Your pension overseas

Helpful information for:

- UK workers moving overseas
- UK workers retiring abroad

About this guide

This guide explains the options for UK residents with UK-based pensions who are considering working overseas in the future and those who wish to retire abroad.

You'll also find information for non-UK nationals who are working in the UK temporarily and intend to return to their country of origin in the future.

Different considerations apply to people residing in France, and that's covered online at:

https://www.gov.uk/guidance/living-in-france#pensions

The following information is relevant for contract-based pension scheme members.
For trust-based schemes, please seek alternative guidance. If you're unsure about which type of pension scheme you are in, ask your employer.

For more information

More information about how the UK leaving the EU affects your policies with us is here:
https://www.aviva.co.uk/aviva-edit/in-the-news-articles/brexit-and-your-policies/

Before you move abroad, talk to us

Tell us as soon as you know that you will be moving abroad.

You can do this by contacting us on **0345 602 9189**.

Make sure you get guidance and advice

If you want more help thinking about pensions and retirement, a good place to begin is MoneyHelper, the government-backed free guidance service. You can access MoneyHelper online at www.moneyhelper.org.uk or by phone on **0800 011 3797**.

If you are over 50 you can use the Pension Wise service, from MoneyHelper, online or by phone on **0800 138 3944**. They offer a free face to face or telephone guidance session. They won't tell you what you should do, but they'll provide you with information to help you understand your options.

For more tailored advice, you should speak to a financial adviser. Bear in mind they may charge a fee for this advice. If you don't have an adviser, you can find an up-to-date list of regulated advisers at MoneyHelper.

This guide gives an overview of the options that may be available to you; however, these are subject to certain criteria and will depend on your personal circumstances. The information in this document is based on our understanding of relevant law and regulation as at April 2023.

Moving overseas – your pension options

HM Revenue & Customs (HMRC) governs what you can do with your UK-based pension if you move overseas before you reach retirement age. Whether your move is temporary (working abroad for a few years) or permanent (a non-UK national returning home, for example), there are three options for you to consider.

1. Continue to contribute to your Aviva pension

Employer contributions

If your employer is based in the UK and makes contributions into a pension scheme for you, they can continue to do so, even if you move overseas. There is no time restriction on these contributions so your employer can continue to pay them indefinitely. **Different arrangements apply to France. Please see online information at:** https://www.gov.uk/guidance/living-in-france#pensions

Your contributions

Where you cease to have UK taxable earnings, you can continue to make contributions to your plan for the five tax years following the tax year in which you leave the UK (up to age 75), subject to the following conditions:

- you must already be a member of the pension scheme
- you were a UK resident when you joined the scheme

For any of these tax years, we will accept contributions up to £3,600 (gross). This is because Aviva will only accept member contributions that qualify for tax relief.

Different rules apply if you move overseas and continue to have UK taxable earnings, so please get in touch with us, or get financial advice.

Please note that Aviva cannot accept contributions above this level or after this time – and we can only accept direct debit contributions from a UK bank account. **Again, different arrangements apply to France. Please see online information at:** https://www.gov.uk/guidance/living-in-france#pensions

Please remember that the value of your pension plan can fall as well as rise and could be less than invested.

2. Stop making contributions to your Aviva pension

You can stop making contributions and leave your pension benefits with Aviva and use them to provide a pension income when you come to retire.

You could also stop your contributions temporarily until you return to the UK and start contributing again. The level of contributions you can make on your return will depend upon your income and the rules in place at the time.

Regardless of what option you take, administration charges will continue to be taken from your pension which may reduce the value of the funds available at retirement, particularly if you have recently started contributing or if your pension pot is small. Remember, if you stop contributing to your pension, your employer may also stop contributing.

3. Transfer your pension benefits

Alternatively, you may be able to transfer your pension into a Qualifying Recognised Overseas Pension Scheme (QROPS) before taking your benefits. The benefits could then be paid in your country of residence under the terms of that scheme.

In some instances an overseas transfer charge of 25% of the transferred value is payable. This can apply where the scheme and member are not based in the same country or where both are not in the EEA or Gibraltar. Other situations can also trigger the charge. Tax details are subject to change and depend on your individual circumstances.

For a list of qualifying recognised overseas pension schemes, please visit:
https://www.gov.uk/guidance/check-the-recognised-overseas-pension-schemes-notification-list

Please note that HMRC cannot guarantee that any scheme that appears on this list is a QROPS, or that any transfer to such a scheme will not incur tax charges, we strongly recommend that you seek financial advice in your country of residence if you are considering this option. Aviva cannot accept liability for any tax charge or loss arising from a transfer of your pension savings to a QROPS.

Transferring pensions may not be the right choice for everyone. It can be a complex decision and you will need to compare the features, charges and fund ranges of your original and possible new schemes, then consider any valuable benefits that could be lost when you transfer. There's no guarantee you'll be better off by transferring. Therefore we recommend that you seek financial advice in your country of residence.

