

TRANSFERRING AN OVERSEAS PENSION

LGIAsuper can accept the transfer of overseas pensions providing that your overseas fund allows it, but there could be tax or legislative consequences that apply to you.

What if I have a UK pension?

If you are thinking about transferring your UK pension to Australia, please read our *Transferring from a UK pension* info sheet.

Transferring an overseas pension (excluding the UK)

LGIAsuper can accept the transfer of overseas pensions as long as your overseas pension fund allows it. The rules governing taxation and pension schemes vary from country to country. By transferring your overseas pension to LGIAsuper or any other Australian superannuation fund you could incur substantial tax penalties or have conditions placed on the release of your benefit. Before transferring your money, we strongly recommend that you:

- speak to your overseas pension fund to find out if they will allow the transfer and whether any penalties or conditions will apply to the release of your benefit
- talk to an expert who can calculate the amount of tax you may need to pay overseas and in Australia.

Who can transfer their overseas pension to LGIAsuper?

If you are an LGIAsuper member you can apply to transfer your pension to your LGIAsuper account as long as you:

- are an Australian resident
- have a pension account with sufficient funds to transfer
- are under age 65 **or** aged between 65 and 74 and gainfully employed for at least 40 hours within a

30 consecutive-day period in the financial year you make the transfer

- tell us your tax file number (TFN) if you haven't already done so.

Should I transfer my overseas pension to LGIAsuper?

It's a decision only you can make after:

- considering your personal and financial circumstances
- taking into account any conditions your overseas fund may place on the release of your benefit
- calculating any tax you may incur in Australia and overseas

Before making any decision we recommend you seek professional advice.

Australian tax implications for transfers of overseas pensions

Transfers of overseas pensions to Australia will be subject to Australian taxation upon receipt. The amount of tax you will have to pay on your transfer, and who pays the tax is outlined below.

Transferring within 6 months

If you transfer your benefit within 6 months of becoming an Australian resident for tax purposes there may not be any tax payable in Australia on your overseas pension, though this amount counts towards your non-concessional contributions cap.

Visit the Australian Taxation Office's (ATO's) website at www.ato.gov.au to find out if you are an Australian resident for tax purposes.

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Transferring after 6 months

If you decide to transfer your overseas pension after 6 months of living and working in Australia as a resident for tax purposes, any growth in the value of your pension during that time will be included as assessable income in the year the transfer takes place. This will be taxed at your marginal tax rate which could be up to 47% including the Medicare levy. However, if you transfer the tax liability to LGIAsuper, only 15% tax will be deducted from the assessable amount transferred.

If you would like to transfer the tax liability to LGIAsuper, contact the ATO for a copy of their Choice to have your Australian fund pay tax on a foreign super transfer form (NAT11724). LGIAsuper will treat the assessable amount as fund earnings which are taxed at 15%, and the remaining amount will not be taxed. Contribution caps apply.

Contribution caps

If you do not transfer your tax liability to LGIAsuper, the entire transfer amount will count towards your non-concessional (after tax) contributions cap.

The amount of after-tax contributions you can pay into your super each year is capped at \$110,000. If you are under age 65 you can bring forward the next 2 years' cap, meaning you could make a lump-sum contribution of up to \$330,000 at once. Transitional rules also apply.

If you choose to transfer your tax liability to LGIAsuper the assessable amount transferred will not count towards your contribution caps.

If you choose to transfer your tax liability to LGIAsuper and your transfer amount includes an amount that was not vested in you at the time of the transfer (e.g. a discretionary payment made by your employer, such as a 'golden handshake'), that amount will be taxed at 15% and will count towards your concessional cap.

The Australian Government caps concessional contributions each year at \$27,500, regardless of your age. Any concessional contributions you make above the cap will be taxed at your marginal tax rate plus an excess contributions charge. Read our Contributions cap info sheet for more information. For a copy, visit our website or give us a call.

Converting to the Australian dollar

Once we receive your pension transfer cheque it will need to be cleared and converted into Australian dollars by our bank. Any bank charges associated with

the conversion and applicable tax will be deducted. We will add the remaining amount to your LGIAsuper Accumulation account.

How do I transfer my overseas pension to LGIAsuper?

Step 1

Contact your overseas pension fund to find out if they will allow the transfer and if any penalties or conditions will apply to the release of your benefit

Step 2

Talk to an expert who can calculate the amount of tax you may need to pay overseas and in Australia on the amount you would like to transfer

Step 3

Contact your overseas pension fund and request the relevant transfer form

Step 4

If you would like LGIAsuper to pay the Australian tax for you out of the transferred amount, complete a *Choice to have your Australian fund pay tax on a foreign super transfer form (NAT11724)*, available from the ATO

We can take care of the tax when we receive the transfer as long as you can advise us of the amount of tax to deduct. If we don't receive one of these tax forms from you we will treat the whole amount as a non-concessional contribution and any tax that is payable will need to be paid out of your own pocket when you complete your tax return.

Any questions?

We're here to help. Our trusted and reliable team can work with you to grow your savings and plan a strong financial future. Call us on **1800 444 396** or visit our website at lgiasuper.com.au.

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LGIAsuper
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