

June 2010



## Transferring your pension benefit from a UK scheme to the Mercer Super Trust

The UK rules relating to the transfer of UK pension benefits to overseas funds state that transfers can generally only be made to an overseas fund that has been accepted by the UK authorities as a Qualifying Recognised Overseas Pensions Scheme ("QROPS").

The Mercer Super Trust is a QROPS. The QROPS reference number is QROPS 500616.

There are some important things you need to know about transferring your UK pension benefit to the Mercer Super Trust. Please read this information sheet carefully. The trustee strongly recommends that you seek advice from a licensed, or appropriately authorised, financial adviser before making a decision to transfer.

Before the trustee can accept the transfer of your UK pension benefit you need to complete and return the form "Transferring your pension benefit from a UK scheme to the Mercer Super Trust", available from the Helpline on **1800 810 558** or the website **mercersupertrust.com** after signing in as a member.

### You'll need to become a member of the Personal Superannuation Division

Your UK pension benefit can only be transferred to the Personal Superannuation Division of the Mercer Super Trust so you'll need to become a member by completing the Application Form contained within the Product Disclosure Statement for the Personal Superannuation Division. You'll then need to submit it, together with the "Transferring your pension benefit from a UK scheme to the Mercer Super Trust" form, to the address shown. Once your Personal Superannuation Division membership has been established, you will be able to start the process to transfer your UK pension benefit.

You can get a copy of the current Product Disclosure Statement for the Personal Superannuation Division by calling the Helpline on **1800 810 558**. The Product Disclosure Statement details the features and benefits of the Personal Superannuation Division together with the fees and charges applicable. (These are generally higher than the fees and charges in the Corporate Superannuation Division of the Mercer Super Trust.) You should read the Product Disclosure Statement carefully before considering whether to take up membership in the Personal Superannuation Division.

### The trustee's obligations as a QROPS

The trustee must report details of any payments made out of the Mercer Super Trust in respect of members who transfer UK pension benefits in certain circumstances, whether or not those payments have any connection with your UK transfer. The trustee must report to the UK authorities payments made:

- If you are a UK resident at the time the payment is made; or
- If you have been a UK resident earlier in that UK tax year, or in any of the previous five UK tax years.

The trustee must report to the UK authorities payments made in a UK tax year (6 April to 5 April). If you've been a UK resident in the year or the previous five UK tax years, payments will be reported. If you haven't been a UK resident, no payments will be reported.

### The payments that must be reported

Payments from your Personal Superannuation Division membership and your Corporate Superannuation Division membership (if any) that must be reported to the UK authorities include:

- Cash payments made directly to you (as permitted under Australian superannuation rules)
- Rollovers or transfers to another super fund
- Payments made to beneficiaries in the event of your death
- Contributions splitting payments
- Payments required under Family Law court orders or agreements
- Payments of contributions tax on employer or salary sacrifice contributions made in respect of you
- Payments of insurance premiums (if any) from your super account in the Personal Superannuation Division and in the Corporate Superannuation Division.

### You may have to pay UK tax on payments

If payments are made while you are a UK resident (or have been in any of the previous five UK tax years) a UK tax charge of up to 55% of the payment may be levied ([www.hmrc.gov.uk/rates/pensions.htm](http://www.hmrc.gov.uk/rates/pensions.htm)). This UK tax will apply to any payment that would have been “unauthorised” if it had been made from a UK scheme.

“Unauthorised payments” are defined in UK laws (Finance Act (UK) SS172-174). Payments which would be regarded as “unauthorised” include:

- Cash payments made directly to you (as permitted under Australian superannuation rules) where the amount paid is more than 25% of your UK benefit transferred
- Rollovers or transfers to another super fund that is not a QROPS
- Contributions splitting payments
- Payments required under Family Law court orders or agreements
- Payments of excess concessional or non-concessional contributions tax.

Payments of contributions tax or insurance premiums are not “unauthorised” payments, but they must still be reported to the UK authorities.

The UK authorities will notify you should any tax be payable.

Any tax bill will be sent directly to you and it is your responsibility to arrange payment of this tax.

### When an Australian fund can accept transfers from UK pension schemes

Under Australian legislation, restrictions apply on when an Australian super fund can accept amounts transferred from UK pension schemes and how much can be accepted. An Australian super fund:

- Cannot accept any part of a transfer from a UK pension scheme if any of the following apply:
  - you have not provided your Tax File Number to the fund
  - you are age 75 or more when the transfer is received, or
  - you are age 65 or more when the transfer is received and you have not worked at least 40 hours during any period of 30 consecutive days in the financial year in which the transfer is received.
- Cannot accept any part of the amount transferred from a UK scheme that exceeds:
  - \$450,000, or
  - \$150,000 if you were aged 65 or more on the 1 July immediately prior to the date the transfer is received.

Amounts that cannot be accepted will be returned to the UK scheme from which they were transferred.

### You may have to pay Australian tax on your transfer

Australian tax may be payable on the amount transferred from the UK. The description below is only a broad summary of the Australian tax rules. The tax rules relating to the transfer of super benefits from the UK are very complex and the trustee of the Mercer Super Trust strongly recommends that you seek advice from a licensed, or appropriately authorised, financial adviser before making a decision to transfer.

### Transfers within six months of you becoming an Australian resident

If you transfer your UK benefit to an Australian fund within six months of becoming an Australian resident, generally no Australian tax will apply, provided certain conditions are met. Australian tax may apply if, for example:

- The amount transferred exceeds your vested benefit in your UK pension scheme, or
- The amount you transferred plus any other non-concessional contributions made in the year exceed \$450,000 (\$150,000 if you are over age 65).

### Transfers more than six months after you became an Australian resident

If you transfer your UK benefit more than six months after becoming an Australian resident, tax will also be payable on the growth in your UK benefit since you became an Australian resident – in addition to any tax payable if you exceed the non-concessional contributions limit.

If tax is payable on the growth in your UK benefit, and you have transferred all of your UK benefit to an Australian super fund (including the Mercer Super Trust), you can elect to have this part of your benefit treated as a taxable contribution in the Australian super fund. This amount will be taxed at 15% in the super fund. (This option may not be available to you if the trustee is required to return any excess amount to your UK scheme.) You can also choose to pay this tax yourself by including the amount in your assessable income in your annual tax return – it will then be taxed at your marginal tax rate.

If you wish to have the Mercer Super Trust pay this tax, you must complete a *Choice to have your Australian fund pay tax on a foreign super transfer* form, available from the ATO at [www.ato.gov.au](http://www.ato.gov.au) or by calling the ATO helpline on 13 10 20.

For details on what is included as a non-concessional contribution, visit [mercerwealthsolutions.com.au](http://mercerwealthsolutions.com.au) and click on ‘Contribution caps’ under the Fast Find heading on the homepage.

## Transferring your pension benefit from a UK scheme to the Mercer Super Trust

### How we can help

The rules regarding the transfer of super benefits from the UK are complex. Our Helpline consultants and financial advisers are available to answer your questions.

- If you have any queries, or to speak to an authorised financial adviser, call the Helpline on **1800 810 558**.

The trustee of the Mercer Super Trust recommends that you seek advice from a licensed, or appropriately authorised, financial adviser before making a decision to transfer.

If you have any questions, or to speak to a Mercer financial adviser, please call **1800 810 558**.