



alexander beard
Expat & Emigration Division

Introducing AMVEST



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In April 2006, in response to the large number of UK citizens settling permanently overseas for their retirement, UK Revenue & Customs outlined new rules for Qualifying Recognised Overseas Pension Schemes (QROPS). This has allowed many millions of pounds of UK pension funds to be transferred to British people living permanently in countries such as Australia, New Zealand, Canada and South Africa, giving them convenient, cost effective and tax efficient access to their pension benefits.

Even British citizens living in locations that have no pensions infrastructure have been able to benefit from this system by using offshore QROPS based in the Channel Islands, Isle of Man and Malta.

However, in the United States of America, the authorities have always refused to allow incoming pension transfers. For British people living in the USA, who intend to settle there and make it their permanent home, this inability to transfer UK pension funds has become a growing frustration.

Fortunately, the expert team at Alexander Beard has worked long and hard to address this complex issue, and we are now delighted to introduce AMVEST – the ultimate pensions solution for UK expatriates living in the USA.

How YOU will benefit from AMVEST

- Your pension remains under UK rules.
- Your pension funds are invested in US\$'s.
- You have access to investment advice from a USA based Registered Investment Adviser.
- Your investment is managed by one of America's leading fund managers.
- Low annual management charges.
- You have access to your account online 24/7.
- You can take 25% of your fund as tax-free cash from age 55*.
- Your benefits are paid in US\$'s from age 55.
- US\$ annuity purchase
- Existing clients will have no transfer charges when you move to AMVEST.

* It is our understanding that the UK/USA tax treaty specifically protects the tax-free nature of pension cash lump sums. However, we cannot guarantee that individual IRS officers will agree with this interpretation.

Frequently Asked Questions

When considering the launch of this product we had a number of considerations:

■ What are the alternatives?


The only alternatives are to either remain in your present UK arrangement, or choose an offshore 'USA friendly' QROPS product in the Channel Islands, Isle of Man or Malta, however, the latter may include significant risks and costs as discussed below.

■ Would it be better for me to remain in a UK pension in case an American QROPS product becomes available in the future?

AMVEST remains under UK rules, so should QROPS transfers to the USA (such as an IRA or 401(k)) become available at any point in the future, you will still be able to transfer.

■ Would a 401(k) or an IRA offer better benefits?

We believe that the tax-free cash lump sum and income paid under a UK SIPP are as good as the potential benefits of an IRA or a 401(k), so a QROPS transfer to these products may not be in your interests, even when they do become available.



■ **Why is an offshore 'USA friendly' QROPS product in the Channel Islands, Isle of Man or Malta not a viable alternative?**

These arrangements may offer a slightly enhanced tax-free cash lump sum (for example you can take 30% as a tax-free lump sum in the Isle of Man). However, since neither the Channel Islands nor the Isle of Man have a tax treaty with the USA, it is possible that the USA authorities would treat such arrangements as a Passive Foreign Investment Company (PFIC) investment and your lump sum would then be taxed by the IRS.

Malta does have a tax treaty with the USA and a small number of 'USA friendly' QROPS plans have been launched on the back of this. Nonetheless, AMVEST, with an annual Trustee charge of less than £500 per annum and low annual fund management charges, still represents much better value for money.

■ **Where will my adviser be based?**

Unlike a QROPS plan, where you have to deal with an offshore agent thousands of miles away, AMVEST gives you access to the services of an authorised and registered investment adviser in the United States.

Charges

Incremental Creation Charges:

Initial Investment:	£50,000* - £75,000	3%
	£75,001 - £175,000	2%
	£175,001 to £250,000	1.5%
	£250,001 and above	1%

Maximum Charge	£7,500
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Example	Investment of	£235,000
	£75,000 @ 3%	£2,250
	£100,000 @ 2%	£2,000
	£60,000 @ 1.5%	£900
	Total initial fee	£5,150

- No SIPP set up fee but an annual charge of £540
- Annual adviser and fund management charges not exceeding 1.53% per annum

We do not accept transfers of less than £50,000

■ The above charges include:

- Collating all information on existing UK pensions
- Providing personal investment risk analysis
- Recommending the most suitable investment profile for the future.
- Administering and managing the transfer and consolidation of existing funds
- Initial and 1st year Trustee fees

■ Annual charges:

- Adviser and fund management charge totalling 1.53%
- From end Year 1 onwards for sums of £50,000 to £100,000 an annual Trustee fee of £350; rising to a maximum of £540
- £150 one off fee to begin 'income drawdown' facility
- £175 per annum income drawdown charge when taking income.

■ Benefits payable:

- 25% of value of fund as a tax free lump sum
- Under rules introduced in 2014 Budget as AMVE\$T remains under U.K. rules you can then take any ad-hoc amounts every year which will subject to either U.K. or U.S.A. income tax.

Plan Partners

- ABG (USA) LLC in the USA | www.abg.net
- SIPP CHOICE in the UK | www.sippchoice.co.uk

Contact Us

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