

Keeping it Brief

Moving Overseas

In this briefing note, we highlight some of the options available to you with your UK pension savings if you move abroad.

If you move abroad and have a UK pension there are options available to you:

- Transfer to an overseas pension
- Leave it where it is and continue to pay into your UK pension*
- Access your pot if you are age 55 or over (this will increase to age 57 for most people from 6 April 2028)

* The option to continue paying contributions is subject to certain conditions being met; see below.

Transfer to an overseas pension

You can transfer your pension overseas, but you should make sure the scheme you move your pot to is a Qualifying Recognised Overseas Pension Scheme (QROPS). A QROPS is an overseas pension scheme that meets specific requirements set by HMRC. A list of these schemes can be found at: www.gov.uk/guidance/check-the-recognised-overseas-pension-schemes-notification-list

If the scheme you wish to transfer to is not listed, then your UK pension scheme may refuse to transfer to it.

If you are able to transfer your pension overseas, there may be tax to pay. Whether you pay tax depends on where the QROPS scheme you transfer to is based. It's your responsibility to find out where this is.

A new 'overseas transfer allowance' (OTA) was effective from 6 April 2024 for transfers to a QROPS. The OTA is £1,073,100 unless an individual is entitled to a higher protected amount. If the total value of an individual's transfers to a QROPS exceeds their OTA, the excess will be subject to an overseas transfer charge at a rate of 25%. The overseas transfer charge is separate to any tax that may be payable.

Further details can be found here: www.gov.uk/transferring-your-pension/transferring-to-an-overseas-pension-scheme

Always be careful of pension scams when considering transferring pensions.
www.fca.org.uk/scamsmart

Leave it where it is

You can simply leave your pension as it is with no further contributions paid and manage it in the same way as when you were living in the UK.

If you move overseas, you may still be able to pay into a UK pension. However, most providers do not accept contributions that are not eligible for tax relief.

To be entitled to tax relief on your contributions, you must be a 'relevant UK individual' in the tax year in which the contribution is paid. Generally, this means meeting one of the following conditions:

- you have relevant UK earnings chargeable to UK income tax during that tax year
- you are tax resident in the UK at some time during that tax year
- you were tax resident in the UK at some time during the previous five tax years and when you joined the pension scheme. Tax relief on your contributions is limited to the greater of £3,600 gross per annum and 100% of your relevant UK earnings in that tax year.

For further details please contact your pension provider and go to:

www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/moving-living-and-retiring-abroad

Access your pot

Currently, you can normally take benefits from a defined contribution pension from the age of 55 (this will increase to age 57 from April 2028 for most people).

You can take some of your pot tax free. In most cases, the maximum tax-free cash that can be taken is 25% of the value of your pension pot up to a maximum of £268,275 across all pension pots. More information about the maximum tax-free cash can be found in our '**Keeping it Brief... Lump Sum Allowance**'.

The rest will be taxed as UK earned income. Payment would usually be in sterling into a UK bank account, however, if you won't be living in the UK, not all banks will offer UK bank accounts to non-UK residents.

If your pension is paid into a UK bank account, you may need to transfer into another currency and so you need to be aware of any transfer fees and exchange rate variations. In some cases, the pension can be paid overseas but would again be subject to currency exchange risk and there may also be potential income tax issues. You may also be liable to pay tax in the country to which you have moved.

For more information about the options available when accessing your pot please see: '**Keeping it Brief... Accessing your Pension Pot**'

State Pension and living overseas

You can live in another country and receive the UK State Pension, however, to benefit from State Pension increases, you need to live in:

- the European Union, the European Economic Area, Switzerland, or Gibraltar; or
- a country that has a social security agreement* with the UK that allows for cost of living increases to the State pension.

*This does not apply to Canada and New Zealand. Although the UK has a social security agreement with these countries, this does not extend to increases to the UK State Pension.

To claim your State Pension if you live abroad, you should be within 4 months of your State Pension age and must have at least 10 years of qualifying National Insurance contributions or credits.

Further information

For more information on claiming your State Pension if you live abroad, please go to: www.gov.uk/state-pension-if-you-retire-abroad.

MoneyHelper, a free and impartial government service, also has information on how living abroad might affect your pensions. This can be found at the address below, where there is also a webchat service available: www.moneyhelper.org.uk/en/pensions-and-retirement/building-your-retirement-pot/moving-your-uk-pension-overseas.

MoneyHelper also provides a free helpline on 0800 011 3797.

Please note:

This briefing note gives an overview only. It does not provide specific advice. It is based on our understanding of tax regulations for the 2026/27 tax year.

The tax treatment of pensions in general (and tax implications of pension withdrawals) will be based on individual circumstances, tax legislation and regulation, which are subject to change in the future.

Pension savings are at risk of being eroded by inflation. When investing your capital is at risk.

Accessing pension benefits early may impact on levels of retirement income and your entitlement to certain means tested benefits

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