



EFPG DIAMOND PERSONAL PENSION PLAN SCHEME SCHEME KEY FACTS / PARTICULARS DOCUMENT

This document is designed for general information only and does not provide any specific advice. Before you act on any information supplied by European Financial Planning Group you should first seek independent tax and/or financial advice.

1. Introduction

The EFPG Diamond Personal Pension Plan Scheme (the “Scheme”) is a defined contribution pension scheme which is administered by European Financial Planning Group who also act as the Scheme trustee. It is a personal pension scheme which has the objective of providing retirement benefits for members.

European Financial Planning Group Limited (“EFPG”) is a company registered in Gibraltar under reference No. 93480, and which is authorised and regulated by the Gibraltar Financial Services Commission under licence number 4996.

The EFPG Diamond Personal Pension Plan Scheme is approved by the Income Tax Office in Gibraltar and is, with effect from 15th January 2013, listed by Her Majesty’s Revenue & Customs (“HMRC”) as a Qualifying Recognised Overseas Pension Scheme (“QROPS”) on their website at <https://www.gov.uk/government/publications/list-of-qualifying-recognised-overseas-pension-schemes-qrops/list-of-recognised-overseas-pension-schemes-notifications#gibraltar>. The HMRC QROPS reference number is QROPS504611. The Scheme is also regulated by the Gibraltar Financial Service Commission under licence number 4996/1.

To join the Scheme you simply need to complete the application form after having obtained the necessary financial and tax advice from your professional adviser. All assets within your personal pension plan are held under an irrevocable trust for your exclusive benefit.

In fulfilling its function as trustee EFPG does not give financial, legal, tax or investment advice. This document is designed for general information only and does not attempt to give any specific advice. Before you apply to join the Scheme, or otherwise act on any information about the Scheme supplied by EFPG or any other party, you should first seek suitably qualified independent tax and/or financial advice. This document is not a statement of the full terms and conditions of the Scheme, and it should be read in conjunction with the Deed of Adherence and Terms and Conditions document which can be obtained from EFPG’s office which is situated at 15 Irish Town, PO Box 1483, Gibraltar, or by contacting us by email at the following address info@efpg.net. Although every effort has been made to ensure its accuracy we will not accept liability for any errors or omissions contained within this document.

Unless otherwise prescribed there exists no statutory provision for compensation in the case where the Scheme is unable to satisfy the liabilities attributed to it, and the approval, registration or recognition of the Scheme or EFPG is not an endorsement by any regulatory or tax authority of the Scheme’s financial standing or performance.

Further information about the Scheme is available from EFPG.

2. What are the benefits in transferring your existing pension assets to the EFPG Diamond Personal Pension Plan Scheme?

- ✔ Accepts transfers from existing UK registered and other approved pension schemes as long as their rules permit.
- ✔ Protects funds transferred into the Scheme from possible adverse changes in tax and pension legislation in the originating country.
- ✔ No specified limits on the size of transfers into the Scheme.

- ✓ Access to retirement benefits from age 55. Unless otherwise agreed with the trustee commencement of income drawdown must be before age 75 or any other maximum age allowed by Gibraltar regulations.
- ✓ Up to 30% Pension Commencement Lump Sum available, provided a lump sum has not already previously been withdrawn from transferred scheme benefits (25% for UK transfers where commencement starts before the member has been a non-UK tax resident for ten complete tax years).
- ✓ On death, your nominated beneficiaries may receive the funds remaining in your Scheme. This can be free of UK Inheritance tax but it is dependent on beneficiary's personal circumstances. Initial planning and tax advice is recommended and should be sought.
- ✓ There is no requirement to purchase an insurance annuity and various income options are available.
- ✓ Depending on your country of tax residence potentially significantly lower rates of income tax payable on pension income.
- ✓ Provides the opportunity to consolidate previous separate pension rights into one efficient arrangement for the future.
- ✓ Provides the opportunity to denominate your pension scheme benefits in an alternative currency applicable to your new country of residence.

