

Transferring your UK Pension

GESB SUPER AND WEST STATE SUPER

If you have migrated from the UK to Australia, or if you are an Australian expat who has returned from the UK, you may be able to achieve a better income in retirement by transferring your UK pension to Australia.

If you intend retiring in Australia, you should find out how you could benefit. It's not something you should put off until you are closer to retirement. The sooner you do it, the sooner you could be taking advantage of Australian tax savings. In particular, there are tax advantages in Australia if you transfer your UK pension within the first 6 months of becoming an Australian resident.

This fact sheet provides the key information you need to help consider if transferring your UK pension to Australia is right for you. It also contains the forms required and a checklist to help you get the wheels turning.

GESB recommends you seek advice from a qualified financial or taxation adviser before making any decision as to how appropriate transferring your UK pension may be for your objectives, financial situation or needs.

LET'S START AT THE BEGINNING

Australian super funds fall into two types. Those that are registered as a Qualifying Recognised Overseas Pension Scheme (QROPS) by Her Majesty's Revenue and Customs (HMRC) and those that are not.

Transferring to a QROPS is considered a 'recognised transfer' under the UK *Finance Act 2004* and as such will not give rise to an 'unauthorised payment charge'. In contrast, transferring to an Australian super fund that is not registered, will incur taxes in the UK of up to 55%. You can find out more about these taxes at the HMRC web site, www.hmrc.gov.uk.

Both GESB Super and West State Super are registered as QROPS. The registration numbers are:

GESB Super QROPS 502890

West State Super QROPS 502889

If you are a member of Gold State Super only, you can open a GESB Super account to receive your UK pension.

REASONS TO CHANGE

Everyone's situation is different, but generally there are four main reasons to transfer.

The biggest reason is to **save on tax**. In Australia, you don't pay tax on your super benefits once you are 60 and retired. If you consolidated your UK pension into your Australian super fund, you don't have to pay tax on it when you retire. In contrast, if you left it in the UK and received UK pension income, you would need to pay tax on that income in Australia.

You also **gain greater control** over your money. You can access all of your money as a lump sum when you retire giving you greater control on how you manage and invest your money.

Your **beneficiaries can be looked after**. In Australia you can pass the full benefit of your super on to your beneficiaries. Generally, most UK pension funds pay a reduced benefit to a spouse and often nothing to the rest of the family.

We all know there are benefits of **consolidating your super** into one account. It usually means you'll pay less in fees and have less paperwork to manage.

DO YOU QUALIFY?

To be eligible to transfer your UK Pension and for GESB to accept the transfer:

- Your UK pension fund must allow the transfer to a QROPS. You will need to check with your UK pension fund. There may be specific rules that need to be satisfied in the UK pension fund before the transfer can occur.
- Your UK pension fund must not have started paying a pension to you.
- You must have permanently left the UK, without an intention to work or retire there.
- You must be an Australian resident for tax purposes and have provided your Tax File Number to GESB Super or West State Super.
- You must meet one of the following:
 - You are aged under 65; or
 - You are aged 65 to 74 when the transfer is received and you have worked at least 40 hours during any period of 30 consecutive days in the financial year in which the transfer is received; or
 - You are aged 75 and the transfer is received within 28 days after the month in which you turn 75; and
- The amount transferred in a single transaction must not exceed \$450,000 Australian dollars or \$150,000 Australian dollars if you are aged 65 or over on 1 July immediately prior to the date the transfer is received (see key points below concerning contribution caps or limits).

If GESB receives your UK pension transfer and you do not meet these conditions, GESB must reject the transfer and send the amount back to your UK pension fund. The returned amount could differ from the original amount due to changes in currency exchange rates.

KEY POINTS TO BE AWARE OF

It takes time

The transfer process generally takes a number of months because you need to meet the requirements of the UK pension fund before your UK benefit is released and also the overseas cheque will need to clear the banking system – which can take up to 45 days.

Contribution cap or limits

Generally the amount transferred from your UK pension fund to GESB is treated as a non-concessional contribution. An annual cap of \$150,000 applies for non-concessional contributions made by an individual into super. If you are under 65, your non-concessional contributions can be up to \$450,000 in a financial year, provided no such contributions are made in the following two years.

If the amount of your UK pension transfer plus all your other non-concessional contributions made to super during the financial year results in you exceeding your non-concessional contribution cap, then the contributions in excess of this cap are taxed at 46.5%.

Australian tax implications

This is a broad overview of the tax implications. GESB recommends you seek advice from a qualified financial and/or tax adviser. The tax treatment differs based on whether your funds are received in Australia within the first 6 months of you becoming an Australian resident, or after.

Within first 6 months: Generally no Australian tax will apply so long as you do not exceed your non-concessional contribution cap.

