

5 important aspects to consider for an overseas pension

Regulation

As is clear from its title - an overseas pension will fall outside of your country's local regulation. It is therefore important that the regulation and financial stability of the pension's jurisdiction is robust, stable and will ultimately support your retirement.

In some jurisdictions the pension regulations are covered under the umbrella of their main financial services regulation and overseas pensions are usually covered under the relevant local Income Tax Act. That said, there are some jurisdictions that offer more protection with the addition of a specific retirement benefit Act which creates an extra layer of robustness and comfort for both adviser and client.

A good resource to ensure your pension is in the right jurisdiction is www.OECD.org

Wide investment powers

With an overseas pension, you have the power to make wider investments across global markets. Maybe your current economy is volatile/unstable - an overseas pension situated outside the member's home jurisdiction presents the opportunity to access a stable market that just isn't possible locally.

CRS/Reportable

We are living in an age now where it is becoming difficult, if not impossible to not disclose your assets and wealth to local tax authorities no matter where you are based. Common Reporting Standards (CRS) was introduced in 2016 and has already resulted in a major shift in people's psyche that the global financial world needs to embrace transparency.

If your overseas pension is CRS reportable, that demonstrates it is keeping in line with global regulations and transparency. There are reports of some international pension providers using the fact that they are non CRS reportable as a unique selling point. Whether this has longevity only time will tell.

Tax

Gone are the days of tax free structures and clever planning to avoid paying tax. Global authorities have clamped down over the years and if something appears too good to be true then it probably is.

Over the last number of years, we have seen glimpses of how the authorities are looking to clamp down for those advisers/providers aggressively interpreting tax laws which ultimately creates uncertainty for members. Tax deferral not tax avoidance will be a word you start hearing more going forward.

It's a Pension

Most importantly, this is your pension and part of your retirement - so it has to look, feel and be treated like one.

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