

UK PENSION EXPAT GUIDE

Helping you make smart
decisions for your financial
future abroad

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WELCOME

Living and working abroad is an exciting adventure — it can open the door to new cultures, languages, and opportunities. But moving overseas also means your financial future, especially your pension planning, deserves careful thought.

At SJB Global, we believe expats deserve the same high level of financial advice as anyone else. Our mission is to help you make well-informed decisions about your UK pensions, ensuring they support your long-term retirement goals — wherever you choose to settle.

With an “Excellent” Trustpilot rating and partnerships with leading global financial institutions, we pride ourselves on offering personalised, professional advice tailored to your situation.

This guide will walk you through:

- Whether you're eligible to transfer your UK pension
- What options you have and how they compare
- How to avoid scams and bad advice
- How to find a trustworthy adviser
- What steps to take next

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PENSIONS THAT CAN USUALLY BE TRANSFERRED

If you're living abroad or planning to, it's important to understand which types of UK pensions can typically be moved to another arrangement. Not all pensions are the same — and each comes with different benefits, risks, and transfer implications.

Here's a breakdown of the most common pension types that are usually eligible for transfer:

1

Defined Contribution Pensions

Also known as “money purchase” pensions, these are the most straightforward type to transfer.

How it works: You (and sometimes your employer) make regular contributions to a pension pot. The final value depends on how much has been paid in and how well the investments perform over time.

Transfer potential: These pensions are typically easy to transfer to another provider, whether that's a SIPP or a ROPS.

Why you might transfer: Greater investment choice, flexible access to your funds, and control over your retirement income strategy.

Key considerations: Check for any exit charges or penalties before transferring. Also assess whether the investment options elsewhere better suit your goals.

2

Defined Benefit Pensions

These are also called “final salary” schemes, and they work differently from defined contribution pensions.

How it works: Instead of a pot of money, you're promised a guaranteed income for life based on your salary and years of service.

Transfer potential: Transfers are possible — but more complex. These schemes offer strong guarantees, so transferring away from them requires careful evaluation and financial advice.

Why you might transfer: If you want flexible access to your pension (rather than a fixed income), or if you wish to pass on the remaining value to your beneficiaries. Some expats also transfer due to currency risk or to consolidate multiple pensions.

Key considerations: Transferring out of a defined benefit pension means giving up valuable guarantees. In the UK, if your DB pension is worth more than £30,000, you must take advice from a regulated financial adviser.

4

International SIPP

International SIPPs offer more flexibility than standard Self-Invested Personal Pensions (SIPPs). The major difference is that an International SIPP allows you to buy non-UK domiciled investments, and there are no restrictions on withdrawal options or death benefits abroad.

How it works: An International SIPP allows you to choose and manage your own investments, including stocks, ETFs, funds, and other assets. It needs to be managed by an Adviser

Transfer potential: You can transfer an existing pension into an International SIPP – and International SIPPs themselves can be transferred to or other pension plans.

Why you might transfer: If you're moving abroad, an international SIPP may offer multi-currency support, flexible drawdown options, and broader access to global investments.

Key considerations: Investment performance depends on the assets you choose, so proper guidance is important. International SIPPs are subject to UK pension rules and are HMRC registered, so tax treatment must be managed carefully when living overseas.

5

Recognised Overseas Pension Scheme (ROPS)

These are pensions held in non-UK jurisdictions, often for tax or legacy reasons.

How it works: A QROPS may have been set up while living abroad to move your pension away from the UK. Their rules and benefits vary depending on the jurisdiction and provider.

Transfer potential: Depending on the scheme and jurisdiction, these pensions may be eligible for transfer into a Recognised Overseas Pension Scheme (ROPS). Current legislation states that if the QROPS isn't based in the same country of your residence, there would be an Overseas Transfer Charge (OTC) of 25%, reducing the benefits of transferring into a QROPS in the first place.

Why you might transfer: If you lived in a country where there was a reputable QROPS provider and you wanted to reduce your Inheritance Tax (IHT) exposure in the UK.