After the first 6 months: Australian tax is payable on the growth in your UK pension benefit, from the time you became an Australian resident to the time of transfer. This growth is required to be:

- Included as assessable income in your Australian income tax return. It will be taxed at your marginal rate plus Medicare levy, OR
- you may be eligible to make an election to have the growth component treated as assessable income within your super fund and taxed accordingly*

If you have transferred all of your UK Pension to your GESB Super or West State Super account and immediately after the transfer, you no longer have a super interest in the UK pension fund you can choose for all or part of the growth component to be treated as assessable income in your super fund. You need to notify GESB of the amount you have chosen to be treated as part of the fund's assessable income. The Tax Office has developed a form (Nat 11724) which you can use to notify GESB (see note below for GESB timeframes for accepting the ATO form). The form is available from the ATO website or by phoning the Tax Office on 13 10 20.

Ongoing UK tax implications

There may be UK tax implications if any payments are made from your GESB Super or West State Super account and your account balance includes a UK pension transfer and you have been a UK tax resident in the current UK tax year or any of the 5 previous UK tax years. These payments are not limited to withdrawals you request from your account. They also include death benefits, payments under Family Law court orders and tax on excess contributions. HMRC will determine whether any of these payments are an 'unauthorised payment' under UK law and if so, they will then advise you if you are subject to a UK tax charge

As QROPS registered schemes, GESB Super and West State Super are required to report to HMRC on any payment made from your super account for a ten year period commencing from when your funds are transferred out of the UK. HMRC will use this information to determine if you have UK tax liability and will contact you directly should any tax be payable in the UK in relation to the payments made from your account.

If your tax residency changes

If your Australian tax residency changes after we have received your transfer, you must let GESB know to ensure that HMRC reporting requirements are met.

Don't miss your opportunity to transfer your funds without paying tax. Make sure you act within the first 6 months of becoming an Australian resident.

THERE ARE TWO WAYS TO TRANSFER

There are two ways you can transfer your UK pension to your GESB account.

- You can **do-it-yourself** where you deal directly with your UK pension provider. Be aware this can be a time consuming and complex process. See the step by step process below.
- Or, you can use a **transfer specialist**. We have two preferred specialists who offer a free initial consultation. You can contact them direct by email for further information on the services they provide. When you contact them, make sure you mention you are a GESB member.
- Pension Transfers Direct: wage@ptd.net.au
- UHY Haines Norton: pensions@uhyhn.com.au

GET THE WHEELS TURNING

If you think you would prefer to do it yourself, you can start by going through the do-it-yourself step by step guide. The forms and information you need are included in this fact sheet.

If 'asking an expert' is your preference email one of the transfer specialists above. Alternatively, you may wish to source your own help.

Either way, GESB recommends you seek advice from a qualified financial or taxation adviser before making any decision as to how appropriate transferring your UK pension may be for your objectives, financial situation or needs.

Remember, there are Australian tax advantages to transferring your pension within 6 months of becoming an Australian resident. So don't delay!

* GESB Super is a taxed fund and earnings of the fund are subject to 15% tax. West State Super is an untaxed fund and earnings are not taxed during your membership of West State Super. It is only when you access your super benefit (including where you roll-over your benefit) that tax is applied.

DO-IT-YOURSELF

- STEP 1** Contact your UK pension fund and
- Check that you are eligible and can transfer your UK pension benefit to a QROPS.
 - If you are eligible ask the UK pension fund to send you the forms you need.
 - Find out the value of your UK pension benefit as at the date you became an Australian resident. This information will be required to comply with your Australian tax obligations.

STEP 2 Complete the forms from your UK pension fund and return to your UK pension fund. Information you will need to complete the UK pension fund forms include:

QROPS reference number

GESB Super QROPS 502890; or
West State Super QROPS 502889

GESB Electronic Funds Transfer details

Commonwealth Bank
Account Name: GESB
BSB: 066-040
Account Number 13500132
SWIFT: CTBAAU2S

If your UK pension fund processes your benefit via Electronic Funds Transfer, request the UK pension fund to send details of the transfer to GESB at accounts@gesb.com.au and include your GESB member number.

STEP 3 Complete the GESB 'Intent to transfer a UK pension declaration' form and return this to GESB. **Do not send this to your UK pension fund.**

STEP 4 Once your UK pension fund paperwork is complete and processed by your UK pension fund, they will send the transfer amount to GESB.

STEP 5 GESB will advise you when we have received your transferred benefit.

STEP 6 If you are transferring your UK pension benefit more than 6 months after becoming an Australian resident, and you would like to nominate an ATO election amount then complete the ATO form and return to GESB. We advise you to make a copy of the completed ATO form for your own records.

STEP 7 After receiving your ATO form, GESB will update your GESB Super or West State Super account to reflect the correct tax components.

