

# PENSIONS UPDATE

DECEMBER 2015 | ISSUE 11

ARTWORK BY MAN FUNG YI

## International Pensions Expert Claire Du Feu joins Sovereign

Sovereign is delighted to announce that Claire Du Feu has joined its international pensions' team. Claire has been at the forefront of the Guernsey pensions industry for the past 10 years, working for both Close Brothers and Concept Group. With extensive international practice in product development across the international retirement planning product range,

Claire combines significant sales and marketing experience, together with substantial operational, technical and project management expertise. Now based in the UK, Claire's appointment demonstrates Sovereign's continued commitment to the development and growth of its global pension product range.

## Guernsey introduces flexibility of benefits

The Guernsey States (parliament) approved, on 29 September 2015, a Billet d'Etat to provide for the introduction of flexible retirement benefits in Guernsey. The Income Tax (Pension Amendments) (Guernsey) Ordinance 2015 was brought into force on 2 October.

The amendments will allow inward transfers to a Guernsey personal pension scheme the same flexibility of benefits as allowed by the legislation of the jurisdiction from where the funds or benefits entitlement originate. The availability of flexible benefits will depend on whether the pension provider amends a scheme's rules to permit the new freedoms.

Current UK legislation means that a Guernsey pension scheme's ability to meet the UK's Qualifying Non-UK Pension Scheme (QNUPS) conditions will be impeded by offering flexible pension benefits. This could lead to an UK Inheritance Tax (IHT) exposure for the scheme's underlying members. For this reason Sovereign will not be introducing flexible benefits for members of its former QROPS schemes at this time.

However, with QROPS and QNUPS offerings available from a number of alternative jurisdictions, those members seeking to access their benefits "flexibly" should contact their local Sovereign representative to discuss their individual position and the options that may be available to them.

## UK Pensions – restriction on tax relief

Additional restrictions have been announced in respect of the Annual Allowance – currently £40,000 – that will be available to individuals from 6 April 2016. From this date, the UK government will introduce a taper to the allowance for those with adjusted annual incomes in excess of £150,000.

For every £2 of adjusted income over the £150,000, an individual's allowance will be reduced by £1, down to a minimum of £10,000.

A complete review of UK pensions tax relief is due to be announced in the UK Budget 2016.

## Middle East “Gratuity Liabilities” Seminar

Sovereign's Dubai office, together with local industry experts, is to hold a seminar on how businesses in the Middle East can best prepare for their end of service gratuity liabilities. The seminar will take place on Tuesday, 8 December, at Dubai's World Trade Centre Club and registration is from 8.30am.

Please email [events@sovereigngroup.com](mailto:events@sovereigngroup.com) to book your place as soon as possible.

## Protection from April 2016 Lifetime Allowance reduction

April 2016 brings another reduction in the Lifetime Allowance (LTA) for UK tax-relieved pensions savings. The current limit of £1.25 million will be cut to £1 million thereby dragging more savers into the tax net.

As with previous LTA cuts, existing savers can protect themselves by applying for either Fixed Protection 2016 (FP2016) or Individual Protection 2016 (2016). The process for obtaining protection has changed slightly and is outlined in HMRC's Pensions Newsletter 73 – please see this [link](#).

It should be noted that a QROPS remains a useful vehicle for limiting exposure to any LTA charges or the impact of any future LTA reductions.

## Malta QROPS fees attractive

The weakening of the Euro against the British Pound means that Sovereign's Malta QROPS fees are currently very attractive when considered in Sterling terms. As an example, Sovereign's Malta Centaurus QROPS has an annual fee of €1,100, currently the equivalent of only £770.

# CONTACT

---

## Cyprus

Baiba Saldovere  
+357 25 733 440  
bsaldovere@SovereignGroup.com

## Dubai

Matthew Tailford  
+971 (0) 4270 3400  
mtailford@SovereignGroup.com

## Gibraltar

Darren Whitley  
+350 200 76173  
dwhitley@SovereignGroup.com

## Guernsey

Ju Francart  
+44 (0) 1481 729 965  
jfrancart@SovereignGroup.com

## Hong Kong

Yuseff Murphy  
+852 2542 1177  
ymurphy@SovereignGroup.com

## India

Ravi Viroomal  
+350 5403 1054  
rviroomal@SovereignGroup.com

## Isle of Man

Kerry Scholes  
+44 (0) 1624 699 800  
kscholes@SovereignGroup.com

## Malta

Stephen Griffiths  
+356 2788 8132  
maltapensions  
@SovereignGroup.com

## Singapore

Will Headly  
+65 6222 3209  
wheadly@SovereignGroup.com

## South Africa

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

## United Kingdom

Richard Chandler  
+44 (0) 20 7389 0555  
rchandler@SovereignGroup.com