The PENSIONS Advisory Service

Spotlight

Living Abroad

This spotlight is for those who are UK nationals or individuals that have been resident in the UK who are now living, retiring, moving or considering a move outside of the UK. The focus is on both private and state pension provision but there are also helpful hints on how to manage your UK income whilst abroad.

This spotlight is not suitable for employees of the UK government or armed forces

The Pensions Advisory Service is unable to give individual specific advice and you should seek alternative tax or independent financial advice.

Working and Living Abroad: Can I still pay into my UK pension?

Usually you can pay into a pre-existing UK pension and receive tax relief in the UK for up to 5 years of being resident abroad. The amount that you can contribute and receive tax relief is limited by how much money you are earning in the UK, if that is below the £40,000 annual allowance. If you have no earnings in the UK, you may be able to contribute up to £3,600 gross per annum.

If you worked in the UK for part of a tax year before moving abroad then you are allowed to consider these earnings when working out how much you can contribute. It is also worth noting that if you moved abroad part way through a tax year you may still technically be UK resident for the first tax year, and therefore able to pay into a UK pension as a UK resident. If you are in doubt about your country of residence you may wish to consult a professional adviser or alternatively you can check https://www.gov.uk/government/publications/rdr3-statutory-residence-test-srt to see if you are UK resident or not.

If you are working for a UK company they may still be able to carry on contributing to a UK pension for you and can do so up to the annual allowance and they can do so beyond 5 years. A UK company can usually do this for those that were relevant UK individuals because they are paying taxes in the UK.

You may be able to carry on contributing into a UK pension and receive tax relief from the country you are resident, depending on the rules laid out in the tax treaty between the UK and your country of residence. If this is possible then usually you can only pay into a pension that was in existence whilst you were resident in the UK. For more details you can consult the double taxation relief manual between the UK and your country of residence: https://www.gov.uk/hmrc-internal-manuals/double-taxation-relief/dt2140pp

Alternatively you can consult the tax treaty: https://www.gov.uk/government/collections/tax-treaties

You may wish to seek professional advice from a suitably qualified tax professional in your country of residence. If you do so please make sure that they are registered with the local regulatory body and hold the relevant permissions.

Working and Living Abroad: Can I still pay into the UK state pension?

It is possible for UK citizens to build up state pension benefits whilst contributing to social security in other EEA countries. This position is not expected to change when the UK leaves the EU.

The EEA includes EU countries and also Iceland, Liechtenstein and Norway.

Switzerland is neither an EU nor EEA member but is part of the single market - this means Switzerland is also signed up to the same social security agreement as EEA countries.

If you start working for an employer in a country with a Reciprocal Agreement or Double Contribution Convention (sometimes called 'bilateral Social Security agreements'), you'll usually pay social security contributions in that country instead of National Insurance.

These countries are:

Barbados, Bermuda, Bosnia-Herzegovina, Canada, Chile, Croatia, Guernsey, Israel, Jamaica, Japan, Jersey, the former Yugoslav republic of Macedonia, Mauritius, Montenegro, New Zealand, Philippines, Republic of Korea, Serbia, Turkey, USA.

You might be able to continue paying contributions to the UK instead of the country you're posted to if you're sent there temporarily by your UK employer. Your employer can check this by completing form CA9107.

Working in any other country:

You'll carry on paying National Insurance for the first 52 weeks you're abroad if you're working for an employer outside the EEA, Switzerland and bilateral Social Security agreement countries, and you meet the following 3 conditions:

- your employer has a place of business in the UK
- you're ordinarily resident in the UK
- you were living in the UK immediately before starting work abroad

Regardless of which country you are resident in, if you are eligible you may have the option of paying in voluntary National Insurance contributions. More details can be found here:
https://www.gov.uk/voluntary-national-insurance-contributions/who-can-pay-voluntary-contributions

Working and Living Abroad: Saving into an overseas pensions

If you are working for an employer with their own workplace pension scheme, it may be that you can benefit from similar features to saving into a UK pension, such as matched employer contributions and tax relief on your own contributions. There are different tax rules in different countries so you should check with a professional or your HR department to see if this is the case.

If you return to the UK you may have the option of leaving your pension where it is or transferring it to a UK pension scheme. A regulated financial adviser would be able to recommend the best course of action.

You may wish to save into other personal retirement plans other than those sponsored by your employer and if this is the case you should check whether you are dealing with a regulated adviser/professional in that country and whether the solution is tax efficient, does not lock you in through charges and is suitable to your attitude to risk.

Please be warned that some scammers have been known to target British expats through cold calling and that people have lost all of their pension money as a result.

Retiring Abroad: Private Pension Income

Banking

Many UK pension schemes require payments to be made into a UK bank account and for this reason it may be worth maintaining your account once you have moved abroad. If you no longer have a UK bank account nor a UK address, many banks with a customer proposition in the UK also have an international operation and should be able to help.

Currency

It is worth considering how often and when you exchange your pounds sterling into the local currency. Bigger transactions may save on exchange costs and choosing to transfer money across at points when exchange rates are relatively favourable could help your income go further. Some international banking services offer different currency accounts for this purpose and there are a number of credible online digital services that do the same. You may also wish to consider opening a foreign exchange account for larger currency transactions to help reduce cost.

Taxation

Where the UK has a reciprocal tax treaty/double taxation agreement with a country you should not end up paying tax on the same income/capital in both countries.

In some of the tax treaties, pension income is treated as taxable in the country it is generated and in others it is treated as taxable in the country where you are tax resident. There is not just one rule for all tax treaties that the UK is a signatory to so you should look at the tax treaty for your country of residence and seek professional advice https://www.gov.uk/government/collections/tax-treaties

There are also manuals by country on the double taxation agreements in plain English, https://www.gov.uk/hmrc-internal-manuals/double-taxation-relief/dt2140pp and a digest with the information available in a table format https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/538047/Digest_of_Double_Taxation_Treaties.pdf

Retiring Abroad: State Pension Income

You can claim your UK State pension whilst living abroad if you have an entitlement to one. If you are unsure if you have an entitlement because you have a mixture of UK and non-UK social security contributions, the International Pension Centre should be able to help you out: https://www.gov.uk/international-pension-centre

If you live in a country in the European Economic Area (EEA), Switzerland or a country that has a social security agreement with the UK (apart from Canada and New Zealand) then you will be able to get annual increases to your State pension as well. Increases are not applied to your State pension when you live outside of these countries.

Increases will also be applied for tax years where you live in the UK for at least 6 months of that year.

About Us

The Pensions Advisory Service (TPAS) works to make pensions accessible and understandable for everyone. We provide independent and impartial information and guidance about pensions, free of charge, to members of the public.

We help with all pension matters covering workplace, personal and stakeholder schemes and also the State Pension. We answer general questions, help with specific queries and offer guidance for people with complaints about their private pension scheme.

Contacting us

Pensions Helpline **(Monday- Friday 9:00am- 5:00pm)**	**0300 123 1047**
Online enquiry form	www.pensionsadvisoryservice.org.uk/online-enquiry
Web chat live	www.pensionsadvisoryservice.org.uk
Write to us	The Pensions Advisory Service 11 Belgrave Road London SW1V 1RB

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