Retiring abroad – your pension options

Whether you're already living abroad, or are moving abroad to retire, you can secure your pension income in the UK. This means using your pension plan to provide pension benefits.

Please note that the options available will be restricted if you live in France. Please see online information at: https://www.gov.uk/guidance/living-in-france#pensions

Here's a summary of the four main options, and how payments will normally be taxed in the UK.

You can get a guaranteed income for life

A lifelong, regular income (also known as an annuity) provides you with a guarantee that the income will last as long as you live. A quarter of your pension pot can usually be taken as a tax-free lump sum and any other payments will be added to the rest of your income and taxed at your highest marginal rate of income tax.

You can get a flexible retirement income

You can leave your money in your pension pot and take an income from it. Any money left in your pension pot remains invested, which may give your pension pot a chance to grow, but it could go down in value too. A quarter of your pension pot can usually be taken as a tax-free lump sum and any other withdrawals will be added to the rest of your income and taxed at your highest marginal rate of income tax, whether you take them as income or as lump sums.

You can take your pension pot as several lump sums

You can leave your money in your pension pot and take lump sums from it as and when you need, until your money runs out or you choose another option. You can decide when and how much to take out. Any money left in your pension pot remains invested, which may give your pension pot a chance to grow, but it could go down in value too. Each time you take a lump sum, normally a quarter of it is tax-free and the rest will be added to your other income and taxed at your highest marginal rate of income tax.

You can take your whole pension pot in one go

You can take the whole amount as a single lump sum. A quarter of your pension pot can usually be taken tax-free the rest will be added to your other income and taxed at your highest marginal rate of income tax. You will need to plan how you will provide an income for the rest of your retirement.

You can usually take your benefits from the minimum pension age. This is currently age 55. From 6 April 2028 this will be age 57 unless you have a protected pension age. To find out more visit **www.aviva.co.uk/nmpa**. Not all benefits are available under all pension products, we will contact you before your retirement date to let you know the options available to you in greater detail. Most people want their pension income to last the rest of their lives, so careful planning will be needed.

Tax benefits are subject to change and individual circumstances.

Pension payments could be made to a UK bank account if you still have one or paid abroad if allowed. Ongoing payments may be subject to exchange rate fluctuations and your pension provider may impose an additional charge for international payments.

If you are classed as habitually resident in the UK when you take your benefits, you'll be able to shop around to find the right retirement product for you. If you are already living abroad, shopping around would depend on the new provider being able to accept the business.

If you decide to take benefits with Aviva, we may not be able to provide all the options available under your existing policy if you are not resident in the UK at the time you take benefits.

Tax treaties and your pension

Different countries have their own tax rules and laws. If your pension is held in a UK pension scheme, income from it will normally be subject to UK tax. When you have income and capital gains from one country and are resident in another, you may have to pay tax in both countries under their different tax laws. To help avoid being taxed twice - 'double taxation', the UK has negotiated double taxation agreements (DTA) with many countries. You can find a list of the countries at: **www.gov.uk/government/collections/tax-treaties**.

If the country you are moving to has a DTA with the UK, this may mean pension payments will not be subject to UK tax. This depends on the specific terms of that country's DTA. If the agreement allows pension payments to be paid gross (before tax), you will need to complete an HMRC form which, once approved, means any pension income will only be taxed in your country of residence. Please note that the HMRC form must be returned to the "local" tax authority first who will then forward to HMRC. Assuming the full payment is covered by the DTA and there are on-going payments, Aviva will receive a tax code which allows us to pay the income gross. The same form will also trigger a refund of any tax already deducted. If the payment is a one-off payment of the full fund, then the form will act as a claim for repayment of tax deducted already.

If the UK doesn't have a DTA with the country of residence, any pension payments will be subject to tax in the UK. We also recommend that you use a financial adviser in your country of residence. If this is the UK, for further information please visit **www.unbiased.co.uk**

Alternatively, you may be able to transfer your pension into a Qualifying Recognised Overseas Pension Scheme (QROPS) before taking your benefits, as mentioned in the previous section.

Additional information

How do I find out if I can transfer to a pension scheme in the country I'm moving to?

The taxation of benefits paid to those who move overseas and transfer to QROPS is a complex area. Aviva recommends that you seek financial advice from an FCA regulated adviser. For help with this follow the link below: **www.unbiased.co.uk**

Alternatively you can wait until you have moved abroad and seek appropriate advice in your new location. In some countries you will need to do this very soon after arriving. Your UK pension plan will remain invested until you transfer it elsewhere or use it to provide retirement benefits.

What happens to my pension plan if I do nothing?

We will get in touch with you before your plan's retirement date to explain your options and the benefits available. Depending on where you are living, there may be a charge for paying your benefits and any payments may be subject to UK income tax. See the 'Retiring abroad' section on page 5 of this leaflet for more information.

These documents are available in other formats.

If you would like a **Braille, large print or audio** version of this document, please contact us.

If you're deaf or have a hearing impairment, you can access the TextRelay service by **dialling '18001' before our number.**

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