



Momentum Malta Retirement Trust

Retirement Benefit Options Guide

Version 4



Contents

Section	Page
01. Introduction	<u>3</u>
02. Your Retirement Options	<u>3</u>
03. Retirement Benefits and Income Tax	<u>7</u>
04. Payment of your Retirement Benefits	<u>8</u>
05. Fees and Charges Payable	<u>9</u>
06. Important Information	<u>10</u>
Appendix	<u>11</u>

01. Introduction

To assist you in taking your retirement benefits from the Momentum Malta Retirement Trust ("Momentum Scheme") we have outlined below the range of retirement benefit and payment options available to you.

To request retirement benefits, your appointed Financial Advisor can advise you and then submit your request through the Retirement Portal available on the Momentum Advisor Portal. You will receive a copy of this request by email to review and approve. You can track the status of the request through the [Member Portal](#).

The importance of taking advice

The decisions you make now are very important and will affect the income that you will receive from your pension fund now, and in the future.

Before taking benefits, we strongly recommend speaking to your financial Advisor to seek financial advice in understanding your retirement benefit options and the corresponding financial and tax implications. We also strongly recommend seeking tax advice prior to commencing benefits.

It is very important that you speak to your Investment Advisor or Investment Manager (where applicable), to ensure your investments are aligned to your attitude to risk and intentions, and fully take into account of how you intend taking retirement benefits.

We also strongly suggest talking to your Investment Advisor/Manager on strategies to de-risk your portfolio during this important stage of your life. This means looking at investment strategies and options to ensure the risk of a reduction in your pension fund due to fall in your investment values is minimised. This is important to ensuring your pension fund is preserved throughout your retirement. It is also important to talk to your investment advisor on the impact of inflation so that the real value of your pension fund is also managed over time.

02. Your Retirement Options

Your retirement options and the age when you can commence to take retirement benefits depend upon the type of pension scheme you transferred to the Momentum Scheme.

Where you have transferred more than one type of pension scheme or made any personal or employer contributions, the options will be based upon the value of these respective benefits within the Scheme at the point of payment.

To understand the range of retirement options, please read this document in full.

2.1 Transfer of benefits from a UK Registered Pension Scheme(s) or QROPS¹.

If you transferred UK pension benefits directly from a UK Registered Pension Scheme or indirectly from a QROPS, then your retirement options in respect of these benefits are as follows:

Pension Commencement Lump Sum

In line with Malta Rules and UK legislation, you can commence benefits, irrespective of whether or not you continue to work, at any time from age 55² and no later than age 75. Early retirement in accordance with ill health provisions may be available.

When you commence taking retirement benefits, you can normally take up to 25-30% of your pension fund as a tax-free Lump Sum, by which we mean exempt from Malta Income Tax. We refer to this Initial Lump Sum as a Pension Commencement Lump Sum (PCLS).

¹ Qualifying Recognised Overseas Pension Scheme

² Further details of when the PCLS restrictions don't apply have been detailed in the Appendix

This option applies provided you have not already taken a PCLS or a similar tax-free commencement lump sum from this Momentum Scheme or the previous Scheme(s) you originally transferred the benefits from.

The maximum amount of PCLS you can take depends upon when you transferred your UK benefits and when you ceased to become (if applicable) UK tax resident. Further information is included in the Appendix and your Financial Advisor will be able to explain this to you in more detail.

Under Maltese Rules, you can normally take up to 30% of your Fund as a PCLS, exempt from Maltese Income Tax.

However, where one of the conditions detailed in the Appendix apply, then your maximum PCLS will be limited to an amount authorised by a UK Registered Pension Scheme.

This is calculated as the lower of:

- 25% of your fund value related to UK tax relieved benefits
- Your available UK Lump Sum Allowance

Please note: We do not offer the option to take this PCLS in a phased manner and hence if you wish to take the maximum PCLS, you must do so in full at the point of commencing retirement benefits from this Momentum Scheme. If you elect to take less than the maximum amount available, your whole fund will be treated as crystallised and no further PCLS will be payable.

What options do I have with regards my remaining benefits?

Your remaining benefits held in the Momentum Scheme can provide you with pension income in one or a combination of the following ways:

(i) Flexi-Access Drawdown

- You can draw income benefits from the Momentum Scheme under what is known as Flexi-Access Drawdown ("FAD").
- This gives you the flexibility to take any pension income amount you choose to suit your own circumstances, from a nil income (prior to age 75) to electing to take all of the remaining fund in one go as income.
- You can elect to take a regular income and/or lump sum income payment(s) as required to suit your own circumstances. Regular income payments can be facilitated quarterly, semi-annually or annually.
- Please note that if you elect to take FAD, then the UK Money Purchase Annual Allowance ("MPAA") will apply to you. This means that the maximum UK tax relieved contribution you can make to any Money Purchase Pension Scheme will be capped at the level of the MPAA.

