

The International SIPP

Explaining the retirement benefit processes

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- / SIPP Retirement Benefit Options
- / Comparison with QROPS
- / PAYE and a NT tax code
- / Questions?

For UK defined contribution / money purchase schemes:

- / Minimum Retirement Age - 55
- / Increasing to 57 in 2028
- / Some earlier access possible due to occupation or ill-health
- / No maximum retirement age – though LTA test at age 75
- / BCE so Lifetime Allowance need to be considered
- / Standard LTA now frozen at £1.073m

Lump Sum Access:

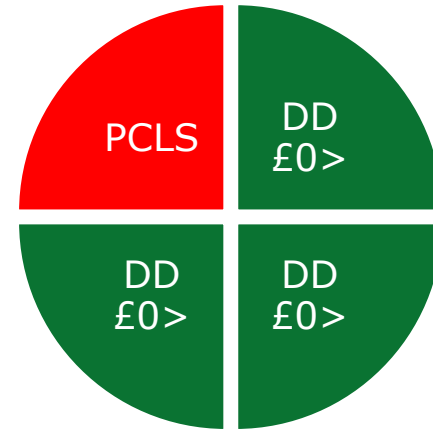
- / PCLS – requires crystallisation of full fund
- / UFPLS – only partial crystallisation of fund

Income Options:

- / Flexible drawdown
- / UFPLS
- / Annuitisation?

PCLS:

- / Maximum 25% (subject to standard LTA cap of £268,250)
- / Higher LTA potentially available – FP 204/16, IP etc



UFPLS:

- / Partial crystallisation of fund
- / 25% of lump sum element is tax-free
- / Balance is income and taxed at marginal income tax rates

25%	Taxed Income	U	U
Taxed Income	Taxed Income	U	U
U	U	U	U
U	U	U	U

Income Options:

- / Annuitisation was deemed a bit of lottery
- / Still valuable if GAR or seeking guaranteed income
- / Mix & match approach for targeted income?
- / Difficult for non-UK residents to access
- / Flexible DD introduced as part of Pension Freedoms in 2016
- / Minimum income £0
- / Maximum income is full value of fund
- / Taxable at marginal rate of income tax – beware large lump sums!

	International SIPP	QROPS
PCLS	25%	25% (30% potentially)
UFPLS	Yes	No
Flexi-drawdown	Yes	Yes
Gross income?	Yes via DTA	Yes via DTA
Administration	PAYE Tax system	Via TIN
Lifetime Allowance?	Yes	No

- / Annual allowance is £12,500 in tax year 2020/21
- / 1250L is the code for this – emergency tax code if followed by “M1”
- / Emergency codes can be used if a new employee doesn’t have a P45 or existing taxable UK sourced income.
- / 1/12 of annual £12,500 using this code – £1,041 per payment “tax-free”

£8,000 income payment

£1,041 – nil

£3,125 – taxed at 20%

£3,834 – taxed at 40%

£5,841.40 net income payment under 1250L tax code (73% of request)

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- / Does client live in a country that has a DTA with UK?
 - / If so, does primary taxing right sit with country of residence?
 - / Apply for NT tax code via HMRC website:
 - [Tax on your UK income if you live abroad: If you're taxed twice - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
 - / Standard claim form unless resident in: **Australia, Canada, France, Germany, Ireland, Japan, New Zealand, Netherlands, South Africa, Spain, Sweden, Switzerland, USA**
 - / Any overpaid income tax refunded with next pension income payment once NT code applied and is paid in same tax year
 - / Otherwise manual reclaim made if NT code applied in subsequent tax year

