



Jon Heckscher, VP LOM Asset Management

A way to access pension funds before retirement

By Alex Wright

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Pension investors are set to get a boost thanks to an innovative new plan hitting the streets of Bermuda via LOM Asset Management Ltd. this month.

The Register Overseas Self Invested International Pension (ROSIIP) product, which is marketed by B&M Pension Advisors in London and is provided locally courtesy of LOM, allows non-UK residents living in Bermuda with a UK pension in excess of \$150,000 to access 100 percent of their pension funds, free of UK taxes, before retirement.

And LOM will be co-hosting two seminars led by Tony Mulhull of B&M Pension Advisors at its offices on Thursday November 28 and Friday November 29 at 12 p.m. and 4.30 p.m. respectively to discuss changes in the UK pension legislation that may impact a number of people living on the Island.

Jon Heckscher, executive vice-president and general manager of LOM Asset Management, explained the move came about after CEO Scott Lines met up with

Mr. Mulhull and LOM were given exclusive rights to offer the product to the Bermuda market.

"They met in the UK and just got to talking and Tony said he had been doing this product for a number of different jurisdictions and had not done it for Bermuda yet," he said.

"What we are doing is sponsoring him and giving financial advice on it. We want to be able to offer our clients this as an incentive that we have not normally been able to offer.

"There are not many people in Bermuda who are going to know anything about it unless they have been in the UK studying it, so that is one of the reasons that companies like LOM are teaming up with others which are experts in those areas.

"The reason we decided to do it was an opportunity to educate and offer a product to Bermuda's residents that is new, innovative and offers them something within their estate planning that can allow them to better control their assets."

The ROSIIP plan essentially works by allowing pension holders, including UK nationals and anyone who has worked in the UK as an ex-pat, to get hold of their funds prior to retirement after five qualifying years in the plan and it also offers the ability to make 100 percent withdrawal of pension assets exempt from taxation back in the UK after the five-year period.

Following changes to UK pension legislation in April, international pension schemes became all but extinct, but ROSIIP was established via Panthera, a joint venture set up by Clariden Beteiligungen AG, which is a Credit Suisse Group company, and Equity Trust.

"Because of a change in legislation last year it has allowed UK citizens and anyone who has a UK pension whether they are Bermudian, Canadian or whatever to, once they have been outside of the country for five years, access their pensions and maybe put the money into a trust, and also, after that period, it becomes 100 percent accessible with no tax," said Mr. Heckscher.

"It is about taking some of the money and having your own discipline and maybe build a trust for your family with it."

Mr. Mulhull said the real beauty of the product is its freedom from the UK tax man after serving an initial five-year period to qualify for 100 percent access to the plan.

"Pensions legislation is different for each jurisdiction in the world and I think the main thrust of this one is for people that have left the UK and are resident in a different jurisdiction are still subject to the UK legislation," he said.

"When you retire in the UK you get up to 25 percent of the fund and thereafter if you take an income it is taxed at a UK rate of 40 percent and if you die the remaining capital sum is kept by the pension company.

"In spite of numerous efforts in different areas to try and overcome this, it has always been a problem with people being 'dis-incentivised' and because of this and because of people leaving the UK much more often this has come about.

"Broadly, there is a five-year reporting requirement to HM Customs & Revenue in the UK and a requirement to follow the UK law in the first five years and thereafter to make more of it."

There is also an advantage of being in Bermuda, in that the scheme is 100 percent tax-free after five years, compared to the likes of the South of France, where there is a 25 percent withholding tax, said Mr. Mulhull.

"We signed an exclusivity deal with the provider to market the product anywhere in the world and we have granted LOM exclusivity to do so in Bermuda, the Bahamas and the Grand Cayman Islands," he said.

"It is relatively new in that it came out in April 2006, purely because there was a massive change in pension legislation that year, when the International Pension Plan all but disappeared, so this product was designed for these purposes.

"It is a massive worldwide market out there and the important thing to remember is you have to be a non-UK resident to access this. Because LOM has got the exclusivity in Bermuda that once the message gets out there, there could be a lot of people interested in it.

"It is an incredibly popular concept, giving holders of UK pensions funds living abroad the opportunity to control their money fully again."
