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## **BRIAN MELLOR** FINANCIAL SERVICES LTD

# Retiring abroad

Prior preparation is key for a smooth transition into your new life

It's a dream for many that after years of hard work, it's finally time to travel to far-off lands and enjoy your retirement without worrying about finances. With some planning beforehand, the dream of retiring abroad can become a reality.

With milder winters, warmer summers and the potential to get more from your pension pot, it's not surprising that some people decide to retire abroad. With so many places in the world inspiring dreams of a more relaxed lifestyle, the population of expat retirees keeps growing.

If you're planning to retire abroad, it's important to look into the effect this could have on your finances before you make the move.

### **PERSONAL AND WORKPLACE PENSIONS**

If you have an occupational or personal pension, it's usually paid into your UK bank account.

As long as you've paid enough National Insurance, you can claim your State Pension while living abroad. Your State Pension can be paid anywhere, so long as you inform the Department for Work and Pensions (currently, the State Pension increases each year by the greater of the increase in earnings, inflation or 2.5%. However, you're not entitled to the annual increase in every country, so you should also check this before you move).

You might also have the option to transfer your UK pension to a Qualified Recognised Overseas Pension Scheme (QROPS). Transferring could give you more control, but there are various tax and regulatory implications that you'll need to consider. It's important to obtain professional financial advice to ensure you will not lose valuable guarantees and benefits, or have to pay excessive exit fees.

Your income will be affected by fluctuations in the exchange rate, as well as local inflation, and there may be charges for currency conversion and transferring money to a foreign bank.

### **HEALTHCARE**

As you get older, healthcare is an increasingly important consideration. It's important to look into your rights to access healthcare in your

country of choice and what costs may be involved.

Currently, most pensioners retiring abroad choose European Economic Area countries. These have a special relationship with the UK that allows our citizens access to free healthcare.

Pensioners already living in these countries should continue to benefit from this agreement beyond Brexit. However, for those considering a move in future, it's still unknown if the relationship will continue, which might put your plans on hold for now.

In most other countries, you will have to pay some or all of the cost of treatments, which can get expensive in later life. Find out which medical treatments are free and which you will need to pay for. Will you need medical insurance too, and what is the quality of healthcare available?

### **PROPERTY**

Buying a home in a foreign country can be more difficult than here in the UK, and the land titles, rights, consents, regulations, taxes and charges are almost certain to be different.

Make sure you're aware of how much it will cost to buy, and seek advice from solicitors, architects and surveyors with local experience.

Remember that not only may the cost of buying be higher, but that you might need to budget for adaptations to keep your home accessible as you get older.

### **TAXES**

Moving abroad will almost certainly have many tax implications. Unless your new country of residence has a double-tax agreement in place, you could end up paying tax both there and in the UK. Also, taxes such as Capital Gains Tax vary from country to country.

Make sure you understand the effects of tax on your income and your own tax responsibilities. These tax burdens can be frustrating for many retirees. Complicated tax issues can also

make it difficult to buy property abroad, and understanding all the local laws and implications can be a daunting task. ■

### **READY TO RETIRE ABROAD IN 2020?**

A move abroad and the lifestyle change that comes with it may be the final result of years of dreaming and planning. Whether you're moving abroad to be closer to friends and family, to experience a different culture or just for a better quality of life, planning ahead is key. If you would like further information, please contact us.

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