We recommend that clients take independent financial planning and tax advice with regard to their personal situation

3. What can the Scheme invest in?

Members or their nominated professional adviser can brief EFPG as to their investment preferences. The trustee must, however, always execute investments within the parameters of allowable investments, diversification and prudence as required by their regulators (the GFSC) and the Gibraltar Income Tax Office and in accordance with their duty of care. The final decision in respect to the permissibility and the overall weighting of investments within the Scheme rests with the trustee. EFPG does not accept responsibility for, or liability in respect of, the performance of any investments, or for liabilities associated with any investment.

The Gibraltar Tax Office may prohibit or impose restrictions and/or set conditions on certain types of investment. These include but are not limited to the following: the trustee must not engage in any transactions nor grant any loans from the Scheme to its members or connected persons. Scheme funds may be invested in residential property but only if it is in Gibraltar. Investments in unquoted shares must be subject to independent valuation, and all dealings must be at arms length and on commercial terms.

Examples of acceptable investments are:

- Quoted shares and other stock-market portfolios (unlisted stocks may be considered on a case by case basis)
- Quoted fixed-interest securities and other bonds
- Unit trusts, OEICs, offshore funds and other pooled funds
- Bank and building society accounts
- Insurance bonds

You may advise EFPG if you have a specific investment manager that you would like to appoint to manage the investments within your personal pension plan. The above is merely a summary, and your professional adviser will be able to provide a comprehensive list of acceptable and non-allowable investments.

4. Who can apply?

At the discretion of EFPG the Scheme is available to residents of any country who wish to transfer UK registered pension scheme benefits into the Scheme. The Scheme is suitable for individuals who have accrued UK pension rights but are no longer UK resident, e.g. British expatriates and foreign nationals who have worked in the UK and have accumulated UK pension funds.

5. What are the potential risks?

Pension transfers, once made, are normally irreversible. You should check carefully with your professional adviser that you are not giving up rights to guaranteed benefits or guaranteed increases in benefits upon transferring those pension benefits into the Scheme. Your existing provider may charge a fee for making the transfer. ALWAYS seek professional advice before making a pension transfer.

As with most financial products the value of investments can fall as well as rise and is not guaranteed. Some investments may take longer to sell than others, and the sale price may be lower than expected. Choosing to take income withdrawal may erode the capital value of your personal pension plan, especially at times when rates of investment return are poor or you are drawing high levels of income.

Tax and pensions law and regulation can change in the future in any jurisdiction.

6. Taxation

Income payments made from the Scheme will be subject to a 2.5% non-reclaimable income tax deduction by the Gibraltar Tax Office, and the payments may also be subject to taxation according to the tax rules applicable in the country or countries in which you are tax resident. Please seek the advice of a tax professional in your country or intended country of residence on this matter before you agree to transfer benefits into the Scheme.

EFPG is required to report all payments or transfers made from the Scheme to the Gibraltar Commissioner of Income Tax.

If you have left the UK and have transferred UK registered pension scheme benefits into the Scheme then for at least the first 10 full tax years following non-residence in the UK there may be an element of dual compliance with UK and Gibraltar taxation rules. As of the 6th April 2017 all payments from a QROPS to a previously UK resident are reportable to HMRC for 10 years from the date of transfer into the QROPS. EFPG will do this on behalf of the Scheme.

Also from 6th April 2017 HMRC has imposed an overseas transfer charge of 25% on transfers to QROPS unless you are tax resident in the same jurisdiction as your QROPS arrangement or you are tax resident in an EEA jurisdiction and your QROPS arrangement is also domiciled in an EEA jurisdiction. If you were to change tax residency within the first 5 complete tax years since the commencement of your QROPS and in doing so breach the above, the transfer charge would be applied. Conversely, if you had paid the transfer charge at outset and subsequently within 5 years changed your tax residency to comply with the above conditions, the transfer charge would be reimbursed.

