Technical

Pension changes: UK public sector versus QROPS

For financial advisers only

From April 2015, members of unfunded UK public sector pension schemes with not be able to transfer their pension benefits to another scheme.

Below we look at some of the key differences between the two schemes.

	UK public sector pension schemes	QROPS
Investment flexibility	None. No choice on where it's invested, income level etc. Everything determined by the scheme.	Wider choice of investment opportunities. Depending on scheme, member direction possible.
Transfer restrictions	After April 2015, members of unfunded public sector pension schemes (e.g. NHS workers, military, teachers, civil servants) are prohibited from transferring out.	Can transfer to other QROPS or UK SIPP.
Age benefits become payable	Depending on scheme terms, pension benefits not payable until age 60 or 65.	Benefits can be taken at age 55 (in some cases younger).
PCLS (Pension Commencement Lump Sum)	25%	Up to 30%
What happens on death of scheme member?	Possible benefits (at a reduced amount) for spouse, civil partner and in some cases eligible children subject to scheme rules/discretion. Tax charge on lump sum payments where member is age 75 or more.	Full 'Pension Pot' available for distribution. No tax charge on lump sum payments, irrespective of member age.

Important note

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