(ii) Purchase an Annuity

You can elect to buy a pension annuity at any time, by transferring all or part of your remaining Momentum Pension Fund to an appropriately licensed Annuity Provider.

(iii) Capped Drawdown Income

- If you transferred crystallised pension benefits to the Momentum Scheme which were already in Capped Drawdown at the point of transfer, then your capped income limit will continue to apply, unless you elect otherwise.
- In this case, your capped income entitlement will continue to be reviewed every 3 years from date of last review until age 75, and annually thereafter, with the aim of your Fund providing you with an income for life.
- At the review date, your capped income limit may increase or decrease depending upon the performance of your investment fund, how much income you've taken since the last review date and UK Government Actuary Department ("GAD") rates applicable.
- Alternatively, you can elect to switch your Capped Drawdown arrangement to FAD at any point and you will then have the flexibility to draw any level of income you require. Please note, if you elect to do so, your Capped Drawdown arrangement will be switched to FAD, you cannot revert to Capped Drawdown and the MPAA as detailed above will also apply.

2.2 Transfer of benefits from the European Commission Pension Scheme

If you transferred your pension from the European Commission (EC) Pension Scheme or a similar European Community Scheme, you may commence taking retirement benefits at any time from age 60 and no later than age 66 and the following retirement options are available to you:

(i) Regular Capped Drawdown Income

- In line with EC obligations, retirement benefits can only be taken in the form of a monthly regular income (payable quarterly, semi-annually or annually as required) and are subject to a maximum Capped Drawdown Income limit.
- The maximum Capped Drawdown Income limit is based on your fund size, age and on the drawdown rates published by the MFSA or where the Member commenced benefits before the 11th March 2024, based on the UK Government Actuaries Department rates.
- This income limit will be determined on receipt of your request to take benefits and will apply until the next review date, hence giving you certainty on the level of income you can take annually.
- This annual income limit will be reviewed every 3 years until age 75 and annually thereafter, based on your fund value, age and required drawdown.
- At the review date, your capped income limit may increase or decrease depending upon the performance of your investment fund and how much income you've taken since the last review and based on the drawdown rates published by the MFSA or where the Member commenced benefits before the 11th March 2024, based on the UK Government Actuaries Department rates.
- In addition, when determining your maximum income limit, provisions must also be made with the aim of providing a survivor's benefits, where applicable.
- There is no option to take a Pension Commencement Lump Sum or take income benefits under FAD in respect of these benefits.

(ii) Purchase an Annuity

You can elect to buy a lifetime annuity at any time, by transferring all or part of your Pension Fund to an appropriately licensed Annuity Provider.

2.3 Previously made contributions from a Non-UK Pension Scheme(s) or Contributions

If you transferred pension benefits which did not originate from a UK Registered Scheme or a European Commission Scheme, or you or your employer previously made contributions to the Momentum Scheme, then your retirement options in respect of these benefits are as follows.

Initial Cash Lump Sum

- In line with Malta Rules, you can normally commence benefits, irrespective of whether or not you continue to work, at any time from age 50 and no later than age 75. It may be possible to commence benefits earlier if you are in ill health.
- However, where you transferred both UK and Non-UK pension benefits, the minimum retirement age of 55 will continue to apply and your initial lump sum entitlement and income may be subject to the UK restrictions.
- You can take up to 30% of your Fund as an Initial Lump Sum.
- This Initial Cash Lump sum can be paid free from Malta Income tax but may be assessable to tax in your country of residency.

Please note: Momentum does not offer the option to take this Initial Cash Lump Sum in a phased manner and hence if you wish to take the maximum Lump Sum, you must do so in full at point of commencing benefits. If you elect to take less than the maximum amount available, your whole fund will be treated as crystallised and no further Initial Cash Lump Sum will be payable from your benefits held in the Momentum Scheme.

What options do I have with regards to my remaining benefits?

(i) Programmed withdrawals

- Your remaining fund must be used to provide you with a regular pension income payable at least annually, with the maximum annual payment based on the drawdown rates published by the MFSA or where the Member commenced benefits before the 11th March 2024, based on the UK Government Actuaries Department rates, your fund size and age at point of initially taking the income.
- This maximum annual income limit will be determined on receipt of your request to take benefits and will apply until the next review date, hence giving you certainty on the level of income you can take annually.
- This limit will be reviewed every 3 years until age 75, and annually thereafter based on your fund value, age and the relevant drawdown rate applicable at the date of the review.
- At the review date, your maximum income limit may increase or decrease depending upon the performance of your investment fund and how much income you've taken since the last review and the drawdown rates applicable.

