



# **The Ultimate Guide To UK Pensions**

Getting the Most From Your  
UK Pension While Living Overseas



# Why We've Created This Guide...

With more than 100,000 clients across the world, a large proportion of our cliental consist of those that have previously worked in the UK but now live overseas. Whether you've changed jobs, moved to a new house, or even relocated to a different country, it's hard for many individuals to keep track of all their UK pensions. This guide will help you understand your current pension entitlements and the alternative pension options you have available while living overseas.

## More About us...

deVere Group was established in 2002 and has 97 different legal entities across a range of financial services. We have offices across Europe, Africa, the Middle East, Asia, Australia, and New Zealand. This has allowed us to effectively service our clients globally and provide tailored expert advice across a variety of financial planning opportunities from pensions, investments, banking and fintech. For more information on how we assist our clients please follow the link to our website, or alternatively, if you wish to speak with an advisor straight away, please book yourself in for a no-obligation appointment with a member of our global services team below.

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## Getting The Most From Your UK Pension As A British Expat

The UK's pension landscape can be a complex world to navigate. With many amends throughout its century-plus-long existence and the constant evolution of rules surrounding workplace and private pensions, it can be hard to keep up.

If you live in the UK, understanding your pension situation can seem complicated enough, but if you live abroad, the administration and pensions law involved can make it even more daunting. There's a belief that if you are eligible to claim a pension, it will happen automatically, but often this isn't the case.

To make sure that you are receiving what you are eligible for, regardless of where you live, it's important to explore all of the options available to you. It doesn't need to be a complicated process either, if you arm yourself with the best British expat pension advice, you can make sure you have the secure income you need.

**In this guide, we will help you understand your pension options, how to manage your pensions as an expat, and how our support can help you get all your pensions in order.**

# The UK State Pension

The UK state pension was first introduced in 1909, following the 1908 Old Age Pensions Act. At that time, the maximum payment of 5 shillings for a single man or woman was means tested – for example, if you owned a lot of furniture or possessed more than a certain threshold of capital, this amount would be reduced.

The scheme has changed a number of times since then. In 1928, it became targeted at workers. Essentially, rather than being means tested, the concept was adjusted so that workers had to pay into it.

**“Over £1.7 billion of unclaimed pension credit in the UK”**

In 1948, the scheme evolved into the basis of what it is today. The basic state pension became available to everyone - including employers - through National Insurance contributions. Earnings-related top-ups became an option, finally known as the State Second Pension (S2P), which only ended when the new state pension was introduced in 2016.



# The New State Pension

When the new state pension was introduced in 2016, S2P ended, and the earnings related element of the scheme was removed altogether. If you are a man born on or after 6 April 1951 or a woman born on or after 6 April 1952, you will be able to claim the new state pension.

In 2016, the government also introduced automatic enrolment. This obliges all employers to enrol workers who satisfy age and earnings criteria into a qualifying workplace pension scheme. Employees can opt-out, but the scheme is aimed at ensuring everyone saves for retirement.

The number of qualifying years on your National Insurance record affects the amount of state pension you can claim. If you're not going to receive the full state pension, you may be able to top it up by deferring or working past your state pension age.

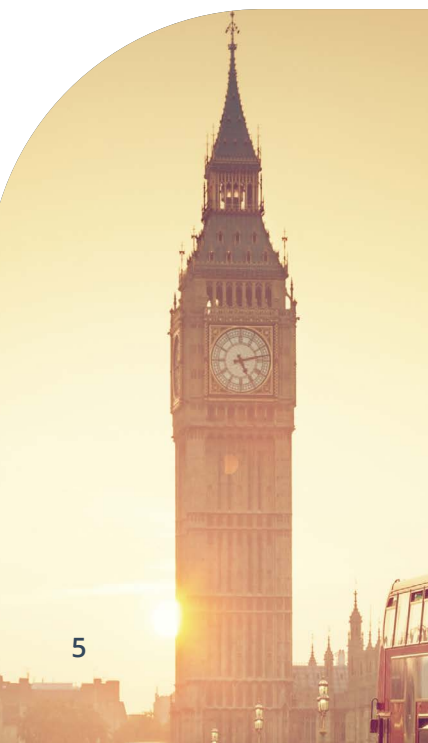
## State Pension Age

During more than a century of change, the age at which people were able to draw their state pension has evolved. Back in 1909, it was 70, which significantly limited the number of eligible people. It crept down to 65 in 1928 and even further down for women to 60 in 1948.

In recent years the age at which you can claim your state pension has been rising.

