Origo is two minutes and the long-standing average transfer time is eight calendar days.

Established and launched in 2008 – making it the longest running pensions transfers service – ‘Options Transfers’ conducts around 50,000 transfers safely and securely every month. At the end of 2016, it reached a milestone £100 billion of pensions transferred through the service from more than two million transfers.

The Options Transfer service is used by more than 95 firms, including the major pension consultancies, life companies platforms and self-invested personal pension (SIPP) providers. A list of participants can be found at here.

Origo is a not-for-profit Fintech company dedicated to improving the financial services industry’s operating efficiencies, lowering costs for market participants and improving outcomes for consumers. Collectively-owned by a number of leading life companies, Origo works with government, other industry bodies, as well as product providers, platforms, financial advisers, portals and software suppliers, to cut costs and make processes more efficient.

It should be noted that the Sovereign International SIPP application form has been updated to accommodate the ‘Options Transfers’ service. Earlier versions of the SIPP application form are incompatible and preclude the use of Options. All of the latest Sovereign SIPP literature may be accessed here.

Sovereign acquires Concept Gibraltar book

Sovereign is delighted to announce that it completed the acquisition of Concept Trustees (Gibraltar) Limited in December last year. Under the terms of the acquisition, the trusteeship of the Aurora Europa and Aurora Europa Lite Pension Trusts was transferred from Concept to Sovereign Trust International Limited with effect from 1st December 2017.

Sovereign’s Chief Operating Officer (COO) Gerry Kelly said: “We are delighted to welcome the former Concept pension scheme members into the Sovereign fold.

“The total number of pension clients now serviced from Sovereign in Gibraltar is in excess of 3,600. This coupled with the continued success of, and investment into, our Malta, IOM, Guernsey and UK pension businesses underlines Sovereign Group’s commitment to this industry sector.

“We expect there will be still further consolidation amongst QROPS and international SIPP providers, and Sovereign will continue to acquire, invest in, and develop this sector of the Group’s activities.”

Tax complications for Irish non-residents

The Irish Revenue published new guidance on the tax treatment of Approved Retirement Funds (ARFs) and Approved Minimum Retirement Funds (AMRFs) in cases where they are held by non-resident taxpayers.

The guidance confirms that, with effect from 22nd December 2017, distributions from these schemes will not benefit from relief under a double taxation agreement (DTA) in the same way as an annuity type payment. As a result, Irish PAYE may well apply to such payments where a member resides overseas and is not tax resident in Ireland.

Previously, the Revenue had allowed on an administrative basis that the tax deducted by a Qualifying Fund Manager from an ARF distribution could be refunded where the taxpayer could demonstrate that the distribution had been taxed in the DTA country in which they were resident.

There may be other ways of seeking relief from Irish tax on such distributions, but they are likely to require a more intricate and involved analysis both of the source of the investment return within the ARF and of the DTA (if any) with the individual’s country of residence.

Some experts have suggested that a transfer to an overseas arrangement may be advantageous for those yet to reach retirement age. However, the situation is complex and requires expert regulated advice on the Irish tax framework.

Please find a link to the Irish Revenue guidance on page 22 of the document here.

Sovereign works with a number of Irish pension specialists and your local Sovereign representative can make an introduction, if required.

Tom Broughton joins HK team

Sovereign is delighted to announce the appointment of Tom Broughton as Pension Consultant in its Hong Kong office, from where he will be assisting advisers in the region with SIPPs, QROPS and International Pensions. Tom joins from Castlestone Management, where he has served as Business Development Director for the last three years. He has a sound knowledge of financial products broadly and investment funds specifically and brings with him a strong relationship base across Asia, India and South Africa. Tom can be contacted by email at tbroughton@SovereignGroup.com or by telephone on +852 2524 1177.

Sovereign's Investment Guidelines

Sovereign's investment department recently emailed an important reminder of Sovereign's investment guidelines, which can be found **here**. It is important to note that the new guidelines restrict investment charging structures to a maximum of 10 years within all of Sovereign's pension products.

As previously, all investment applications must be accompanied by a charging structure signed and dated by the pension scheme member.

Simon Bull joins Gibraltar team

Sovereign Pension Services in Gibraltar is delighted to announce the appointment of Simon Bull as Operations Manager for its Gibraltar based pension administration team.

Simon brings with him a wealth of industry experience and has been based in the Isle of Man, London and latterly, Gibraltar. His background in pension technical, tax and customer service will enhance and complement the specialist skill base of Sovereign's Gibraltar team.

Back in time...

The first UK state pensions, financed out of central taxation, were provided under the Old Age Pensions Act 1908. The pension was not generous and was aimed at preventing starvation amongst the elderly, low-income population.

The Act provided for a means-tested non-contributory benefit of five shillings per week for those over the age of 70 with incomes below £21 a year. It was reduced on a sliding scale for those with incomes between £21 and £31 and ten shillings. The first payments commenced on 1 January 1909.

Its scope was limited at a time when only one in four of the population reached such an age. Those eligible were further narrowed by a good character test under which persons could be disqualified if they were found guilty of 'habitual failure to work', had been imprisoned in the previous 10 years or convicted of drunkenness under the Inebriates Act. A total of 596,038 pensions had been granted on 31st December 1908.

CONTACT

SALES

Europe
Darren Whitley
dwhitley@SovereignGroup.com
+350 20076173

Africa
Coreen van der Merwe
cvandermerwe@SovereignGroup.com
+27 21 418 2170

Hong Kong
Tom Broughton
tbroughton@SovereignGroup.com
+852 2542 1177

Middle East
Matt Tailford
mtailford@SovereignGroup.com
+971 (0)4270 3400

India
Ravi Viroomal
rviroomal@SovereignGroup.com
+350 54031054

Singapore
Will Headly
+65 6222 3209
wheadly@SovereignGroup.com

Cyprus
George Ayiomamitis
gayiomamitis@SovereignGroup.com
+357 25 733 440

Guernsey
Sean Gillease
sgillease@SovereignGroup.com
+44 (0) 7911 764142

ADMIN OFFICES

Gibraltar
gibraltarpensions@SovereignGroup.com
+350 20076173

Hong Kong
hkpensions@SovereignGroup.com
+852 2542 1177

Malta
maltapensions@SovereignGroup.com
+356 27888132

Guernsey
guernseypensions@SovereignGroup.com
+44 (0) 1481 729 965

Isle of Man
iompensions@SovereignGroup.com
+44 (0) 1624 699 800

UK
ukpensions@SovereignGroup.com
+44 (0) 151 328 1777