

SUPERWRAP

18 December 2015

United Kingdom (UK) Pensions Transfer - Background Information and Update

The purpose of this flyer is to set out:

- general background information on the UK law changes effective 6 April 2015;
- how the changes impact SuperWrap and clients who have made one or more transfers from a UK registered pension scheme to SuperWrap on or after 6 April 2015 (UK Transfer);
- what SuperWrap and the Australian superannuation funds industry have done and will be doing to resolve the issues; and
- information on the potential tax relief application process.

1. What are the UK law changes and how did they affect SuperWrap and your UK Transfer?

As you know, SuperWrap (we or us) was previously listed on Her Majesty's Revenue & Customs' (HMRC) list of 'recognised overseas pension schemes' (ROPS List). In order to be on the ROPS List, SuperWrap was required to comply with certain conditions.

From 6 April 2015, a number of changes have occurred which have an impact on your UK Transfer:

Relevant date	What has happened?
6 April 2015	The conditions for being a ROPS changed in the UK such that an overseas pension scheme was required to satisfy a new 'pension age test' requirement in the UK.
17 June 2015	SuperWrap amended its scheme rules with effect from 6 April 2015, updated its disclosure documents to comply with the pension age test and notified HMRC of our compliance as a ROPS.
29 June 2015	HMRC notified Australian superannuation funds (by way of a standard letter dated 29 June 2015) that it had formed the view that no Australian superannuation fund could comply with the new UK pension age test.
1 July 2015	Despite Australian superannuation funds amending their scheme rules and notifying HMRC of their compliance, HMRC updated the ROPS List on 1 July 2015 (2 July Australian time) and Australian superannuation funds generally no longer appear on the list (with the exception of a small number of public sector and self-managed superannuation funds), regardless of whether they have confirmed their ROPS compliance to HMRC.
From 2 July 2015	SuperWrap stopped accepting UK transfers and have also stopped processing amounts from UK pension schemes held in our applications account with these amounts being held on trust for clients.

2. How do the UK law changes impact my UK Transfer?

An amount transferred from a UK pension scheme to a non-ROPS is treated as an unauthorised payment and may be subject to UK tax charges of 55% of the value transferred. Given the uncertainty of the ROPS status of Australian superannuation funds (including SuperWrap), all transfers from UK registered pension schemes made on or after 6 April 2015 are potentially negatively impacted.

3. SuperWrap and industry's response to HMRC's actions

Since mid-2015, the superannuation industry has been engaging with the Association of Superannuation Funds of Australia (ASFA) and the Australian Treasury (who are assisting the Australian superannuation industry on the issue) in liaising with HMRC on:

- the ability of Australian superannuation funds to continue to be ROPS; and
- granting relief from any potential UK tax penalties arising from the transfers to Australian superannuation funds on or after 6 April 2015.

Given the length of time it has taken for HMRC to come back to the representative bodies on the issues raised to date, SuperWrap is currently exploring ways to speed up the resolution of the issues, including through direct liaison with HMRC in 2016.

We assure you that SuperWrap is here to assist all potentially impacted clients. We have been, and will continue to be, lobbying for a solution for you and all other impacted clients (including a broader and/or longer relief period) on an urgent basis.

4. Potential relief application process

If HMRC does not agree Australian superannuation funds were ROPS during the period, relief from the potential UK tax charges may be available on a case-by-case basis. We note that:

- ASFA has provided an update on 10 November 2015 setting out the information HMRC has said it will need from Australian superannuation funds in relation to transfers made on or after 6 April 2015 to assist with their consideration on granting relief from potential UK tax charges.
- Australian superannuation funds have submitted clarification questions and concerns in relation to aspects of the information HMRC has said it will require to consider applications for relief, and are currently waiting for HMRC's response.
- The industry accepted view is that a relief application needs to be made by the superannuation funds on behalf of impacted clients and HMRC have confirmed they are expecting one submission from us.
- SuperWrap intends to assist all impacted clients in the relief application process and we would suggest against you making any direct contact with HMRC at this time.

To ensure all impacted clients will be considered properly, we do not plan to provide relevant transfer information to HMRC before receiving clarification on the questions and concerns we have raised. Importantly, any information will only be submitted to HMRC on the basis that it is without prejudice to any argument that SuperWrap is still a ROPS.

We have been keeping advisers up-to-date in relation to the situation and have recently emailed them to request their assistance in obtaining some additional information regarding your UK pension transfer. Your co-operation in providing this information to us to support our investigation of the potential relief process is appreciated. Any information you supply will be used solely for the purposes of providing HMRC with information that is necessary for the potential relief application process and will be held confidential and not transferred to third parties.

Please note that the information in this document does not constitute advice. This is a complex area and we strongly recommend you obtain advice from qualified adviser(s) familiar with the UK pension regime and the Australian superannuation system in relation to the changes and how the situation impacts you.

We're here to help

If you need further information, please contact your financial adviser. Alternatively, call one of our SuperWrap consultants between 8.00am and 6.30pm (Sydney time) Monday to Friday on 1300 657 010.

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