**Currently, men and women can claim their state pension at 66. By 2028, this will rise to 67.**

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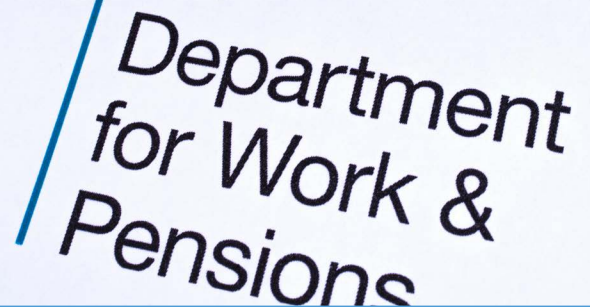
# The State Pension Today

The basic state pension (the old scheme) amount is currently **£141.85** per week, and the full state pension (the new state pension) is **£185.15** per week.

In April 2023, new pension rates for 2023 will come into effect, and many people will receive a higher amount. This increase is called the triple lock.

The triple lock is a government commitment that decides how much state pensions will increase each tax year. The commitment will see the state pension amount increase alongside the highest out of:

- 1 Consumer price inflation
- 2 Average wage growth
- 3 2.5% increase



Department  
for Work &  
Pensions

## IMPORTANT



In 2022/2023, the triple lock was suspended due to the pandemic. While there was talk of the triple lock remaining suspended, in the 2022 Autumn Budget, Chancellor Jeremy Hunt confirmed that the UK state pension increase for 2023/2024 would go ahead.



As a result, the new pension rates in 2023 have increased by 10.1% from 2022, in line with consumer price inflation which is currently the highest of the three factors.

Therefore, the basic state pension will rise to **£156.18** and the full state pension to **£203.85**.

## Is The UK State Pension Taxable?

If you draw your pension, you will pay tax as if it were any other income. The same rules apply; if your total income is more than your personal allowance, you will pay tax.

Your total income could include your state pension as well as a private or workplace pension. It will also include any income from investments, property or savings. You can find out more about your personal allowance on the government website.



# What You Can Receive

The amount of state pension you are eligible to receive depends on your age, your National Insurance record and how many years you have worked. If you reached the state pension age before 6 April 2016, you can claim your pension under the old rules – the basic state pension. Everyone else falls under the new state pension rules.

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To qualify for the basic state pension, you will need to have at least 30 qualifying years of National Insurance contributions or credits. The other option is to have paid voluntary National Insurance contributions.

To qualify for any new state pension payments, you will need to have at least **ten qualifying years**. The government defines qualifying years for the new state pension as the following:

- ✓ You were employed and earning over £190 a week (2022 to 2023) from one employer and paying National Insurance contributions
- ✓ You were employed and earning between £123 and £190 a week (2022 to 2023) from one employer and are treated as having paid National Insurance contributions
- ✓ You were self-employed and paying Class 2 National Insurance contributions (£3.15 a week in 2022 to 2023)
- ✓ You make voluntary National Insurance contributions (£15.85 a week in 2022 to 2023)
- ✓ You receive National Insurance credits if you had caring responsibilities or are claiming certain benefits such as a working tax credit, jobseeker's allowance or employment and support allowance.



If you didn't have a National Insurance record before 6 April 2016, you would need **35 qualifying years** before you reach state pension age to receive the full new state pension.

# How To Check Eligibility

**The most straightforward way to check what you are eligible to receive is to use the government's website; here you can check:**



How much state pension you are eligible to receive



When you can receive it



Whether you have the option to increase your state

To find this information, you will need to create a Government Gateway account. Another option is to fill out an application form and send it by post. A third option is to contact the Future Pension Centre, calling from either the UK or overseas.

If you don't claim your pension, it will be deferred. If you live abroad, you can still claim your state pension as long as you qualify. It's important to receive the right British expat pension advice to gain a complete picture of what you are entitled to receive.





# State Pension For Expats



Currently, over **1.4 million** older people across the UK receive Pension Credit, but it is estimated that up to **£1.7 billion** isn't being claimed by hundreds of thousands of pensioners, many of these have now retired overseas.



The common reasons to lose track of a pension is due to moving house, employer, countries, or simply not understanding what you are entitled to claim. Many British people move abroad each year and don't realise they are still eligible to claim the state pension that they have paid into for much of their working lives. If you believe you may have an unclaimed pension, you can use our pension tracing service.



If you live or work in another country, you may be entitled to receive a pension from both countries when you reach state pension age. To find out if you are eligible to receive a state pension from a country you have worked in in the past, or the country you currently live in, you will need to contact the pension service for that country.



# How to Contribute To a UK State Pension From Abroad

This is another fact to be aware of: even if you are living abroad, you can still contribute to your UK state pension. Whether you are eligible to receive the new UK state pension depends on whether you've made ten years of National Insurance contributions, but you may be able to use time spent working abroad to make up these qualifying years. By doing so, you can reach your full UK state pension entitlement.

