Qualifying Recognised Overseas Pension Scheme (QROPS)

Frequently asked questions

For financial advisers only

Q1. What is a QROPS?

QROPS is a type of pension product which has been registered with Her Majesty's Revenue & Customs (HMRC) in the UK and can accept pension transfers from the UK without the potential for triggering a UK tax charge.

Standard Life's Synergy Buy Out Bond (BOB) is registered with the HMRC and can accept a pre-retirement pension transfer from a UK pension scheme.

Q2. What is the Overseas Transfer Charge?

HMRC introduced a 25% overseas transfer charge in the UK Finance Act 2017. UK pension providers must deduct 25% tax from QROPS transfer requested on or after 9 March 2017 which do not meet HMRC's new criteria. The charge does not apply to those transferring

- to their employer's occupational pension scheme, or
- to their country of residence, or
- within the European Economic Area (EEA).

If a person's status changes within 5 years of the transfer to our QROPS BOB, we're required to deduct 25% of the fund value of the QROPS BOB and pay it to HMRC. So for example, if the person moves outside of the EEA within 5 years and doesn't take their pension with them, Standard Life must deduct 25% of the fund and pay it to HMRC.

If the QROPS BOB has been retired in line with UK tax rules, which are:

- the person can access their pension from age 55
- the person can take a 25% lump sum and use the balance to purchase an annuity or Approved Retirement Fund

then the Overseas Transfer Charge will no longer apply as an Approved Retirement Fund is not a QROPS.

Q3. When can benefits be taken without incurring a tax charge?

For all transfers received into our QROPS BOB after April 6th 2017 benefits can be paid once the policy owner

- is aged 55 or over, and,
- has ceased being a UK tax resident for at least 10 UK tax years*.

For all transfers received into our QROPS BOB before 6 April 2017 benefits can be paid once the policy owner

- is age 55 or over, and,
- has ceased being a UK tax resident for at least 5 UK tax years*.

*the UK tax year is from 6th April to 5th April

There is no 10 year residency restriction on when Standard Life can receive a transfer to our QROPS BOB, the restriction is around when payment of benefits is made.

Q4. How does this affect an individual's Standard Fund Threshold or Personal Fund Threshold?

Transfers from a UK registered pension scheme do not form part of an individual's Standard Fund Threshold or Personal Fund Threshold.

Q5. What are the reporting requirements?

All payments made from a QROPS within the first 10 years of the transfer will be reported to HMRC, within 90 days of the transaction. If the payment is outside the 5/10 year tax residency period, or before age 55, the QROPS manager must still report the payment.

Q6. What if the UK pension is a Defined Benefit scheme?

Where transfers are from a Defined Benefit scheme or a Defined Contribution scheme with safeguarded benefits, (for example, guaranteed annuity rate where the value is greater than £30,000) advice must be sought from a FCA regulated adviser. This is a UK requirement.

Q7. How are benefits paid from a QROPS?

A person can access their pension from age 55 (or earlier if in ill-health) and, they've stopped being a UK tax resident for at least 5/10 tax years (depending on when the original transfer to the QROPS took place). Benefits are paid as a 25% lump sum with the residual fund used to purchase an annuity or Approved Retirement Fund.

The lump sum entitlement forms part of an individual's lifetime limit in Ireland.

Q8. What is the process?

1. Complete a Synergy Buy Out Bond application form and send to Standard Life
2. Request transfer forms from UK provider which includes the option to transfer to a QROPS
3. The UK provider's transfer form will need to be completed by the individual and Standard Life
4. Once all the requirements have been fulfilled the UK provider will make the transfer and the QROPS BOB will be set up.

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For more information read Your Guide to UK Pension Transfers (SYUKPT1).

Laws and tax rules may change in the future. The information here is based on our understanding in December 2021. This guide is a brief summary. It does not cover all situations or circumstances.

If your client invests in a Synergy Buy Out Bond they will not have any access to their money until they retire and their investment may go down as well as up.