The Bourse Retirement Scheme (Malta)

Bourse

About the Bourse Retirement Scheme (Malta)

The Bourse Retirement Scheme (Malta) the 'Scheme' is a personal pension plan regulated by the Malta Financial Services Authority.

Her Majesty's Revenue and Customs (HMRC) has been notified that the Scheme is a Qualifying Recognised Overseas Pension Scheme (Qrops) under reference number 504314.

This means most UK registered pension scheme benefits (that are not unfunded public sector pensions or are already fixed in payment) can be transferred to the Scheme and whilst the Scheme is structured primarily for those individuals that plan to become or are already UK non-resident or are a foreign domiciliary resident in the UK, it offers the following benefits:

Ease of Administration

- Ability to consolidate most UK registered and International personal pension arrangements in one scheme for ease of investment administration and planned withdrawals
- Flexibility to hold investments in multiple currencies
- Ability to take flexible withdrawals in multiple currencies
- A very wide choice of mainstream investments under the advice of a suitably authorised investment manager(s) or adviser
- Further contributions are permitted

Tax-Efficiency

- Tax-free gross roll up of investment income and gains
- 30% tax-free pension commencement lump sum (after 5 years non UK Tax residency)
- Exempt from UK Inheritance Tax (IHT)
- Protection against future changes in UK pension legislation and the UK lifetime allowance limits
- For a foreign domiciliary resident in the UK and filing under the remittance basis the opportunity to structure pension income withdrawals to minimise tax if not remitted back to the UK

Ease of Access

- No requirement to buy a lifetime annuity or limit the amount of withdrawals
- 100% flexi-access similar to the UK from age 55
- 100% of the residual fund available on death which can be used to provide your loved ones with a pension or lump sum

On the following pages, you will find answers to some of the most common questions we get asked.

If you have a question that is not covered please contact us for more information or speak with your adviser.

Why Malta?

A member of the European Union since 2004 Malta has focused on the provision of cross-border financial services fully supported by a professional workforce that is both well-educated and bi-lingual with English an official language.

Malta is a highly regarded, regulated European financial services centre and with more than 70 double taxation agreements in place is an attractive jurisdiction for the provision of cross-border financial planning such as expatriate private pensions.

The Malta Financial Services Authority (MFSA) regulates pension schemes and pension administrators.

Is the Scheme suitable for me?

The Scheme is likely to be suitable for permanent EEA resident individuals who wish to optimise the tax-efficiency and investment flexibility of their UK and/or International pension plans whilst taking control of the flexible income and lump sum withdrawal options.

However, the Scheme will not be suitable for everyone and will depend upon your individual circumstances which is why we will only accept transfer applications where you have received pension advice from an appropriately authorised financial or investment adviser.

Can I transfer my UK Occupational Pension to the Scheme?

Transfers of benefits from UK occupational money purchase schemes are permitted. Transfers of funded final salary schemes are subject to you having taken advice from an adviser firm authorised by the UK Financial Conduct Authority (FCA) with the required permissions to give such advice and will be a requirement of the transferring scheme administrator.

Is there a minimum transfer value to set the Scheme up and is there a maximum benefit the Scheme can provide?

There is no minimum to set the Scheme up but we suggest that transfers of less than £50,000 (unless substantial additional personal contributions are planned) are unlikely to be suitable.

There is no maximum pension benefit the Scheme can provide – your pension benefits are unlimited and based solely on the performance of your investments.

What are my investment options?

As administrator and trustee Bourse are required to monitor your investments and we will need to see that they are adequately diversified and suitable as pension scheme investments.

Your adviser should discuss with you the amount of investment risk you are comfortable to take as well as the amount of risk you can afford to take to meet your pension objectives.

You should then agree an appropriate investment portfolio suitable for your needs at the time.

Examples of acceptable investments are:

- Stocks and Shares listed on a recognised exchange
- Fixed-interest securities and corporate bonds
- Authorised Unit trusts, OEICs, SICAVs
- Bank and building society accounts
- Commercial Property

Your Scheme investments should be adequately diversified, capable of valuation and liquid meaning there is a ready market should the need arise to sell them in the short-term.

Unquoted shares, Unregulated Collective Investment Schemes and other illiquid assets are unlikely to be suitable as pension scheme investments but we will consider on a case by case basis.

We are unlikely to agree to investments of this kind where you are within 10 years of retirement, have anything other than a high attitude to investment risk accepting the investments could fall significantly in value or be difficult to sell and where the total investment is more than 10% of your pension fund.

Residential property, loans and investments with connected parties are not permitted.

Are there any minimum or maximum ages to join the scheme and when must pension benefits begin?

The minimum age for a scheme member is 18 and pension benefits must commence on or before your 75th birthday.

