SELF-INVESTED PERSONAL PENSIONS (SIPPS) THE BASICS

This guide is designed to help when speaking to your client if they have a SIPP and they have left the UK to live abroad.

THE BASICS

As your client has left the UK to live abroad, they may now be considering transferring their existing pension scheme into a Self-Invested Personal Pension (SIPP). This can offer a range of benefits but should be carefully considered in conjunction with advice from a suitably qualified financial adviser.

WHAT IS A SELF-INVESTED PERSONAL PENSION?

Pension schemes registered with the UK's HM Revenue and Customs (HMRC) benefit from preferential tax treatment. A Self Invested Personal Pension (SIPP) is a type of UK registered pension scheme. It is established inside the UK and holds your client's investments until they start to make withdrawals, which normally cannot be before age 55. Investments are ordinarily held and benefits paid in pounds sterling.

Whatever your client decides to do, it is important that they do their own research to ensure they have considered all options. For example, even though they have moved overseas, they may prefer for their assets to remain with a UK pension provider.

BENEFITS OF A SIPP MAY INCLUDE:

Your client has more flexibility to select and manage their own investment portfolio.

They may invest in a wide range of assets like company shares, corporate and government bonds, collective investment funds and cash, giving their investment the potential to grow over time. So they could have greater investment flexibility than if they kept your pension in its existing scheme.

Some SIPPs will also allow clients to hold investments in different currencies, helping to mitigate currency exchange rate risk. Your client may be able to contribute to their SIPP with tax relief, if in future your client becomes resident again in the UK or they receive some relevant UK earnings.

Like most other pension schemes, a SIPP provides the opportunity for your client to pass on their pension to their loved ones when they die.

Investing retirement savings in a SIPP may not be for everyone though. While SIPPs offer greater flexibility than traditional pension schemes, they often have higher charges and the investments they can hold mean they may be more suitable for experienced investors.

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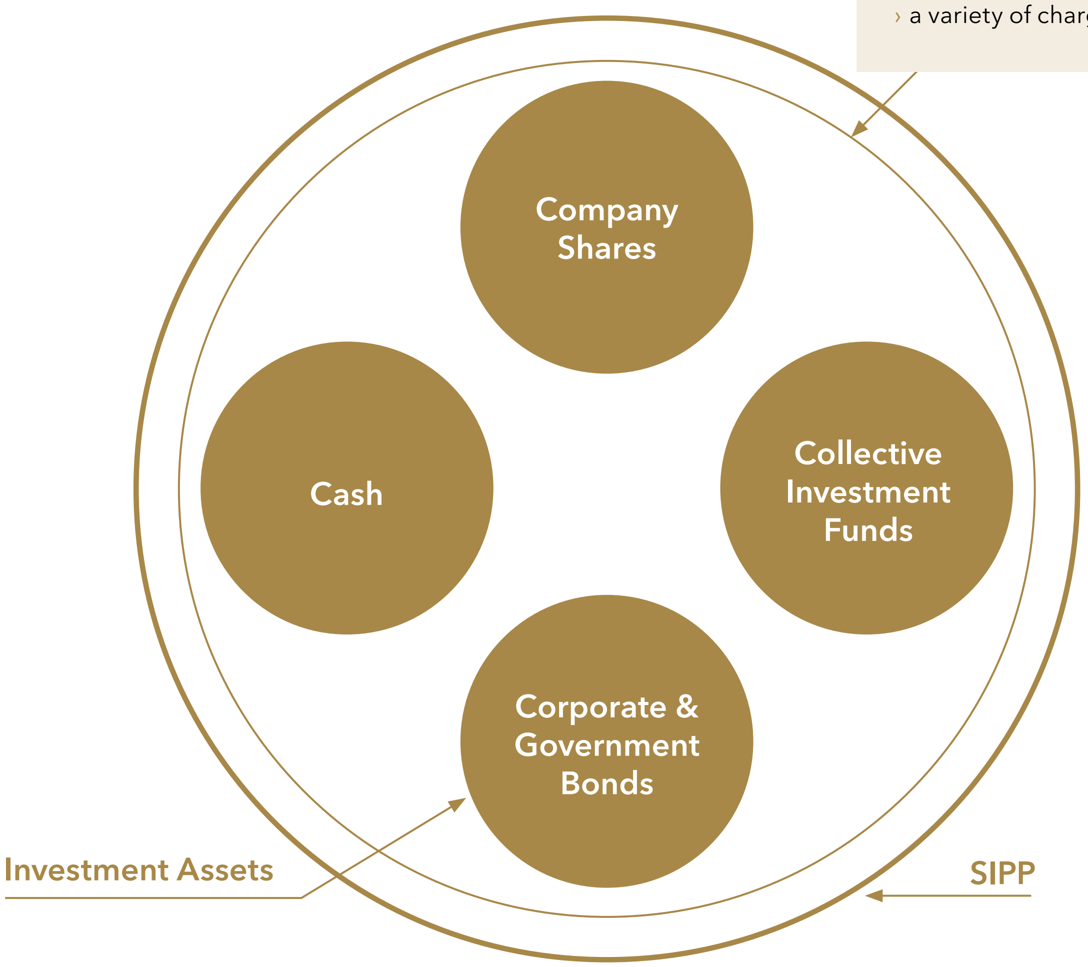
YOUR CLIENT'S SIPP

Our range of award winning offshore bonds can be used as an investment within your SIPP, which might look something like this.

Our bonds offer:

- wide investment choice
- tax-efficient investment (whether it's used in a SIPP or not)
- currency flexibility
- administrative convenience
- a variety of charging structures.



Your client can invest in an Utmost Wealth Solutions offshore bond through a wide range of SIPP providers.

The value of investments can fall as well as rise and investors may not get back what they paid in.

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THE RISKS

Potential risks to consider when transferring to a SIPP:

INVESTMENT RISK

A SIPP can give your client access to a wide variety of investments, the value of which may fall as well as rise. This means that the value of their pension or the amount of income they may receive in retirement cannot be guaranteed. Your client may get back less than they paid in.

CURRENCY EXCHANGE RATE RISK

If your client lives, or plans to retire, in a country with a different currency to that in which their investment is held, your client may be affected by exchange rate fluctuations or currency conversion charges. However, some SIPP providers allow investment in assets to be made in many currencies.

CHARGES

There will be a charge relating to the administration of the scheme and potential charges on the underlying investments held.

INVESTOR PROTECTION

If a pension scheme gets into financial difficulties, SIPP members may, in some situations, benefit from investor protection through the UK Financial Services Compensation Scheme (FSCS). Please be aware that this protection would not cover poor investment decisions by the investor.

NEXT STEPS

You should provide your client with an assessment of their existing pension arrangements, helping them make a plan to meet their needs, objectives and priorities

If your client decides to transfer their UK pension to a SIPP, they should ensure that their chosen SIPP provider:

› is reputable with a proven track record in providing SIPPs

› delivers a professional, efficient service.

While we do not offer a SIPP, your client can still invest in one through a range of other providers. Your client then has the option to hold one of our offshore bonds within their SIPP. If your client decides to return to the UK in the future, they can keep their offshore bond as an investment within their SIPP and it will continue to operate as before.

This document is based on our interpretation of the UK law governing UK pensions as at November 2021.

While we believe this interpretation is correct, we cannot guarantee it. Whilst every effort has been made to ensure the accuracy of this document, we do not give pension or legal advice and can accept no responsibility for any action or failure to act based upon its content.

To find out more or to contact our Technical team, please visit our uTech site at **https://utmostinternational.com/wealth-solutions/utech/utech-row**

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