## The countries that qualify for this are:

- ✓ Countries in the European Economic Area
- ✓ Switzerland
- ✓ Gibraltar
- ✓ New Zealand

Some countries also have a social security agreement with the UK. These are listed on the government's website.



If you have worked in any of these countries, you could meet the minimum requirement to receive the new state pension. However, the amount you receive will only be based on the years in which you made National Insurance contributions.

You may be able to make voluntary contributions to your pension using your National Insurance number to increase your entitlement. To understand what you have contributed, we can help you to navigate the nuances of UK pensions law.

## DID YOU KNOW?

The government has **extended** the voluntary National Insurance deadline to **31 July 2023** to give taxpayers living overseas more time to fill gaps in their National Insurance record and help increase the amount they receive in State Pension.



# How To Claim A UK State Pension Abroad

If you are a British expat, you will need to choose which country you want your pension to be paid in. This can only be one country – you can't have your pension paid into one country for part of the year and another for other parts of the year.

To claim your pension, contact the International Pension Centre. You should receive a claim form four months before you reach state pension age. If you don't receive this form, you need to get back in touch with them.



## The Amount Of Pension You Receive

While the amount of pension you receive depends on your qualifying years, whether or not your pension amount will benefit from the new pension rates of 2023 depends on which country you are living in.

**Your UK state pension will only increase each year in line with the triple lock if you live in one of the following areas:**

-  **Countries in the European Economic Area**
-  **Switzerland**
-  **Gibraltar**
-  **New Zealand**

Countries that have a social security agreement with the UK. These are listed on the government's website.

If you live outside these countries, your UK state pension won't increase each year. It will only reach the current rate if you return to live in the UK.





## How To Receive Your Pension



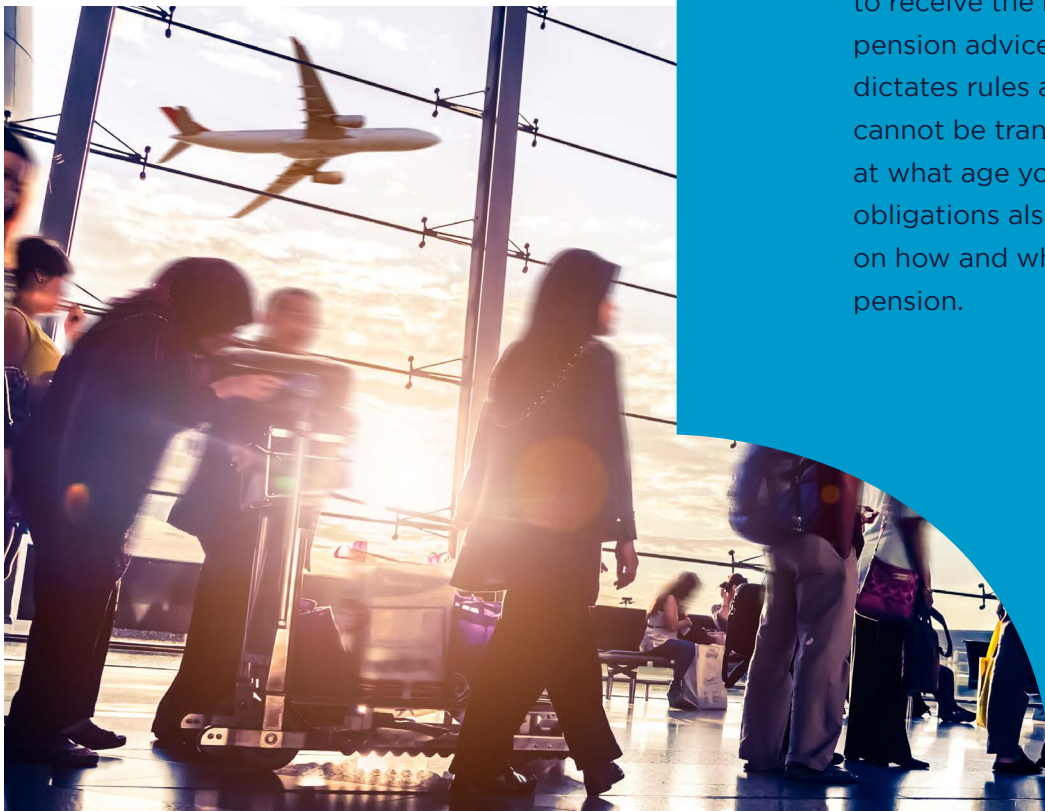
You can choose whether to have your pension paid into a UK bank account or a bank account in the country you are living in. You can also choose to be paid every four weeks or every 13 weeks.

It's worth noting that if you receive your pension in an overseas bank account, the amount you receive will fluctuate with exchange rates. There are also tax implications depending on whether you are a UK or overseas resident. It's important to make sure you receive the right British expat pension advice to determine the most efficient way to claim and receive your pension.

