

TMF IP: Retirement Options for Members

The retirement options for members and the age when they can commence to take retirement benefits depend upon the way in which their TMF International Pensions Limited ("TMF IP") pension was funded.

For benefits transferred to TMF IP from a UK Registered Pension Scheme(s) or (Q)ROPS

If the pension was funded by the transfer of UK pension benefits directly from a UK Registered Pension Scheme or indirectly from an alternative providers' (Q)ROPS (which can evidence the original source as a UK relevant transfer), then the retirement options in respect of these benefits are as follows:

Pension Commencement Lump Sum ("PCLS")

In line with Malta Rules and UK legislation, members can commence benefits, irrespective of whether they continue to work, at any time from the age of 55 and no later than aged 75.

Members can normally take up to 30% of their pension fund as a tax-free Lump Sum, by which we mean exempt from Malta Income Tax. We refer to this as the PCLS. This option applies provided they have not already taken a PCLS or a similar tax-free commencement lump sum from TMF IP, or the previous Scheme(s) they originally transferred to TMF IP.

Under Maltese Rules, members can normally take up to 30% of their Fund as a PCLS, exempt from Maltese Income Tax. However, for pensions funded with UK-Relevant transfers, B4.6.8 of the Regulations limits the amount of PCLS declared to **25%** (please refer to Annex I at the end of this document).

The remaining benefits after the PCLS can be used to provide a pension income in one or a combination of the following ways:

(i) Flexi-Access Drawdown

Members can draw income benefits under what is known as Flexi-Access Drawdown ("FAD"). This gives them flexibility to take any pension income amount they choose from nil income (prior to age 75) to electing to take all of the remaining fund in one go as income. From the age of 75, the member must take at least a minimum annual income. As there is no prescribed minimum amount noted in the regulations, the Trustees have set the minimum annual income to be the lower of the National Minimum Wage in the country the member is resident or the equivalent of the 10-year Malta Government Bond Yield.

(ii) Purchase an Annuity

Members can elect to buy a pension annuity at any time, by transferring all or part of their remaining pension scheme value to an appropriately licensed Annuity Provider.

(iii) Capped Drawdown Income

If the member transferred crystallised pension benefits (meaning they had taken retirement benefits from the pension(s) which transferred to TMF IP, before the transfer(s) to TMF IP took place) which were already in Capped Drawdown at the point of transfer, then the capped income limit will continue to apply, unless members elect otherwise. In this case, the capped income entitlement will continue to be reviewed every 3 years from date of last review until age 75, and annually thereafter.

Alternatively, they can elect to switch the Capped Drawdown arrangement to FAD at any point and they will then have the flexibility to draw any level of income they want.

For benefits transferred to TMF IP from a Non-UK Pension Scheme(s), or where benefits were contributed directly to TMF IP's Scheme

If members transferred pension benefits which did not originate from a UK Registered Scheme, or the member or their employer has made contributions into the TMF IP scheme, the retirement options in respect of these benefits are as follows.

Initial Cash Lump Sum

In line with Malta Rules, members can commence benefits, irrespective of whether they continue to work, at any time from age 50 and no later than age 75. Members can take up to 30% of their Fund as an Initial Cash Lump Sum.

The remaining benefits after the initial cash lump sum can be used to provide a pension income in one or a combination of the following ways:

(i) Programmed withdrawals ("PWD")

The remaining funds after the initial cash lump sum may be used to provide members with a regular pension income. (From the age of 75, the remaining pension funds must be used to provide the member with a regular pension income payable at least annually.) The maximum annual payment amount is calculated based on the Malta Government Bond Yields and drawdown tables, the pension's value and member's age at point of initially taking the income.

This maximum annual payment amount will be reviewed every 3 years until age 75, and annually thereafter based on the Malta Government Bond Yields and drawdown tables, the pension's value, and member's age at the date of the review.

(ii) Purchase an Annuity

Alternatively, members can elect to purchase a lifetime annuity at any time, by transferring all or part of their remaining Pension Fund to an appropriately licensed Annuity Provider

(iii) Additional Cash Lump Sum ("ALS")

After three years from the date of commencement of retirement benefits, members may request an Additional Cash Lump Sum income payment. Thereafter they can make a request to take an ALS income payment annually, subject to the conditions below.

ALS Income can only be paid when the Trustee establishes at the point of request that the fund is adequate to generate sufficient retirement income throughout the member's lifetime. This is established using a calculation based on the current annual national minimum wage in the country where the member is residing as well as the Malta Government Bond Yields and drawdown tables, the pension's value and member's age.

If this applies, then 50% of the excess value of the pension fund may be withdrawn as an ALS Income.

Exceptions

There are some exceptions when it comes to certain transfers and assessing whether they should be classified as UK relevant transfers or not and therefore whether they go under FAD or PWD. For example, any funds accumulated within a UK pension scheme pre A-Day (April 2006) cannot go under FAD and must go under PWD.

Similarly, there are certain pension plans which were accumulated in countries such as Guernsey or Jersey, which although may look like non-UK pension schemes, would be able to go under FAD, as long as they are post A-Day (April 2006) funds.

If you are unsure about your retirement options - it is important that you ask. Please contact TMF IP at InternationalPensions@tmf-group.com or call on +442078324960.
