

In conversation...

Explaining QNUPS: A lesson learned...

I have learned, or more accurately, reconfirmed something these last few months...presentation counts for an awful lot.

Let me explain.

There is a wealth planning opportunity in the form of a trust that provides long-term financial planning, asset protection and succession benefits. With this trust you can provide flexible financial security to you and your closest in retirement and, in the event of an early demise, can pass on what's left in the trust without exposure to UK inheritance tax.

This is a trust that is as tax efficient as any other that you come across these days, perhaps even more so since it is one where you can invest in residential property without being exposed to the Non-Resident CGT charge. I can say with confidence that there will be none of those nasty periodic and exit IHT charges which encumber other, similar structures.

When I am asked to explain why all of this is the case, I do so by pointing out that it is a trust organised in such a way that it qualifies for statutory exemption from both IHT and the non-resident CGT charge, thus not relying on loopholes or complex structuring. The IHT exemption comes about because it meets all the requirements to be a qualifying non-UK pension scheme. Under separate legislation, registered pension schemes and overseas pension schemes are exempt from the Non-Resident CGT charge, and our trust falls into the definition of the latter.

"A trust that provides long-term financial planning, asset protection and succession benefits"

Now of course the cat is out of the bag. It has started to become evident that I have been talking about a pension, a QNUPS no less. But the difference between this and some of my early conversations is that the benefits have been explained before the acronym QNUPS is uttered.

There is of course a serious point. QNUPS as a headline can sometimes put people off even though it shouldn't. The phonetic link with QROPS can be confusing and render people unable to distinguish this highly efficient wealth planning tool from a retail product designed for UK expatriates. Using a pension for wealth planning is also, for some people, counter-intuitive and, let's face it, some supporters of the concept lay it on way too thick with the IHT story.

Its identity is a flexible retirement trust which is treated for IHT purposes under the QNUPS rules and has many other benefits besides. Its identity does not, and should not, hang entirely on it being a QNUPS.

The tail has been wagging the dog and we should seek to reverse that.

If you want to continue the conversation, why not contact Martin Hall and he'd be happy to chat further.

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