

Lifestyle Pension (Isle of Man)

A Qualifying Recognised Overseas Pension Scheme (“QROPS”)



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Introduction



Retirement is that distant financial horizon we spend our lives moving towards. More often than not it seems too far away for many of us to be concerned about, yet at the same time it remains near enough to make proper planning for a comfortable retirement essential for all of us.

Whatever your retirement goals, the Lifestyle Pension (Isle of Man) allows you to obtain tax preferred growth on a wide range of assets in a flexible and secure environment.

In April 2006 HM Revenue and Customs (HMRC) announced changes to the legislation which enabled British expatriates, former residents or those about to leave Britain to move their UK pensions abroad. Under that legislation individuals with accrued UK pensions could apply to have these transferred to a Qualifying Recognised Overseas Pension Scheme ("QROPS").

The Lifestyle Pension (Isle of Man) is designed to help you access this opportunity in the most flexible way possible. Having unlocked your UK pension you want an open architecture investment choice second-to-none in the market today, which is what IOMA Pensions provides.

The Isle of Man has one of the most advanced environments in the world for handling QROPS transfers. The tax system is modern and flexible, the regulatory environment robust, and the legal system comparable to that of the UK. In particular, section 50C of the Income Tax Act 1970, known simply as 50C, is one of the most sophisticated pieces of tax legislation available in connection with QROPS, allowing for enhanced lump sum payments over and above what you might expect from other jurisdictions.

IOMA Pensions



IOMA Pensions is the trading name of IOMA Horizons Limited, a company registered in the Isle of Man.

It is a member of the IOMA Group which administers or manages over \$8 billion for global clients and has a proven track record in innovative solutions that deliver positive financial results and mitigate risk. The IOMA Group is small enough to offer a highly personal service, but sufficiently large to provide in-depth, specialist expertise. It was the first to establish a composite insurance company on the Isle of Man, over 30 years ago, and has grown to be one of its largest and most significant independent financial services groups. The international perspective on tax affairs, wealth creation and development, and retirement planning has reaped significant rewards for clients.

The Isle of Man is an internally self-governing dependent territory of the British Crown. The Island enacts its own legislation, direct taxation and fiscal policies independently of the UK. The Isle of Man has developed a reputation as a premier financial jurisdiction combining internationally respected standards of regulation, governance and investor protection with progressive, business-friendly development policies. As such, there is no better location for clients seeking to preserve and protect their wealth.

IOMA Pensions is registered with the Isle of Man Insurance & Pensions Authority as a Professional Retirement Benefits Schemes Administrator.

The Lifestyle Pension (Isle of Man)



The Lifestyle Pension (Isle of Man) allows you or your financial adviser to wrap a choice of insurance or investment platforms under a tax-approved personal pension trust in order to accumulate capital growth for your retirement.

A tax preferred investment

The Lifestyle Pension (Isle of Man) is approved by the Assessor of Income Tax under section 50C of the Income Tax Act 1970, which means that your investment fund will grow free of Isle of Man tax until your retirement when various options will be available. Benefits are paid gross.

A regulated plan

IOMA Pensions as trustee and administrator of the arrangement is registered with the Insurance & Pensions Authority. The Lifestyle Pension (Isle of Man) is also registered as an authorised scheme under section 3 of the Retirement Benefits Schemes Act 2000.

Who is eligible to join the scheme?

The scheme is open to Isle of Man resident individuals over the age of 18 and anyone who intends to take their pension benefits whilst permanently resident outside of the UK.

Contributions

Contributions can be made by way of lump sum or regular contributions and transfers from approved Isle of Man or UK schemes, including protected rights.

There is no maximum contribution and minimums for single and regular contributions are considered by the Trustee on a case-by-case basis.

Transfers In

The Lifestyle Pension (Isle of Man) is registered as a Qualifying Recognised Overseas Pension Scheme ('QROPS') with HM Revenue and Customs to enable it to receive benefits transferred from the UK.

For transfers from UK-approved pension plans the minimum is generally set at £100,000 by the Trustee.