Key considerations: QROPS Schemes often have higher fees and tax penalties depending on the jurisdiction where you live. A careful review is needed to ensure you are not exposing you to unnecessary risk.

PENSIONS THAT CANNOT BE TRANSFERRED

While many UK pensions can be transferred abroad, several cannot be moved into alternative arrangements. Understanding which pensions fall into this category can save you time and help you focus on the options that are truly available.

1

Most Public Sector Pensions (e.g. NHS, Civil Service, Police, Teachers)

Public sector pensions are typically defined benefit (DB) schemes run by the government or statutory bodies, and they are generally non-transferable.

How it works: These schemes promise a pension based on your salary and years of service. They're known for offering generous and guaranteed retirement income — often with inflation protection, and survivor benefits.

Why they can't be transferred: In recent years, the UK government has blocked transfers from most unfunded public sector pensions to protect the long-term financial sustainability of these schemes. These pensions are not backed by invested assets, but by future taxpayer contributions — which means they're reliant on ongoing public finances rather than investment returns.

Which schemes are affected?

- NHS Pension Scheme
- Teachers' Pension Scheme
- Civil Service Pension Scheme
- Police Pension Scheme
- Armed Forces Pension Scheme

Exceptions: Some local government pensions (LGPS), which are funded schemes, may still be transferable — but this is becoming increasingly restricted. Always check with a regulated adviser before assuming any public sector pension can be moved.

Advice for expats: Even if you can't transfer it, your public sector pension can still pay out abroad. Income is subject to UK taxation rules, but tax treaties with your new country may help you avoid double taxation. In some cases, partial commutation (taking a lump sum) is possible depending on your service history and scheme rules.

2

UK State Pension

The UK State Pension is a government-provided retirement benefit — and it cannot be transferred to another pension scheme.

How it works: You qualify for the UK State Pension based on your National Insurance contributions (usually 10 qualifying years minimum for a partial pension, and 35 years for the full amount). Once you reach State Pension age, you receive a guaranteed, inflation-linked income for life.

Why it can't be transferred: The State Pension is not a personal pot of money or investment-based scheme — it's a social security benefit funded by working-age taxpayers. It isn't held in your name and therefore can't be moved, sold, or invested elsewhere.

What expats need to know:

- You can usually still receive the UK State Pension abroad, but where you live affects whether it increases each year.
- If you live in an eligible country (e.g. in the EU, EEA, Switzerland, or countries with a reciprocal agreement like the USA), you'll typically receive the annual uprating.
- In other countries, the amount is frozen at the level it was when you first claimed it.
- You can check your forecast, contribute voluntarily, and claim your pension even while living overseas via HMRC and the International Pension Centre.

3

Non-UK Private Pensions

If you've worked abroad and contributed to a local pension in another country, this will be considered a non-UK pension — and it generally cannot be transferred into a UK-regulated scheme or into a UK-recognised ROPS.

What this includes: Pension plans set up while working in countries such as the USA, Australia, Canada, UAE, or others. These schemes fall under foreign pension laws and tax rules specific to the jurisdiction in which they were created.

Why they can't be transferred: Different legal, tax, and compliance frameworks govern pensions in each country. Most countries do not allow cross-border pension consolidation, except through formal bilateral agreements or highly specialised schemes.

Options for managing them: You typically have to leave the pension in its home country and claim benefits under local rules. Some countries allow you to consolidate or transfer domestically into local pension products, but this rarely includes transfers into UK-based SIPP or ROPS. If you have multiple pensions across different countries, speak with a cross-border financial adviser to create a coordinated withdrawal and tax strategy.

WHAT ARE YOUR PENSION OPTIONS AS AN EXPAT?

Once you've confirmed that your UK pension qualifies for a transfer, the next step is deciding what to do with it. This decision can significantly impact your retirement income, tax efficiency, investment flexibility, and long-term financial security.

