What happens to my pension if I leave the UK?

If you are leaving the UK, there are a number of options available regarding what to do with your pension. Below is a list of the main options available, however please be aware that this is a general overview and your country of residence will have an impact on the options available to you. We must also stress that these rules can change.

Option 1: Leave you pension in the UK

If you leave the UK, you can leave the policy with your current provider. Once you reach 55 (increasing to age 57 from 2028) you can start taking money from the UK pension. However, it is important that you are aware of any potential double tax charges - this will vary depending on where you are living. More information can be found here. Most pension providers in the UK will require the money that is paid into a UK bank account, therefore, you may wish to explore options to keep a bank account open in the UK after you leave.

You can, in some circumstances, also continue contributing to your pension pot. You are no longer limited to how much you pay into your pension; however, the downside is that tax relief may be limited - or not available at all. In most cases, tax relief will only be available on contributions up to £3,600 (gross) each tax year or 100% of any UK relevant earnings. More details can be found here.

Any continuation of personal contribution into the pension needs to come from a UK bank account.

Option 2: Transfer you pension overseas

If you wish to transfer the proceeds overseas you can consider a Qualifying Recognised Overseas Pension scheme (QROPS). However, this area has become much more restricted recently in terms of countries you can transfer to and potential tax charges. To find out more, visit here.

The list of QROPS countries and schemes is shown in link below but HMRC make it clear that this is for guidance purposes only and the list is not guaranteed. For more information, click here.

If you transfer outside the EEA potential of a 25% tax charge unless paid into a QROPS (Qualifying Recognised Overseas Pension scheme)

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Please note, DAM are regulated by the Financial Conduct Association (FCA) in the UK. The FCA rules imposed on providers state that they can only provide services to individuals resident in other countries where they have the necessary FCA permissions to 'passport' their services into that country. DAM do not have the permissions and as such we only provide guidance in this area. DAM are not tax advisers so can only offer guidance on the matter.