Fact Sheet «Immigrating from the UK with your Pension Assets»

Description

Suitable for individuals relocating to Switzerland from the UK who intend to transfer their pension assets to Switzerland for tax reasons.

Pension assets might be allocated on a vested benefits account or a securities deposit account with Liberty Foundation for Vested Pension Benefits (Liberty).

Assets transferred in GBP may be held up to 80% interest-free in the original currency for a maximum of 5 years or been switched in CHF with a preferred interest rate.

As regards securities solutions, pension assets held in GBP might be invested in authorised collective investments, in particular bond funds and fix termed deposits in GBP, that are officially listed for distribution in Switzerland.

If the client wishes to invest in other investment categories, the foreign currency content must be adjusted to comply with BVV2/OPP2 guidelines.
It is for the client, or his consultant or asset manager, to determine an appropriate investment process with Liberty.
Liberty Foundation for Vested Pension Benefits offers the following securities solutions:
http://www.liberty-vorsorge.ch/en/vested-benefits-foundation/liberty-invest/

Preconditions

Swiss residence is mandatory (in exceptional cases, if proof of evidence is given, requests from cross-border commuters working in Switzerland, will also be accepted), and residence in the UK must be given up.

Clients intending to transfer their pension assets must not be older than 60 (men)/59 (women) years old, at the moment of transfer.

Obligations under UK tax regime

The following obligations are to be considered:

Liberty has Reporting obligations to HMRC that will only fall away, if **all** of the following conditions are fulfilled:

- The date of payment falls more than 10 years after the date on which the client's funds were transferred from the UK registered pension scheme to Liberty.
- Client has given up UK-residence when the payment to Liberty is made.
- Client has not been UK-resident earlier in the UK tax year in which the payment is made or in any of the 5 tax years immediately before that tax year.

UK tax year runs from 6th April to 5th April in the following year.

Note: Once the relevant transfer fund is exhausted by the payment of benefits the reporting obligations fall away (even if this is before the 10 year anniversary of the transfer).

Example: Richard M. left the UK on the 5th August, 2012 due to a new job assignment in Switzerland. He decides to transfer his benefits under his UK registered pension scheme to a QROPS to Switzerland with Liberty Foundation for vested pension benefits. If Richard's transferred funds were received by the QROPS on, say, 15th September, 2012, the new reporting obligations apply to those funds transferred in (representing the relevant transfer fund) until at least 15th September, 2022, with effect from 6th April, 2012.

UK Tax charges are imposed on certain benefits paid, which usually **fall away** if payments of benefits are made when:

- The client in question is not resident in the UK, and
- The client has not been UK-resident earlier in the UK tax year (runs from 6th April to 5th April in following year) in which the payment is made or in any of the 5 tax years immediately before that tax year.

Therefore, we do recommend that the transferred pension assets remain with Liberty for at least ten years.

If cashing in occurs after the 5-year limit has lapsed, individuals will be taxed in accordance with Swiss tax law.

In case residence in Switzerland is permanently given up (and proof of evidence can be shown), individuals are only subject to withholding tax. The withholding tax rate depends on where the Foundation holding the pension assets has its registered office. Liberty has its registered office in Schwyz, which has the lowest withholding tax rate in Switzerland.

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