Your choice should be guided by your individual goals, such as:

- Where you plan to retire
- How you want to access your pension income
- Your tax residency
- Currency preferences
- Desire to pass on pension benefits to heirs
- Attitude toward investment risk and control

At SJB Global, we help you compare your options in a transparent, easy-to-understand way. Broadly speaking, there are three main routes:

1

Keep Your Current UK Pension

Who this suits: Those who have valuable guarantees or a low-cost pension and prefer to avoid complexity. In some cases, the best option is to leave your pension where it is. Many defined benefit (final salary) schemes offer guaranteed income, and some personal pensions may have low fees or built-in benefits worth preserving.

Key reasons to consider retaining your pension: Defined benefit pensions promise a fixed income for life, which often rises with inflation. Some pensions charge high fees to transfer out — it may not be worth the cost. If the value of your pension is under £100,000, the cost of advice and transfer fees could outweigh the benefits. If retirement is still far away, and your pension is growing steadily, it may be sensible to leave it untouched.

What to keep in mind: Accessing UK pensions abroad can be complex. Currency risk and UK tax at source may apply unless managed correctly. Flexibility to draw income or change currency is often limited. Defined contribution pensions may have fewer investment options or high fund charges.

At SJB Global, we regularly advise clients to keep their pensions in place when it's in their best interest. Independent advice ensures you're not pressured into unnecessary transfers.

2

Transfer to a Recognised Overseas Pension Scheme (ROPS)

A ROPS (formerly known as QROPS) is a pension scheme based outside the UK that has been approved by HMRC to receive UK pension transfers. These schemes are often based in jurisdictions like Malta or Gibraltar and are especially useful for expats who plan to retire outside the UK long-term.

Who this suits: Expats who have permanently left the UK and want tax-efficient access to their pension outside the UK system.

Key benefits: In many cases, income from a ROPS is paid gross (no UK tax withheld) and taxed only in your country of residence. UK pensions may be taxed up to 45% on death after age 75. A ROPS could help you eliminate or significantly reduce this liability. You can hold and withdraw your pension in multiple currencies. ROPS often provide open architecture platforms, giving you access to a broad range of global investment funds. Flexi-access drawdown allows you to take income how and when you want — including lump sums or regular withdrawals. No UK IHT applies to a QROPS for non-UK domiciled individuals.

What to consider: If you transfer to a ROPS that is located in a different jurisdiction to where you live, a 25% OTC tax charge may apply. This also applies if you move countries within 5 years. ROPS can be more expensive to manage than other options, especially for smaller pension pots. You must seek specialist advice to ensure that your chosen ROPS jurisdiction aligns with your long-term residence and tax obligations.

ROPS can offer major benefits for the right individual — particularly those retiring abroad permanently or looking to pass on wealth tax-efficiently.

3

Transfer to an International SIPP

An International SIPP is a UK-registered pension that gives you greater control over how your pension is invested. It's a popular option for expats because it combines the benefits of flexibility and transparency with the familiarity of UK regulation.

Who this suits: Expats who want to retain a UK pension structure with global investment flexibility and adviser access abroad.

Key benefits: SIPPs allow you to invest in global mutual funds, ETFs, individual stocks, bonds, and more. Like a ROPS, many international SIPPs offer the ability to hold your pension in major global currencies. You can take income on your terms — monthly, annually, or in lump sums — starting from age 55 (rising to 57 from 2028). SIPPs can be passed on to beneficiaries, potentially free from UK tax if you die before age 75.

What to consider: UK tax laws still apply, including income tax on withdrawals unless you obtain an NT (no-tax) code or tax treaty relief. Beneficiaries will pay income tax on inherited pension funds. Currency mismatch and double taxation may occur if you don't structure your withdrawals carefully. It's important to choose an international SIPP provider familiar with expat needs and residency rules.

SIPPs are often cheaper and more flexible than ROPS for clients who don't face the overseas transfer charge. For many expats, this is the ideal solution when managed by a regulated, experienced adviser.

FOR TOP-TIER ADVICE AND EXPERTISE, REACH OUT TO US TODAY.

Our team of specialised advisors is ready to assist you on your journey to financial freedom.

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- We recommend consulting a regulated financial adviser to discuss your specific situation and obtain tailored advice for your individual needs.
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