Where UK registered pension rights have been transferred into the Scheme, benefits must be taken in a form similar to that which would apply if they were payable from a UK registered pension scheme, otherwise HMRC penalty charges and sanctions may apply. Please be sure that you understand the implications of this, and if necessary clarify them with your professional adviser. There is no guarantee that the tax treatment of the Scheme, Gibraltar regulations, or the HMRC rules will remain unchanged. The taxation status of the Scheme is subject to change, and any such changes to the Scheme will be notified to the members within a reasonable timeframe.

7. What can I transfer into the Scheme?

Subject to the agreement of the trustee, the trustee/administrator of the ceding scheme and the Gibraltar Tax Office, you can transfer into the Scheme assets from any UK registered pension scheme or another QROPS. You may also transfer into the Scheme assets held within a Gibraltar approved pension scheme, although it is essential that you take professional advice first since by doing so you could significantly reduce the amount of Pension Commencement Lump Sum that you may be entitled to take from such a scheme.

Where a transfer is made from a UK registered pension scheme the transferring scheme manager is obliged to report details of the transfer to HMRC within 60 days of the date of transfer using HMRC form APSS263.

If you have a Defined Benefit UK pension that has a transfer value superior to £30,000 then you would be required to demonstrate to the transferring Scheme Trustees that you have received appropriate regulated UK advice regarding the proposed transfer.

8. What benefits can I receive?

There is no requirement in Gibraltar to purchase an annuity at retirement, although you can instruct EFPG to purchase one on your behalf should you so wish.

After you decide to take a Pension Commencement Lump Sum the residual fund value can go into what is known as income drawdown or withdrawal of funds. This will allow you to then draw an ongoing income from the remaining fund within prescribed limits.

You must commence the drawdown on or before age 75 or any other maximum age as prescribed by Gibraltar regulations. You can choose to have a Pension Commencement Lump Sum which may be up to 30% of your transferred funds and/or a regular income as previously detailed.

9. Why should I transfer my pension from the UK?

Following legislative changes in 2006, it is now possible for UK registered pension rights to be transferred to a QROPS in a wide number of jurisdictions. As a result of these changes individuals are able to consolidate their pension rights, continue to save for their retirement, and potentially take advantage of more flexible, convenient and tax advantageous local pension regimes. Advantages of transferring to a QROPS include:

- ✓ No requirement to purchase an annuity.
- ✓ The potential to take up to 30% as Pension Commencement Lump Sum (provided it has not already been taken).
- ✓ Tax efficient income withdrawal.
- ✓ Significant benefits upon death for your estate.

10. What happens in the event of my death?

EFPG will take into account the nominated beneficiaries detailed on your application form or in any subsequent letter of wishes. Upon the death of a member the trustee will determine who will receive the benefits, and the form of those benefits.

In the event of death a lump sum payment may be provided for a spouse and/or dependent, or provision may be made for the payment of a pension income. Recipients of any such benefits are responsible for their own taxes payable in the country of their residence at the time of receipt.

Following your death EFPG is obliged to report all sums which originated from a UK registered pension scheme to HMRC if death occurs within 10 years of the transfer of registered scheme benefits into a QROPS or if you have become UK tax resident, or you have been UK tax resident at any time in the preceding 10 UK tax years.

If you have not purchased an annuity by the time of your death there may be funds left within your Scheme which EFPG may be able to pass on to your nominated beneficiaries. There is no tax charge payable in Gibraltar should EFPG make disbursements of this nature upon your death after the qualifying period. This may be significantly advantageous compared to the tax rates otherwise payable. As previously stated, all recipients of any benefit are responsible for their own taxes payable in their country of residence at the time of receipt, and professional advice should be taken on this matter before transfer of funds into the Scheme.

11. Does the Scheme or EFPG provide investment or tax advice?

European Financial Planning Group Ltd does not offer financial, tax or investment advice. If financial advice is required we offer these services through Effective Financial Planning Group as a member of Nexus Global, representatives of BFMI. BFMI is licensed and regulated by the Gibraltar Financial Services Commission (FSC) and bound by the rules under the License numbers FSC00805B and FSC1122MIF.