No maximum limits apply to transfers that can be made into your plan although if you are transferring benefits from a UK registered pension scheme you should be aware that the transfer itself will be a Benefit Crystallisation Event ('BCE'), and so may give rise to a UK tax charge if the amount transferred exceeds your unused Lifetime Allowance ('LTA') then in force. Before any UK transfer is finalised it is essential to check with your financial adviser whether there is any possibility of the LTA being exceeded or whether there are any other issues or complications that may arise as a result of you undertaking a QROPS transfer.

The Lifestyle Pension (Isle of Man) can also receive transfers from other Isle of Man tax approved schemes.

Investing your pension contributions

The Lifestyle Pension (Isle of Man) operates on a money purchase basis – meaning that your contributions can be invested in a wide range of assets to provide capital growth to build up your retirement fund. The Lifestyle Pension (Isle of Man) is designed to give you, or your chosen financial adviser, the flexibility that is essential in building a fund for retirement as effectively as possible. Investment links include the following, subject to approval by the Trustee:

1. Life assurance policies
2. Capital protected products – see separate leaflet
3. Investment platforms (list available on request)
4. Discretionary managed / stockbroker accounts
5. Bank deposits

Your financial adviser will assist you in developing the most appropriate investment strategy for your needs.

Retirement benefits

The Isle of Man has no requirement for a fixed pension annuity to be taken at retirement. The 50C rules simply require that at least 70% of the tax-relieved fund must be used to provide an income for life. This allows you to withdraw an income from your accumulated retirement fund within limits prescribed by the Assessor of Income Tax on the Isle of Man, at any time from age 55.

Any value exceeding 70% of the tax relieved fund may be taken as a tax-free lump sum. For transfers out of UK schemes the tax-relieved fund is the amount transferred out, not the value at the point of taking benefits. Any subsequent growth after transfer may be also be taken as a tax free lump sum. This means that it is possible to receive a tax-free lump sum which exceeds 30% of the value of the Lifestyle Pension (Isle of Man) at the time the lump sum is taken.

If you have been UK resident in the 5 years prior to your retirement, and have transferred benefits into your plan under the QROPS transfer provisions, we suggest that you discuss the implications of taking the maximum allowable lump sum with your financial advisor.

Residual funds

If, in the event of death, there are funds left within your Lifestyle Pension (Isle of Man) which have not been used to provide you with retirement benefits, the Trustee is able to pass these residual funds on to your estate or to other family members as directed by you.

Fees and charges

The costs applicable to your Lifestyle Pension (Isle of Man) are determined by the investment options you or your financial adviser select. We refer you to our Fees and Charges leaflet which covers the costs for each option in more detail.

Further Information and Queries



For further information on the Lifestyle Pension (Isle of Man) or the products and services offered by IOMA Pensions generally, please contact us as follows:

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If you wish to complain about any aspect of the service you have received please contact the IOMA Pensions Compliance Department using the above details. In the event you are unable to resolve a complaint it can be referred to the Isle of Man Pensions Ombudsman or the Financial Services Ombudsman Service for the Isle of Man. Copies of our internal complaints handling procedures are available on request.



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For further information, or if you wish to complain about any aspect of the service you have received, please contact the Compliance Department at IOMA Horizons Limited. In the event that we are unable to resolve a complaint it can be referred to the Isle of Man Pensions Ombudsman or the Financial Services Ombudsman Service for the Isle of Man. Copies of our internal complaints handling procedures are available on request. IOMA Horizons Limited is a member of the IOMA Group. Registered Office: IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP, British Isles. Tel: 44 (0) 1624 681250 Fax: 44 (0) 1624 681392. E-mail: enquiries@iomahorizons.co.im. Web: www.iomagroup.co.im.

The Lifestyle Pension (Isle of Man) is a tax approved Isle of Man personal pension plan IT33B/ 281(B), and registered with the Isle of Man Insurance and Pensions Authority registration number DA806. It is also a Qualifying Recognised Overseas Pension Scheme for UK tax purposes with Her Majesty's Revenue & Customs reference number 503958. The Lifestyle Pension (Isle of Man) is not a UK Registered Pension Scheme and IOMA Horizons Limited are not authorised and regulated by the Financial Services Authority for the provision of personal pensions.