

32% of pension transfers out of the UK went to Guernsey - Investment International

Written by Guernsey Finance
Tuesday, 13 September 2011 14:15

Data direct from Her Majesty's Revenue & Customs (HMRC) shows that during the first half of this year there were more pension transfers into Qualifying Recognised Overseas Pension Schemes (QROPS) in Guernsey than any other jurisdiction globally.

The HMRC figures show that of the total number of pension transfers out of the UK into QROPS between 1 January 2011 and 30th June 2011, 32% went into QROPS based in Guernsey. New Zealand was the second most popular destination at 28%, Australia third on 20% and then the Isle of Man at 5%, followed by Hong Kong and Malta both on less than 1%, with the remainder a combination of smaller numbers to a variety of other centres.

Peter Niven, Chief Executive of Guernsey Finance – the promotional agency for the Island's finance industry, said: "Since the QROPS regime was established back in 2006, it has been clear from anecdotal evidence that the industry has seen massive growth and that Guernsey has become one of the leading jurisdictions globally however, our understanding of the market has been limited by the lack of independent data. Therefore, the publication of these figures is long overdue but hugely welcomed and of course, it is very pleasing to see that Guernsey leads the way in terms of numbers of transfers at the present time."

HMRC made a series of changes to the UK pension system from 6th April 2006 – known as 'A' day. The overhaul included withdrawing the existing agreements for the transfer of UK pension rights to overseas schemes and meant that, in effect, this would only be possible if the receiving scheme was recognised by HMRC as a QROPS. However, there has been a lack of independent data about the marketplace until the HMRC released these figures following a freedom of information request by Guernsey-based Concept Group.

The figures show that the value of funds transferred into QROPS globally was £121.5 million in 2007, before trebling to £358 million in 2008 and then rising to £366 million in 2009 and £471 million in 2010. That took the cumulative total of funds transferred of more than £1.3 billion by the end of last year and it is projected that the amount transferred during 2011 could pass the £500 million mark.

The HMRC figures for numbers of transfers from 2007 through to the end of June 2011 show that 47% have been made to Australia, 23% to New Zealand and 10% to Guernsey, followed by 2% to the Isle of Man, 1% to Hong Kong and less than 1% to Malta, with the remainder a

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combination of smaller numbers to a range of other centres.

However, the figures solely for the first six months of this year show a different picture, with Guernsey out in front, followed by New Zealand and then Australia.

Mr Niven said that Guernsey differs from Australia and in part New Zealand, in that it is primarily a 'third country' QROPS destination, meaning that most of the QROPS transferred to the Island are for individuals who have left the UK to live elsewhere, such as in Europe or Asia. Yet, Australia's QROPS market is comprised almost exclusively of those going to the country to live, while the New Zealand transfers are a mixture of third-country QROPS and those of individuals moving permanently from Britain to New Zealand.

Mr Niven added: "Guernsey's longstanding heritage in providing trust and pension schemes meant that the Island was ideally positioned to maximise the opportunities from this emerging niche market. Our reputation for stability and security has been reinforced through the proactive approach our authorities have taken to ensure Guernsey schemes continue to be approved by HMRC and the way the local providers have led the way in the Island becoming the first jurisdiction to adopt a code of practice.

"In addition, Guernsey Finance has been leading the charge in promoting the Island's expertise to clients and advisers, both directly through our own events or via the international trade media and individual providers have also stepped up their game in terms of marketing to their client base. This work is now clearly coming to fruition with the data showing that Guernsey is the unequivocal leader for third-country QROPS as well as being the most favoured jurisdiction bar none at the present time. This means the Island is ideally placed to strengthen its position and capitalise on the continuing growth and development of the QROPS market as it matures in the coming years."