(ii) Purchase an Annuity

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

(iii) Additional Cash Lump Sum

- After three years from the date of commencement of your retirement benefits, you may request an Additional Cash Lump Sum income payment. Thereafter you can make a request annually to take further Additional Cash Lump Sums, subject to the conditions below.
- Additional Cash Lump Sum Income can only be paid to you where at the point of request and based on your age, the value of your remaining assets in the Scheme and relevant drawdown rates, we establish that your pension fund is adequate to generate sufficient retirement income throughout your lifetime³.
- If this applies, then 50% of the excess value of your pension fund may be withdrawn as an Additional Cash Lump Sum Income.³
- Sufficient retirement income is defined as the current annual national minimum wage in the country where you are residing, or if not available, the mean or the median income as determined in the country where the member is residing.
- On receiving a request from you, we will review the above and confirm to you what (if any) Additional Cash Lump Sum Income can be withdrawn.

³ Please note this is not guaranteed and will depend upon the performance of your fund and your longevity

03. Benefits and Income Tax

Income paid to you under FAD, Capped Drawdown, Programmed Withdrawals or an Additional Cash Lump Sum Income is Maltese source pension income and the tax treatment of this income will depend upon where you are tax resident at the time of payment.

Malta has a significant number of effective Double Taxation Agreements (“DTAs”) in place with many countries around the world, commonly allowing your pension income to be paid to you without any Malta Income tax deduction.

When requesting benefits, you must factually declare your country of tax residency, which will then form the basis for determining the tax treatment of your income.

The income tax treatment at time of payment generally works as follows:

- If you are tax resident in Malta, you will be assessable to income tax at Maltese Resident rates, based on your personal circumstances.
- If you are tax resident in a country which has a DTA in place with Malta, the tax treatment will be as provided in the relevant Articles of the DTA.
 - > The majority of DTAs with Malta provide that the Income will be assessable to tax only in your country of residency and no Maltese tax is applicable
 - > However, there are a number of non effective DTAs, where your pension Income is taxable in Malta at Maltese Non Resident Rates or at a reduced fixed rate in Malta (in such cases the income may also be assessable in your country of residence), depending upon the Articles of the DTA.
- If you are tax resident in a country which has no DTA in place with Malta, your income will be subject to Income tax in Malta at Maltese Non-Resident Rates. Your income may also be assessable in your country of residency, commonly with a unilateral tax credit given for the tax you paid in Malta.

Your Advisor may be able to assist you in clarifying what tax treatment applies, based on your tax residency. However, we also strongly recommend that you also seek detailed tax advice from a tax practitioner and/or confirm the position with your local tax authority in advance of taking any retirement benefits to ensure the correct tax treatment.

Based on your declared tax residency and where we understand that Maltese income tax is payable, Maltese income tax will be deducted by us at the time of your income payment, otherwise your pension income will be paid in full with no Maltese tax deduction and instead this income will be assessable in your country of tax residency. Irrespective of the Maltese tax treatment, you must confirm the tax position with your local tax office in your country of residency and declare your Malta source pension benefits and pay any tax due, if applicable.

The PCLS or initial cash lump paid to you is exempt from Malta income tax, however this may be tax free in your country of residency, and you should also confirm the appropriate tax treatment of this Lump Sum with your local tax office.

Finally, in the event that you subsequently move countries, it is a legal requirement that you notify us of your change in residence immediately and we strongly recommend you seek further tax advice.

Please Note: We do not provide tax or financial advice and the tax treatment of any benefits paid to you is based on our understanding of current DTAs and Malta income tax legislation. However, we cannot accept any responsibility where a subsequent tax liability arises or where any Revenue Authority subsequently confirm a different tax treatment.

04. Payment of your Retirement Benefits

Bank transfer payment

The payment of your retirement benefits is generally made by direct bank transfer from the Momentum Malta Retirement Trust to your nominated bank account, held individually or jointly in your name.

Bank options for payment to a UK Bank account include BACs, CHAPS and Faster Payment options. Our default is to pay by BACs, unless specifically requested otherwise by you or your Advisor, on the Retirement Portal when submitting the request.

With the aim of protecting Members from fraudulent activity, when you commence taking benefits or if you subsequently change your bank account, we will require a copy of your Bank Statement. We also reserve the right to undertake a verification phone call with you, prior to benefits being paid.

Please do not forward any scanned documents, including personal documents or bank statements by email to us or your Advisor or access your computer in a public area, without firstly ensuring you have adequate IT security and document protection in place to ensure you are not subject to any fraudulent attempts. We cannot take responsibility for any such actions.

