

• OVERSEAS PENSION TRANSFERS



ISSUED: JULY 2020
VERSION: JULY 2020

Transferring your overseas pension funds into an Australian superannuation fund can simplify your finances and provide tax and Centrelink benefits.

BENEFITS

- It may be easier for you to keep track of your retirement savings if they are all in one account
- Australian superannuation can be tax-free at retirement
- Australian pensions may be assessed more favourably under the Centrelink/Veterans' Affairs (DVA) income test treatment which may create potential for increased Age Pension entitlement.

HOW IT WORKS

If you have worked overseas, you may have some money in an overseas pension fund. Some countries (but not all) allow these funds to be transferred into an Australian superannuation fund.

If your overseas fund does allow a transfer to Australia, you should measure the costs of transfer against the benefits. The costs of the transfer can include withdrawal fees, tax and currency fluctuations.

Transfers of overseas pension funds can take several months to process. This means the account balance today may be different than at the time of transfer because of investment earnings and currency fluctuations.

AUSTRALIAN TAX IMPLICATIONS

If an overseas pension fund is transferred to Australia, it will not be taxed in Australia if the amount is received in Australia within six months of you becoming an Australian tax resident.

If the transfer occurs more than six months after you become an Australian tax resident, the growth portion of the transfer is taxable. The growth portion is essentially the earnings since you became an Australian tax resident. It is calculated as the total transfer amount less the value at the date you became an Australian resident.

Because transfers to Australia can often take several months, most transfers will be received after the six month period and will therefore have taxable amount.

The taxable amount is included in your assessable income where it will be taxed at your marginal tax rate. However, if you transfer the full balance of your overseas pension fund, you can elect to have the taxable amount taxed within your superannuation fund at the superannuation fund rate.

SUPERANNUATION CONTRIBUTION CAPS

The transfer is considered a personal superannuation contribution which means you must be eligible to contribute and the contribution will count towards your contribution caps.

If you elect to have tax deducted within the fund, only the non-taxable portion will count towards the non concessional contribution cap. But if you pay the tax personally in your tax return, the full transfer amount is included.

The superannuation fund cannot accept a transfer that exceeds the non concessional contribution cap.

WHAT YOU NEED TO CONSIDER

- Withdrawing from your overseas pension fund may cause you to lose benefits associated with that fund, such as insurance or death benefit options. You also may incur fees and/or taxes for early withdrawal and you may need to seek financial advice from overseas.
- Not all overseas funds will allow a transfer to Australia, and not all Australian superannuation funds can accept overseas funds. You should check with both funds to ensure the transfer can take place.
- Contributions to Australian superannuation (including overseas transfers) are preserved until a condition of release is met.
- Fees may be charged for your superannuation contributions. You should check the details in the fee section of your Statement of Advice and the Product Disclosure Statement (PDS) for your superannuation fund.

REFERENCES



You may wish to refer to the following websites for further information about overseas pension transfers:

- www.ato.gov.au
- www.moneysmart.gov.au
- www.serviceaustralia.gov.au

The information in this document is of a general nature and does not take into account your own financial objectives, circumstances or needs. You should consider your own personal situation and requirements before making a decision.

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