The Castle Trust Group

The Equus Retirement Annuity Trust Scheme

- *A Qualifying Recognised Overseas Pension Scheme (QROPS)*

The Equus Retirement Annuity Trust Scheme

The Equus Retirement Annuity Trust Scheme is a Gibraltar based QROPS provided by Castle Trust & Management Services Limited, part of the Castle Trust Group, a Gibraltar based fully EU compliant Financial Services Group.

It is an overseas pension scheme registered in the UK with HM Revenue and Customs (HMRC) with registered number QROPS 502472. It is recognised by HMRC as eligible to receive transfers from UK pension schemes and therefore is of significant benefit to individuals with UK based pension schemes who have, or intend to leave the UK.

The Equus Retirement Annuity Trust Scheme is a Gibraltar retirement annuity trust scheme and is open to both residents and non-residents of Gibraltar. It is operated in accordance with the Laws of Gibraltar.

Immediate Benefits

There are immediate benefits on transfer within the first 5 years of non-residence, for example:

- If income is taken, the taxation due will be that which is charged by the individual's country of residence. In some countries such as Malaysia, foreign pensions are not taxed at all. That would mean the only exposure to taxation on a pension drawdown would be the 2.5% withholding charge in Gibraltar.

- Avoidance of the potential liability to death duties in the UK as QROPS are specifically exempt from UK Inheritance Tax.

The key attractions have proved to be:

- The ability to pass on any remaining funds tax free to named beneficiaries following death after income has commenced

- The significantly higher net income payments available for many clients using a QROPS

Independent Remuneration Planning specialists estimate the average pension rights that are transferred to QROPS are worth in excess of £180,000. There is no maximum amount but additional UK tax would apply in some circumstances if an individual exceeds their Lifetime Allowance, currently £1.25m for the financial year 2014-2015.

Eligibility

- Individuals with UK registered pension schemes including GMP (guaranteed minimum pensions) or former protected rights who have become non-resident, or intend to become non-resident in the near future.

- Individuals with a UK accrued pension scheme starting from:

    - £20,000-£75,000 for our ***Equus Silver Scheme*** (available through selected Life Companies only)
    - £ 50,000+ for our ***Equus Gold Scheme*** (nominated platform only*)
    - £100,000+ for our bespoke ***Equus Platinum Scheme*** (wide ranging free investment choice including the facility to invest in unquoted shares etc.)

* *Does not include self-managed or other investment platforms)*

It should be noted that UK registered pension schemes are able to buy assets from, sell assets to and partner in investment projects with arm's length parties, scheme members and connected parties on arm's length market terms.

UK registered pension schemes can make most types of investment - but certain designated assets are "unauthorised" and their purchase, directly or indirectly, attract tax penalties of up to 70% of the price paid - or more.

These include:

- Loans to members
- Residential property
- Loans to acquire residential property
- Tangible moveable property such as works of art, classic cars, fine wine etc - but ***Gold bullions are uniquely permitted***

Pension and lump sum Member's benefits

- Benefits may be drawn at any time from age 55 or earlier if a need arises due to incapacity
- Benefits may be drawn whilst the member continues to work
- The pension commencement lump sum may be drawn from age 55 in whole or in repeated parts
- A pension commencement lump sum of up to 30% of the fund up to a cap on tax-relieved pension savings - the Standard Lifetime Allowance (SLA) - may be drawn tax-free. A higher lump sum may be available for those members that were able to protect their lump sum under the 2006 transitional rules or through Fixed Protection.
- The lump sum may either be drawn in one tranche or in several stages as required

Several methods of pension withdrawal are available:

- Scheme Pension - pension rates are calculated and regularly reassessed by a qualified Actuary according to the member's specific circumstances but the fund can remain invested.
- Annuity - all or part of the fund can be used to purchase an annuity at any point - but this is not mandatory.
- Pensions are subject to Income Tax unless if paid gross where the individual resides overseas in a territory with which the UK has an appropriated Double Tax Treaty.

Death Benefits

On death, before any benefits are drawn, the Member's interest up to the Standard Lifetime Allowance or any higher protected amount can be distributed tax free to beneficiaries selected by the Trustees.

Further pension considerations as to applicability

Lifetime allowance charge

If you have total funds in excess of the current Lifetime Allowance of £1.25m, the excess funds transferred will be subject to a 25% tax charge.

Return to the UK

On your return to the UK, UK pension legislation may apply to your pension assets within the Scheme. Specialist advice is necessary as we are aware it is possible in most circumstances to structure affairs prior to returning to the UK that may provide a better solution. We do not give advice in this area but can provide you with details of specialists with whom we have worked in this area to achieve the optimum solution.

Benefits and key attractions

- Flexibility
- May be possible for capital to be withdrawn from the pension fund if required
- As little as 2.5% Gibraltar tax at source
- The Pension is subject to the tax regime of the country where the individual is resident
- In some cases pension benefits can be paid to other jurisdictions where there may be no deduction of tax at all. These jurisdictions however must have the same or more stringent rules than Gibraltar.
- Lump sum up to 30% may be taken after 55 years of age—certain conditions apply
- Following death of the Scheme member, the remaining fund held within the Scheme may be released to the Member’s named beneficiaries – without a confiscatory level of tax.
- The QROPS is a personal scheme, not part of an Occupational Scheme

Issued by the Castle Trust Group
on behalf of Castle Trust & Management Services Limited
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