# Other Pension Options

For many people, the UK state pension is not the only pension that they may be able to claim. While you can later decide to opt out, it is now mandatory for your employer to opt you into a workplace pension upon hiring you, and even before this became law, many employers offered a workplace pension. You may also have paid into a private pension scheme.

So while you're looking to get your state pension in order, it's worth considering the options you have for any other pension schemes you have been a part of.



## Moving pension schemes abroad

- ✓ Because there can be administrative costs associated with claiming a pension while living abroad, some British expats choose to transfer their pensions to the country they are living in.
- ✓ There are several options to do this, however, it is a complex area which means it's essential to receive the right British expat pension advice. Pensions law dictates rules about what can and cannot be transferred, including at what age you can transfer. Tax obligations also vary depending on how and where you draw your pension.

## Definition Benefit Or Defined Contribution

Deciding whether moving a pension is in your best interest requires understanding all of your pension schemes. The options vary depending on whether you have a defined benefit pension – also known as a final salary pension – or a defined contribution pension.

### A Defined Benefit Pension:

This is a pension that guarantees an income for life, usually based on your final salary and how long you worked for your employer.



**“Over £26.6 Billion of unclaimed employer and private pensions left behind in the UK”**



### A Defined Contribution Pension:

This is a lump sum pension, paid into by you and your employer, which is then invested by the pension provider. You can also have a personal pension option too.

A pension has a ‘fund value’ – the amount of money in a pension scheme – and a ‘transfer value’ – the amount you can take out and move to another pension provider. When considering whether to move the transfer value, you will also need to consider your long-term plans – for example, whether you intend to remain abroad. There are various options available depending on how much active control you’d like to have.



## Self-invested Personal Pension Plan (SIPP)

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If you want the ability to choose from a selection of investments, transferring your pension schemes to a Self-invested Personal Pension Plan (SIPP) might be a good option. If you live abroad, however, you may need advice on whether an International SIPP is the right option for you to avoid paying tax in both the UK and the country you are living in.

## Qualifying Recognised Overseas Pension Scheme (QROPS)

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You might be able to consider moving your workplace or private pension scheme to a Qualifying Recognised Overseas Pension Scheme (QROPS). This is a pension transfer scheme recognised by His Majesty's Revenue and Customs (HMRC) but is based outside UK jurisdiction. It keeps the same standards as a UK pension scheme but gives those living abroad full control of it.

The government has a published list of QROPS that is updated twice a month. It will be up to you to make sure that you pay the right tax, either UK tax or tax in the country you live in.

# How We Can Help

Our team can help you with all areas of British expat pension advice and pensions law. It's our priority to help you understand all the pension schemes that you have paid into during your working life and how best to manage your income to ensure you maximise your benefits.

## 1. The Pension Tracing Service

- ✓ If you believe you may have an unclaimed pension, our complimentary service can help. If you have moved house during your working life, you could have lost track of one or more pension schemes.
- ✓ According to the Association of British Insurers, only **1 in 25 people** instinctively tell their pension scheme provider that they have moved house. It's also possible that your pension scheme or provider has changed name or been acquired. You may not know where to look for your pension.
- ✓ We have worked with many people who have more pension schemes or find their pension was a higher amount than they thought. Until you are sure you have all the information possible, you won't be able to understand your monthly income and plan for the future.

## 2. A Pension Health Check

- ✓ We also carry out a complimentary pension analysis for our clients to help them better understand their options. Our team starts by requesting reports from your pension schemes and then gathers all the information about your financial situation that we need. This includes talking to you about your long-term plans.
- ✓ By pulling all this information together, we can assess whether your current setup is the best arrangement for your pensions. In a report, we can present any areas of concern or any opportunities we have identified for you to benefit further.
- ✓ Following the delivery of the report, we can discuss the next steps that need to be made so that you can make a decision knowing that you have explored all options available to you.



### 3. Transferring A UK Pension Overseas



Once you understand your pension fully, our team can advise you on the best options to transfer all or part of your pension overseas if you choose to. We can help you understand the nuances of UK pensions law, as well as questions like whether you will benefit from the new pension rates in 2023.



Getting the most from your pensions may sound like a complex situation to navigate, but it doesn't have to be. The deVere Group team is on hand to find answers to all your questions and make sure you benefit as much as possible from your years in employment.



Visit our website to learn more, or contact us today to be sure you are maximising all of the financial benefits available to you from your pensions.

If you're looking for guidance on your current UK pension portfolio and want to understand your options while living overseas, especially in relation to the services listed above. Click the **"Claim Complimentary Consultation"** button below to speak with a member of our team on a day and time that best suits you. We look forward to helping you.



**CLAIM COMPLIMENTARY  
CONSULTATION**





[www.devere-group.com](http://www.devere-group.com)



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