What is the minimum age I can start to take benefits?

Pension withdrawals can commence from age 55 unless you are in serious ill health in which case an earlier age might be permitted.**What risks would I be taking on?**

You should discuss and agree your attitude to risk with your adviser as your retirement benefits will depend upon the investment value of your Scheme with us.

As with most investment linked pensions the value of investments is not guaranteed and is likely to fall and rise with market cycles.

When you start to take your retirement benefits you may erode the capital value of your Scheme, especially when drawing high levels of income at times when the investments are not delivering the returns you need to replace the inflation adjusted income withdrawals.

You should discuss and agree with your adviser a sustainable level of tax-efficient withdrawals for your circumstances before any retirement benefits are taken.

If you are transferring out of a UK final salary pension arrangement where your employer (past or present) has through the pension scheme promised to pay a given level of lifetime pension or some other scheme that offers safeguarded rights that may include a pension guarantee for life or guaranteed increases in benefits, you should ensure you fully understand what you are giving up and take appropriate financial advice.

You should discuss your continuing EEA tax residency with your adviser. If you transfer UK tax-relieved pension funds and subsequently become tax resident outside the EEA within five full tax years from the date of transfer then you may become liable to an Overseas Transfer Charge.

How are my Scheme investments taxed and what tax will I pay when I start to take my pension benefits out of the Scheme?

This is a key question you must discuss with your adviser before deciding to become a member of the Scheme and the following information may assist.

There is no local taxation in Malta on investment income and gains within the Scheme. Withholding taxes when investing outside Malta may apply.

Retirement benefits other than the UK tax-free pension commencement lump sum (which will be restricted to 25% in respect of UK transfer funds) will usually be taxable in the country you or your beneficiary are tax-resident where a tax treaty exists with Malta unless the treaty gives Malta the taxing rights.

Where no double tax treaty exists with Malta standard Maltese tax rules apply so for a non-tax-resident a withholding tax of 35% will be deducted.

In these circumstances, you should discuss with your adviser whether it might be advisable to request that the trustee purchases a flexible investment linked international pension annuity that does not suffer local withholding tax. Bourse Life and Pensions Ltd is a provider of such annuities.

What happens when I die?

If you were already in receipt of pension income withdrawals they can continue in full to your nominated beneficiary until the fund is exhausted or they may request a one-off lump sum payment.

Personal circumstances to include their current and future intended tax-residency will be important so taking appropriate advice at this time is essential.

In all circumstances Bourse as trustee and administrator will exercise discretion taking into account those beneficiaries detailed within the Scheme application form and any subsequent letter of wishes provided by you.

What is the UK Lifetime Allowance ('LTA')?

The UK lifetime allowance is a limit set by HMRC on the amount of pension fund or equivalent benefit that can be accumulated within a UK registered pension at various stages of retirement before penal rates of tax between 25% and 55% are levied on the excess.

The LTA is currently £1,030,000 (having reduced from £1.8 million in recent years) but could be more if you have registered for one of many forms of protection with HMRC. Your adviser will be able to help you with this.

What charges will I have to pay?

Bourse charge an initial establishment fee to set up your pension and an annual management fee to provide the ongoing administration.

These and any additional fees that may be charged where we are required to provide a service outside of our standard service agreement will be deducted directly from your pension fund so you will not need to pay them from your personal funds.

All Bourse charges are detailed within our Fee Schedule which is available on request.

Your financial adviser and/or investment adviser will also charge you for their time and expertise and this could be at a fixed rate or a percentage of the pension fund value. Subject to your agreement these fees can also be charged back to your pension fund.

Other fees and charges such as Investment Platform, Investment Fund and investment dealing fees may also apply.

About the Bourse Group

The Bourse Group head office is in Guernsey and is one of the largest independently operated financial services companies on the island.

Since our establishment in 1999, we have expanded our operations from the provision of offshore trust services to being a provider of life and pension products with current combined assets under administration in excess of £1.5 billion.

Bourse is the provider of a number of pension schemes established under the laws of Guernsey, Malta and Gibraltar. We also provide services in respect of other, non-proprietary, schemes where trustee and/or administration services are required.

Regulatory Statement

Bourse Pension Administrators (Malta) Limited is licenced by the Malta Financial Services Authority as an administrator for personal retirement schemes pursuant to the Retirement Pensions Act, 2011. Company Registration number C 66425. It is the Retirement Scheme Administrator of the Bourse Retirement Scheme (Malta) which is registered as an approved Personal Retirement Scheme under the Retirement Pensions Act, 2011. There exists no statutory provision for compensation where the Scheme is unable to satisfy the liabilities attributable to it. The License of the Scheme is not an endorsement by the Malta Financial Services Authority of the Scheme's financial performance.

Bourse Malta Contact Details

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