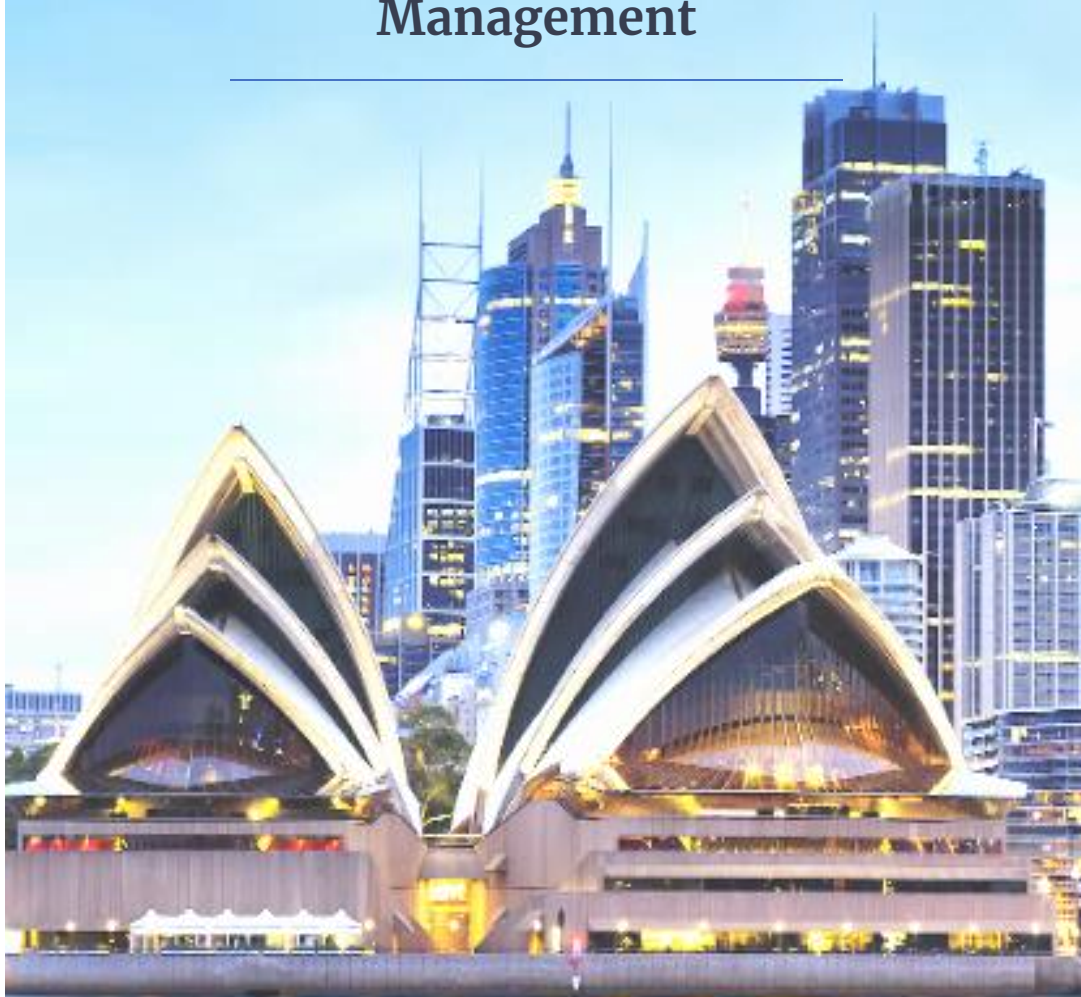


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# UK Expatriate Wealth Management

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**TMS**  
CAPITAL

**TMS Capital** is a Sydney based Financial Advice firm that specialises in advice to UK Expatriates moving to Australia.

Established in 2004, TMS Capital is owned by employees sharing the same vision and values. Our exclusive service to a select number of clients allows us to provide a unique and tailored solution to meet individual needs.

TMS specialise in the following services:

- UK Pension transfers.
- Wealth creation, including long term tailored portfolio construction.
- Tax minimisation, implementing tax efficient investment structures where appropriate to build wealth in the optimal environment.
- Superannuation and Retirement Planning through investment and contribution strategies.
- Asset allocation, a disciplined and tailored approach to asset allocation and investment strategy regularly reviewed.
- Estate planning, wealth transfer and philanthropic strategies.
- Self-Managed Super Fund (SMSF)

# Managing your Finances in your country of residence

*"Someone's sitting in the shade today because someone planted a tree a long time ago."*

— Warren E Buffett

Managing your retirement savings in Australia can provide advantages to keeping your pension and other investment assets in the UK. For example, Australian superannuation laws allow you to consolidate your UK Pension and Australian Superannuation into a single plan that is invested with low or no tax on investment income.

You can also make use of other tax effective investment structures in Australia such as a Family Trusts that provide distributions to low tax family members over the age of 18 or a company with a flat tax rate that may be lower than your personal rate.

