



Transfer of UK Pensions

This document relates to the Medical Assurance Society Retirement Savings Plan (the 'Plan') and should be read in conjunction with the Plan's Product Disclosure Statement (PDS) and other offer documents available at business.govt.nz/disclose.

In this document 'we', 'our' or 'us' refers to the Trustees of the Plan.

The information in this document could change in future. Please check the offer register at business.govt.nz/disclose for any updates.

Transferring your UK pension is an important decision. You should discuss your potential transfer with your UK and New Zealand tax advisers, as well as with the manager of your UK pension scheme.

We have based the following summary on our understanding of UK and NZ pension tax rules at the date this document was prepared. There may be changes to these rules in future and we will update this document and other offer documents to take account of any changes. You should check with your tax advisers whether any changes will affect your UK pension transfer.

The Plan is a recognised overseas pension scheme (ROPS)

The Plan is registered with Her Majesty's Revenue and Customs (HMRC) as a recognised overseas pension scheme (ROPS). The reference number for the Plan is ROPS500084.

Under the UK Pensions Scheme Act 2015, the Plan is classified as providing "flexible benefits". This means that transfers to it from unfunded public pension schemes such as the National Health Service are not permitted.

The Trustees do not guarantee that the Plan will remain a ROPS. If the ROPS status of the Plan is lost, your UK tax obligations may change.

Transferring your UK pension to the Plan

Terms

If we accept your UK pension transfer into the Plan, this transfer will be subject to the following terms and conditions:

- You may only make a withdrawal or transfer in accordance with the restrictions set out below in the "Withdrawal or transfer of your UK Pension" section.
- Other terms and conditions agreed between us and the manager of your UK pension scheme; or HMRC.

If you transfer your UK pension into the Plan, your savings will be governed by the terms and conditions of the Plan, and not by the terms and conditions of your UK pension scheme. For instance, if your UK pension scheme offers guaranteed minimum benefits such as those set out in a defined benefit scheme or a final salary scheme, these guarantees will not apply to any sums transferred from your UK pension scheme to the Plan.

You can find out more information in the Trust Deed of the Plan or on the scheme register at business.govt.nz/disclose

UK overseas transfer charge

If you transfer your UK pension to the Plan on or after 9 March 2017, and you are a New Zealand tax resident at the time of the transfer, you will be exempt from a UK tax charge ('Overseas Transfer Charge') of 25% of the transferred value.

You may still be required to pay the charge, even if you are New Zealand tax resident at the time of the transfer, if in the first five full UK tax years (the UK tax year runs from 6 April to 5 April) following the transfer, you:

- cease to be a New Zealand tax resident; or
- are found to have not provided all required information to the UK pension scheme administrator.

If you are no longer exempt from the charge, we may be required to notify HMRC, and to withdraw the amount of the Overseas Transfer Charge from your investment in the Plan and pay this to HMRC.

UK pension transfers to the Plan may incur additional HMRC tax charges if the amount transferred is above the UK 'lifetime allowance' threshold. In the 2019-2020 tax year, this threshold is £1.055 million. This threshold is likely to increase in future tax years, to account for inflation.

New Zealand tax

if you make a UK pension transfer to the Plan you may be subject to New Zealand tax, or required to make a student loan repayment:

- If you were not a New Zealand tax resident when you first started your UK pension, you may be eligible for a four-year tax exemption. If you qualify for this exemption, you will not pay tax on amounts transferred from your UK pension to the Plan.
- If you are not eligible for this exemption, your tax liability will depend on how long you have been a New Zealand tax resident before you transferred your UK pension.

For further information visit www.classic.ird.govt.nz/international/comingleaving/coming/perm/

Before you make a UK pension transfer, you should seek independent advice about how the transfer will affect your tax or student loan repayment obligations.

Withdrawal or transfer of your UK Pension

Terms

If your UK pension transfer was accepted into the Plan on or after 6 April 2006 you may make a withdrawal or transfer it subject to the following criteria:

Withdrawal type	Criteria
Retirement	You have reached the usual minimum pension age in the UK (currently age 55).
UK ill health (as defined under the UK Finance Act 2004)	You are, and will continue to be, incapable of working in your occupation because of physical or mental impairment and you have ceased working. You'll need to provide medical evidence from a registered medical practitioner to help us determine whether you meet the criteria.
UK serious ill health (as defined under the UK Finance Act 2004)	You have a terminal medical condition and are expected to pass away within 12 months. You'll need to provide medical evidence from a registered medical practitioner to help us determine whether you meet the criteria.
Transfer	If this is not to another ROPS, this will be reported to HMRC as an unauthorised transfer.

If your UK pension transfer was accepted into the Plan prior to 6 April 2006, these restrictions on making a withdrawal or transferring it to another ROPS do not apply.

You should also be aware that we may be required to comply with any withdrawal requirements imposed by the UK pension scheme you transferred from; or HMRC.

Payment on death

If you die, the balance of your account, including your UK pension transfer, will be paid to your estate's personal representative.

UK tax liability

The UK tax rules applying to the transfer and withdrawal of UK pensions are complex. We recommend you get professional tax advice if you wish to make a withdrawal or transfer from the Plan.

You may be subject to a UK tax charge if you withdraw or transfer from the Plan and your account includes a UK pension transfer. The tax charge may be significant – up to 55% of the withdrawal or transfer amount.

The criteria for determining whether you are liable for the UK tax charge and how we treat and report withdrawals or transfers are outlined below.

If you transferred your UK pension into the Plan on or after 6 April 2017

You will be liable for the UK tax charge if you make a withdrawal or transfer and:

- it is within five full UK tax years of the original UK pension transfer to the Plan; or
- you have been a UK tax resident during the current UK tax year or in any of the preceding 10 UK tax years.

If you transferred of your UK pension into the Plan before 6 April 2017

You will be liable for the UK tax charge if you make a withdrawal or transfer and:

- you have been a UK tax resident during the current UK tax year or in any of the preceding five UK tax years.

What we will report to HMRC

Where you have transferred your UK pension into the Plan, we are required to report to HMRC any withdrawals or transfers you make unless that withdrawal or transfer occurred:

- at least 10 full UK tax years after you ceased to be a UK tax resident; and
- at least 10 years after you first made your UK pension transfer into the Plan.

How we will treat withdrawals or transfers

In making reports to HMRC on withdrawals and transfers from the Plan, we will treat any withdrawal or transfer as being first from the UK pension transfer component of your account balance. The balance of your UK pension transfer will be reduced by the amount of this withdrawal or transfer. You cannot direct us to make a withdrawal or transfer in a different order of priority.

You remain responsible for:

- complying with UK requirements in respect of any UK pension transfer you make; and
- any tax liability that you may incur as a result of choosing to make a permitted withdrawal from the Plan or transferring any UK pension out of the Plan.

Neither the Administration Manager, nor the Trustees, nor any other person involved in providing the Plan to you takes any responsibility for any UK or New Zealand tax charges that may arise as a result of:

- you making a UK pension transfer into the Plan; or
- you withdrawing or transferring a UK pension from the Plan to another scheme; or
- the Plan losing its ROPS status.