For more information

Visit the ATO's super website at www.ato.gov.au/super or phone the ATO Information line on 13 10 20.

GESB's conditions and time frames for acceptance of ATO form NAT 11724

- If GESB does not receive your form then we will initially process the entire amount of the UK pension benefit as a non-concessional contribution.
- GESB will accept your ATO form up to 30 September in the year following the financial year in which the UK pension was credited to your GESB Super or West State Super account. We cannot accept your ATO form after you close your GESB Super or West State Super account, transfer your benefit to another super fund (including within GESB) or do not have sufficient balance to pay any tax required.
- You are responsible for determining and notifying GESB of your ATO election amount and any excess amount. The excess amount is any amount above the vested amount. The vested amount is the amount you were entitled to at the time of the transfer.

How to contact us

☎ Member Services Centre 13 43 72 📠 Facsimile 1800 300 067 🌐 gesb.com.au
✉ PO Box J 755, Perth WA 6842 📍 Level 4 Central Park, 152 St Georges Terrace, Perth

Disclaimer: The information contained in this brochure is of a general nature, and does not constitute legal, taxation or personal financial advice. In providing this information GESB has not taken into account your investment objectives, financial situation or needs. GESB is not licensed to provide financial product advice. You should read this brochure in conjunction with other relevant disclosure documents GESB has prepared, and the Product Information Booklet of the relevant product. There may be a potential future tax consequence for some members making after-tax personal contributions to the untaxed West State Super product compared to other taxed super funds. If you are considering whether to make after-tax personal contributions to the untaxed West State Super product, you should seek professional financial and taxation advice to determine whether it is appropriate for you.

Intent to transfer a UK pension declaration form

Member Services Centre 13 43 72 Facsimile 1800 300 067 gesb.com.au
PO Box J 755, Perth WA 6842 Level 4 Central Park, 152 St Georges Terrace, Perth

WEST STATE SUPER AND GESB SUPER ONLY

Complete this form if you are transferring a UK pension benefit directly from a UK pension fund.

STEP 1 FILL IN YOUR DETAILS

Member number

Given names (please print)

Surname

Date of birth

Telephone

Address

State/Territory

Postcode

Tax file number

Under the Superannuation Industry (Supervision) Act 1993, you are not obliged to disclose your tax file number, but there may be tax consequences. We cannot accept your UK pension transfer without your valid TFN.

Email address

STEP 2 YOUR UK PENSION FUND DETAILS

Fund name

Membership number

Fund address

Postcode

Approximate Transfer Value \$AUD

\$

STEP 3 NOMINATE YOUR ACCOUNT

Please tell us into which account you would like your UK pension benefit deposited into.

West State Super GESB Super

If you are a Gold State Super member and do not have an existing West State Super or GESB Super account, a GESB Super account will be opened for you and invested in the Balanced Growth Plan (the default investment plan).



Your contribution will be allocated to your GESB Super account or West State Super account and invested in your existing Investment Plan.

STEP 4 DATE OF BECOMING A NON-UK RESIDENT

I confirm that this date is the last date I was a UK tax resident.

If I become a UK tax resident again in the future, I will notify GESB immediately of the date that I became a UK resident or if for any reason my residency changes.

Residency status (please)

I am an Australian resident for tax purposes

STEP 5 WORK TEST

To be able to transfer your UK pension benefit to GESB, you must meet one of the eligibility criteria under Australian super laws. To confirm that you are eligible to contribute, please tick the box below that describes your circumstances.

I am under the age of 65

I have reached age 65 but not age 75, and I have worked at least 40 hours in a period of 30 consecutive days in the current financial year.

My contribution will be received by GESB within 28 days after the end of the month in which I turn 75.

Please use a new form for each UK pension you would like to transfer to your GESB account. We accept photocopied forms with an original signature.

STEP 6 DECLARATION, AUTHORISATION AND SIGNATURE

Before we can deposit your UK transfer into your nominated account GESB needs you to confirm the following:

- I have read and understood the information guide.
- I consent to the use and disclosure of my personal information to HMRC for reporting purposes where I have transferred a UK pension to GESB Super or West State Super.
- I am aware of the tax implications surrounding UK pension transfers.
- I acknowledge that the information provided in the information guide and this form is of a general nature and that GESB recommends I seek financial and/or taxation advice.
- I understand GESB will not accept a transfer if it exceeds my non-concessional contribution cap and will return the entire transfer amount. The returned amount may differ to the original amount due to variations in the currency exchange rate.
- I declare that on this form and any accompanying materials that the information provided is true and correct.