TMS Capital provide UK pension transfers into a complying Australian Superannuation fund that allows your money to be managed in a tailored TMS Capital investment portfolio along with all the required reporting to the UK HMRC to keep your fund compliant. Depending on your circumstances we use a qualified (QROPS) Superannuation provider, or we can establish a (QROPS) Self-Managed Superfund to manage your investments through.

Overall, managing your assets in your country of residence will reduce complexity, manage your tax and better plan for your retirement.

# Tax Planning

*"If You Fail to Plan, You Are Planning to Fail"*

— Benjamin Franklin

Everybody has a unique tax situation to manage, so it becomes very important to consider all your options to avoid unintended tax consequences. The most important thing to note is that if you begin withdrawing funds from the UK when you are a resident of Australia, you may end up paying more tax.

If you make a lump sum withdrawal from your UK Pension, whilst a resident of Australia, the full amount could become taxable income in Australia and taxed at your personal marginal tax rate, which could be more expensive from a tax perspective than if you transferred your UK Pension to an Australian Superannuation Fund.

Unlike the UK, Australia has no death taxes and low, or in some cases no, tax on death benefits from Superannuation. There is no tax on Superannuation left to your spouse or dependent if you pass away, and, if the payment goes to a non-dependent then only the taxable portion of your Superfund would be taxed.

One of the biggest tax advantages of investing in an Australian Superannuation fund is the entitlement to franking credits from eligible company dividends. Franking credits are a tax credit paid alongside dividends for company tax that has already been paid by an Australian company. These tax credits offset taxable income and then become cash refunds once you retire, boosting your income of that company dividend by as much as 30%.

# Tax free window to transfer your UK Pension

*"The hardest thing in the world to understand is the income tax."*

— Albert Einstein

If you transfer your UK Pension to Australia within 6 months of becoming an Australian resident, you would not be subject to tax on the investment growth achieved during that period. This could be a significant saving on tax, but you need to act fast for the transfer to be complete within the 6-month time frame.

*For example:*

You became an Australian resident on 1 January 2022, this could be the day you arrive in Australia with the intention to 'reside' in Australia. You then ask your UK pension fund to provide your balance on that arrival day, which was \$300,000 (AUD). You then transferred your UK Pension to Australia on 15 April 2022, and with investment growth the value is now \$330,000. This means that you have \$30,000 in investment growth since arriving in Australia which would usually be subject to 15% tax. However, with the transfer completed within 6 months of becoming an Australian resident, no tax would be payable.

If you do miss the 6-month tax free transfer window, you will need to decide if the \$30,000 gain is assessed at your personal marginal tax rate or the flat 15% Superannuation rate. We can provide you with (tax) financial advice in conjunction with your Accountant to calculate the best option for you.

# Managing Exchange Rates

*"The rearview mirror is always clearer than the windshield"*

— Warren E Buffett

It is widely overlooked that when you own assets overseas, like shares or property, you actually have two investments, the underlying asset and the currency.

In most cases your UK pension will be held in Pounds Sterling (GBP) and exchange rates will constantly fluctuate adding uncertainty to your retirement income if you reside in Australia.

As an example of the effect of exchange rates on your pension, in 2002 you could get \$2.78 for every £1 exchanged, but in 2012 it decreased to \$1.46 and in 2022 back to \$1.74, this would have seen you lose 62% of your income between 2002 and 2012, then increase your income by 17% from 2012 to 2022. Having your retirement savings invested in the same currency of the country you reside removes this unpredictable variable.

We can advise on the currency conversion and have the option to leave your funds in GBP when it arrives in Australia, which enables us to exchange to AUD when the time is right for you.

We can also invest in GBP alongside your AUD assets to transition over time and manage your overall currency risk.

# Portfolio Management

*"Know what you own, and know why you own it."*

— Peter Lynch

TMS Portfolio Management is a personalised service. We ensure investments are individually tailored to meet a client's unique goals and objectives. We specialise in the active management of diversified investment portfolios with an emphasis on listed shares and securities.

While TMS has access to institutional research, our in-house research capabilities are crucial to our investment decisions. The TMS team frequently meets with the management of relevant ASX listed companies and attends all analyst briefings, which is critical to our investment management.

Clients engaged in this service are consulted, informed and fully understand the reasoning behind each of our investment recommendations.

In selecting investments, we believe it is imperative to think as long-term business owners of the companies selected, as we believe this is integral to long-term wealth creation.

TMS provides portfolio management over:

- Australian equities
- International equities
- Property securities
- Fixed interest
- Cash

# Estate planning

*"Estate Planning is an everlasting gift that you give to your family."*

— Suze Orman

Estate planning is much more than just having a will and requires careful planning to ensure that the transfer of your wealth is in line with your wishes, without complication and with all tax consequences considered.

Estate planning needs to consider:

- Who will control your assets after you pass away.
- Do any beneficiaries need their inherited assets protected from future relationships.
- What are the tax consequences and what can we do to manage them.
- What investments structures should be considered; Family Trust, Testamentary Trust, Children Trust or Accommodation Trust, to name a few.
- Who will be your Trustees and who will be your Executor.

Estate planning is a highly specialised field and we work with Estate Planning Solicitors to ensure that the advice we provide is in line with your will and Estate planning wishes.





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