On request for a benefit payment, we will issue withdrawal instruction to your investment company to request an investment withdrawal to make the payment to you.

It is imperative that you liaise with your Advisor(s) in advance of any benefit payment request, so they can ensure there is sufficient cash available to fund each withdrawal and to take the necessary steps if not.

Investment companies typically take three weeks to process a withdrawal request and transfer money to us, assuming there is sufficient cash available to fund the withdrawal. Hence when making a retirement payment request, assuming there is sufficient cash available, please ensure you leave sufficient time of at least three weeks to allow for the processing of your request.

If there is insufficient cash, an asset(s) will need to be sold which will increase the time required to receive the withdrawal from the investment company and in turn may cause a delay to your payment.

On receipt of the money from the investment company and once everything is in order, we will process your benefit payment to your nominated bank account within 48 working hours, on a reasonable endeavors basis.

In-Specie Payment

An alternative option which may be available to you are fully surrendering your benefits under FAD, depending on your investment company and assets held, is for your benefits to be taken in the form of an in-specie asset transfer to you.

This means the assets/insurance policy is transferred into your own personal name and the benefit payment is made by assets. This may be of interest where, for example, you are drawing all your benefits or there is a surrender penalty payable and/or you do not wish to surrender the investments.

A payment by transfer of assets also constitutes income payment and will be subject to the same income tax treatment as outlined previously. Where Maltese income tax is payable, we will disinvest the required amount or tax, prior to finalising any transfer of assets to your personal name.

We strongly suggest you speak to your Advisor and seek detailed financial and tax you wish to consider this option.

05. Fees and Charges Payable

The current Fee Schedule for the Momentum Malta Retirement Trust is available by clicking [here](#).

Please note in the event you elect to drawdown all your pension benefits under FAD, a Termination Fee as detailed in the Fee Schedule will be applied.

In the event any supplementary fee applies for additional services, as detailed in our Terms and Conditions of Business, this will be confirmed in advance to you, unless already provided for in the Fee Schedule.

Where the payment is made by bank transfer, bank charges as levied by the issuing and/or receiving Bank will be chargeable and deducted from your payment. Where you request CHAPS, Faster or Foreign Payment, then the fees payable will be higher than standard banking charges and can be confirmed with us or your Advisor in advance of payment, if required.

In addition, there will be fees and charges applied by your investment company which commonly include dealing charges, bank charges and withdrawal administration charges. Depending on your selected investment company and withdrawal amount, an early surrender penalty may also apply. Please speak to your investment Advisor and refer to the fee information provided to you initially on investing.

Where a full surrender is requested, we will request an estimated surrender valuation from your investment company and forward this to you, providing you with a clear indication of the current surrender value and detailing any early surrender penalty.

Where underlying investments are sold to fund the payment, there may also be charges payable to the Fund/Investment Manager on the sale of such underlying investments.

Your Investment Advisor and/or Investment Manager will be able to provide you with full details of all investment fees and charges payable on processing your retirement benefit request, including underlying investment fees, dealing fees and early surrender fees.

IMPORTANT INFORMATION

In line with our Terms and Conditions of Business, Momentum Pensions Malta Limited ("Momentum") does not give legal, tax or investment advice.

This document is designed for general information use only. It should not be relied upon as a substitute for financial or taxation advice. Statements in this document are based on information currently available, and the law and practice currently in force in Malta, and are subject to changes in such information, laws and practice; the receipt of this document after the date here of, should not be relied upon as implying that such statements remain correct.

Retirement options may also be influenced by any further regulatory restrictions imposed by the jurisdiction where the pension funds are being transferred from.

Whilst all reasonable care has been taken to ensure that the information is accurate, Momentum does not warrant this and all liability is expressly excluded.

No liability is accepted, whether in contract, tort or otherwise for any loss, damage or expense which may occur as a result of any reliance or non-reliance on the information contained within this document.

Further information about the Scheme and/or your Retirement options may be obtained by contacting the Scheme Administrators at:

Email: retirements@momentumpensions.com

Malta Tel: +356 2787 7677

Appendix

Under UK legislation, if at the point of taking your PCLS you fall within one of the time-lines shown in the diagram below, then your PCLS should be limited to an amount authorised by the UK. In the event you take a higher PCLS amount, then you may be subject to a significant UK Tax Charge on the excess.

It is imperative that you factually declare the date you left the UK and ceased to be UK Tax Resident when your requirement request is submitted. Please also note we are legally required to report all PCLS payments to Her Majesty’s Revenue and Customs.

The following illustrates when the PCLS should be limited to an amount authorised by the UK HMRC.

The assessment should be carried out at the time of requesting the PCLS.

