

BRINGING YOUR OVERSEAS RETIREMENT SAVINGS HOME



If you worked overseas before settling here, you may still have money in a foreign retirement scheme. If the ATO recognises the scheme as a ‘foreign super fund’ you may be able to transfer it into an Australian super fund. Keep in mind the timing affects how much tax you pay.

Transfer within six months

There is generally no tax payable if the foreign super scheme is cashed or transferred to an Australian super fund within six months of becoming an Australian tax resident.

After this time, any growth on your foreign interest since you became a resident is taxed when it is cashed out or transferred into an Australian super fund. This growth is called applicable fund earnings.

Choose who pays the tax on the growth

When a foreign super fund is cashed or transferred into an Australian super fund after six months of becoming a tax resident, you are ordinarily assessed on the applicable fund earnings. However, if it is transferred into an Australian super fund the earnings can instead be included in your super fund’s assessable income. In super it will be taxed at 15% instead of your marginal tax rate.

The choice is only available if you:

- » transferred your whole foreign super fund interest to an Australian super fund; and
- » no longer hold an interest in that fund.

Watch your contribution caps

The amount transferred into super ordinarily counts towards your non-concessional contribution cap. However, where you elect to have the applicable fund earnings treated as assessable income of the receiving super fund, any amount covered by that election does not count towards your contribution caps. Without the election, the applicable fund earnings are assessable to you personally and the full transfer counts towards your non-concessional contribution cap. If you are age 75 or over your super fund cannot receive the transfer or any member contribution.

Things to remember

There are some things to consider before cashing or transferring your foreign super. These include:

- » There may be tax in the other country.
- » You will need to confirm the scheme is a foreign super scheme with the ATO. If it is not a foreign super scheme different tax applies.
- » The foreign super fund will have its own rules on how and when the super benefits can be taken. For example, UK pensions need to meet His Majesty’s Revenue and Customs (HMRC) requirements.

Every overseas scheme has its own rules. The tax outcome depends on your circumstances. It also depends on the tax rules in the country it is coming from.

It is, therefore, important you speak to an adviser before moving your foreign super.

This information has been prepared without taking into account your objectives, financial situation or needs. Because of this, you should, before acting on this information, consider its appropriateness, having regard to your objectives, financial situation or needs.