In practice the Trustee would anticipate that clients will have already appointed their own independent professional adviser.

12. What is a Benefit Crystallisation Event?

A benefit crystallisation event (BCE) occurs when you receive a benefit from your pension fund, for example when you take benefits upon retirement. The payment of a transfer value to a qualifying recognised overseas pension scheme is also classed as a BCE. Each time a BCE happens the total pension funds you take (or 'crystallise') are required to be tested against your lifetime allowance (LTA). This test is generally carried out by EFG, and the HMRC reporting framework has been designed to accommodate this issue.

The LTA is not in itself a limit; benefits above the allowance can be paid but the excess will then be subject to an LTA charge in the form of an additional tax charge levied on funds withdrawn as an excess income or lump sum. Please seek professional advice to check the relevant rates involved which may vary.

13. What is the UK Lifetime Allowance?

For the UK tax year 2019/2020 the UK Lifetime Allowance ("LTA") was £1.05m.

For the UK tax year 2018/2019 the UK Lifetime Allowance ("LTA") was £1.03m.

For the UK tax year 2017/2018 the UK Lifetime Allowance ("LTA") was £1.0m.

For the UK Tax year 2016/2017 the UK Lifetime Allowance ("LTA") was £1.25m.

14. Fees and Charges

The Scheme initial/set up fee and annual fee will be levied directly against your Scheme funds. These fees are made to allow us to properly administer your Scheme and reflect our duties and responsibilities as trustee. Please review these fees in conjunction with your professional adviser before transfer.

15. What is a QROPS?

A QROPS is a Qualifying Recognised Overseas Pension Scheme which is a scheme that has met the criteria set by Her Majesty's Revenue & Customs (HMRC). Since the 6th April 2006 HMRC has allowed individuals to transfer their UK registered pension scheme rights to a QROPS based in jurisdictions outside of the UK. Your QROPS can be set up with funds transferred from existing pension arrangements, by making contributions, or from a combination of both.

16. How long does it take to complete the transfer?

The application and transfer process can typically take 6-8 weeks to conclude, but this can depend on the number and complexity of each individual fund transfer and the response times of the transferring scheme administrators which is outside EFG's control. Before transfers can commence EFG will require a fully completed application form, including proof of address and identity both of which must be duly certified (see application form for further details), and details of all relevant schemes and assets that are being transferred. A pooled current account has been established with Gibraltar International Bank for any cash transferred into your plan, of which EFG is the sole signatory.

17. Who manages the investment of the pension fund?

The Scheme member or their nominated professional adviser will express to the trustee their investment preferences. The trustee will retain ultimate discretion with regard to the permissibility and appropriateness of all investment requests. The trustee will ensure that each member's individual Scheme is managed in line with the relevant regulatory requirements of both the Gibraltar regulators and the UK's HMRC (where appropriate).

18. How do I become a member?

A simple application process provides admittance to the Scheme. You are not required to hold Gibraltar residency in order to apply, and equally Gibraltar residents are permitted to apply. There is no requirement to hold current employment if the Scheme is only to accept a transfer from another scheme.

19. Do I need to clear any existing tax liabilities with HMRC before transfer?

Protection may be sought from HMRC for contributions made to older schemes which might exceed the current LTA. This must be effected before any transfer instructions are given.

20. Can I borrow from the fund?

No. Loans to members or persons connected to members are not permitted.

21. Do I need to make any further provisions for my retirement?

This is a matter on which you should take advice from your professional adviser.

22. Will the nature of my UK pension benefits be changed upon transferring my pension?

UK benefits (some of which may be guaranteed) may be lost by transferring out of a UK scheme to a QROPS.

23. Can EFPG decline my application?

The trustee reserves the right to decline any application and it does not have to provide any explanation or detail as to why it has arrived at this decision.

EFPG is licensed and regulated by the Gibraltar Financial Services Commission to act as a trustee of pension schemes and pension controller.