Your signature

Date



**HM Revenue
& Customs**

Pension Schemes Services

FitzRoy House
Castle Meadow Road
Nottingham
NG2 1BD

GESB
PO Box 755
Perth
Western Australia
6842
AUSTRALIA

Tel (+44) 0115 974 1600
Monday to Friday 9:00 to 17:00

Fax (+44) 0115 974 1480

www.hmrc.gov.uk

Date 23 October 2009
Our Ref QROPS 502889
Your Ref Larry Rudman

Dear Sir,

Pension Scheme Name West State Super

Thank you for your notification that the pension scheme above is a recognised overseas pension scheme and for your undertakings.

I am pleased to accept that the scheme is a qualifying recognised overseas pension scheme for UK purposes with effect from 23 October 2009. You must notify Pension Schemes Services immediately if the scheme ceases to be a recognised overseas pension scheme.

The reference number for the scheme is QROPS 502889. Please quote this number in any correspondence with HM Revenue and Customs.

Yours faithfully

R Evans

Email: raymond.evans@hmrc.gsi.gov.uk

Direct line (+44) 0115 974

PSS 256

Information is available in large print, audio tape and Braille formats.
Type Talk service prefix number – 18001





**HM Revenue
& Customs**

Pension Schemes Services

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Monday to Friday 9:00 to 17:00

Fax (+44) 0115 974 1480

www.hmrc.gov.uk

Date 23 October 2009
Our Ref QROPS 502890
Your Ref Larry Rudman

Dear Sir,

Pension Scheme Name **GESB Super**

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Yours faithfully

R Evans

Email: raymond.evans@hmrc.gsi.gov.uk

Direct line (+44) 0115 974

PSS 256

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Type Talk service prefix number – 18001



Tax payable on a foreign super transfer

How to complete your *Choice to have your Australian fund pay tax on a foreign super transfer*.

WHO SHOULD COMPLETE THIS FORM?

You should complete this form if:

- you have transferred all of a lump sum superannuation benefit from a foreign super fund to a complying Australian super fund
- tax is payable on a part of that lump sum benefit, and
- you choose to have your Australian super fund pay some, or all of the tax payable on that lump sum.

➤ For more information about the tax treatment of payments from overseas super funds, refer to *Tax treatment of transfers from foreign super funds* (NAT 11725).

HOW DO I COMPLETE THIS FORM?

Section A: Australian super fund details

Provide your Australian super fund's details, so they can identify you, including:

- their Australian business number (ABN)
- their super fund number (SFN), and
- your member account number.

⚠ You can search for your super fund's ABN or SFN on the *Register of Complying Super Funds (RoCS)*. This is available on our website at www.ato.gov.au

Section B: Your details

Provide your personal details so your super fund can identify you. You don't have to provide your tax file number (TFN) to your super fund. However, if you do, it will help them identify you correctly.

⚠ If your super fund doesn't already have your TFN it will not be able to accept your contribution.

Section C: Your foreign super fund details

Provide the details of the foreign super fund that paid the super benefits on your behalf.


Section D: Payment details

Provide details of the payment from the foreign super fund. Then choose the amount that your Australian super fund will pay tax on (in Australian dollars).

Section E: Declaration

Read the declaration. If all the details are correct, print your full name, sign and date the declaration.

 Send this form to your Australian super fund.

 **Don't send this information to us.** The information on this form is for you and your Australian super fund. We don't collect this information; we only provide a format for you to provide the information to your super fund.

MORE INFORMATION

For more information about the Tax treatment of payments from overseas super funds from 1 July 2004:

- visit our website at www.ato.gov.au
- phone **13 10 20** between 8.00am and 6.00pm, Monday to Friday, or
- write to us at
PO Box 3100
PENRITH NSW 2740.

If you do not speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service on **13 14 50** for help with your call.

If you have a hearing or speech impairment and have access to appropriate TTY or modem equipment, phone **13 36 77**. If you do not have access to TTY or modem equipment, phone the Speech to Speech Relay Service on **1300 555 727**.

OUR COMMITMENT TO YOU

We are committed to providing you with advice and information you can rely on.

We make every effort to ensure that our advice and information is correct. If you follow advice in this publication and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it. However, we will not charge you a penalty or interest if you acted reasonably and in good faith.

If you make an honest mistake when you try to follow our advice and you owe us money as a result, we will not charge you a penalty. However, we will ask you to pay the money, and we may also charge you interest.

If correcting the mistake means we owe you money, we will pay it to you. We will also pay you any interest you are entitled to.

You are protected under GST law if you have acted on any GST advice in this publication. If you have relied on GST advice in this publication and that advice later changes, you will not have to pay any extra GST for the period up to the date of the change. Similarly, you will not have to pay any penalty or interest.

If you feel this publication does not fully cover your circumstances, please seek help from the Tax Office or a professional adviser.

The information in this publication is current at July 2007.

We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for a more recent version on our website at www.ato.gov.au or contact us.

