

**STEPHENSON
HARWOOD**

INTERNATIONAL PRIVATE WEALTH & PENSIONS

Your UK : Hong Kong team



A MESSAGE FROM US...

There has never been a more important time to consider UK pensions in wealth planning. The UK Government's announcement that from 2027 unused pension funds will be subject to inheritance tax will change the approach that high net worth individuals take to their pensions.

Avoiding an effective UK tax rate of up to 67% on death in respect of pension assets (whether held in UK schemes or in overseas pension arrangements), requires some careful planning. There are also opportunities, as the wider IHT changes are introduced, for tax efficient gifting and planning, using pension assets and individuals' wider estates.

Our international private wealth and pensions team are experts in this area and are here to help you and your clients with pensions planning, whether in isolation or as part of a wider approach to wealth planning. Our team on the ground in Hong Kong have local knowledge along with a breadth of expertise covering all aspects of private wealth and pensions across the globe.

Please don't hesitate to contact us with any queries. Private wealth pensions is one of our key areas of expertise – we would love you to reach out.

CHAMBERS HNW GUIDE, 2025

"Stephenson Harwood has the depth and breadth to solve problems and provide comprehensive solutions. The team in the Hong Kong office can always count on the London office or on another office to help."



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WHAT WE DO



Our international private wealth team assists clients in protecting and nurturing the growth of their personal and family wealth.

Our team works with clients to resolve the legal and tax headaches associated with personal wealth, giving them more time and freedom to enjoy their success.

Our pensions specialists are experts at advising individuals on all matters related to pensions, and in particular pensions tax in connection with retirement and succession planning. Our pensions private clients typically have an international dimension; whether through overseas pension savings, or their own current or intended non-UK residency status.

Our private wealth and pensions team spans London, Hong Kong,

Singapore, Shanghai, Dubai, and Paris. As trusted advisor to clients across the world, we appreciate that managing wealth is a marathon not a sprint. Times change and we are flexible and ready to partner with our clients for as long as they need us.

We advise clients from different backgrounds with different needs, priorities and objectives. We listen and we adapt. We are clear, concise and commercial in our approach.

We believe that putting our clients at the heart of what we do allows us to deliver excellent service and help them achieve their goals. Wherever our clients' journey takes them, and at all stages along the way, we are there to help and guide them.

SERVICES

- + International tax planning and compliance
- + Wills and estate planning
- + UK inheritance tax planning
- + Pensions advice from taking benefits to international transfers
- + Creating and advising on overseas pensions schemes and other remuneration trusts
- + Investment structuring
- + Structuring family trusts and succession plans
- + Resolving estate, trust and tax disputes
- + Immigration and relocation planning
- + Real estate transactions
- + Family governance



CASE STUDIES - RECENT EXAMPLES

From 6 April 2027 UK inheritance tax will be applied to most pension death benefits paid from UK and non-UK pension schemes. For all deaths after age 75, a liability to UK income tax will also arise on payment from a UK scheme or to a UK resident beneficiary.

The illustration opposite demonstrates how this can result in a total tax charge of up to 67% on the value of a lump sum death benefit. The increase in the tax applied to pension death benefits will be most keenly felt by HNW individuals who pass benefits to someone other than an exempt spouse.

The rules are complex: some death benefits are exempt from IHT; some non-UK scheme benefits will be subject to income tax even if the beneficiaries are not UK resident; some non-UK schemes will be excluded from the IHT regime under the standard offshore trust rules. Individuals should review their pension position now so that there's sufficient time for planning and implementing changes should that be necessary.

Transfers out of the UK

Some of our Hong Kong resident clients with UK pensions are extracting their pensions from the UK ahead of 6 April 2027, whether by way of direct distribution to the client, or by transfer to a non-UK pension scheme. Even where a transfer cannot be achieved tax-free, some clients prefer a tax charge now to ongoing UK IHT and income tax exposure.

The FIG regime for new UK residents

We've helped a number of clients with non-UK pensions who have recently become UK resident understand whether the benefits payable from their pension arrangements satisfy the requirements of the new "foreign income and gains" (FIG) regime to be received free of UK income tax.

Withdrawals from Hong Kong schemes

We've advised UK long-term resident clients (who are now subject to IHT on their worldwide estate) on withdrawals from Hong Kong pensions schemes and IHT-efficient planning with the proceeds, such as offshore trust settlement and lifetime direct gifting.

We have considerable multi-jurisdictional expertise in the legal and taxation issues that arise on international pension transfers, and on pension distributions, whether in respect of UK pension schemes, schemes beneficially owned by UK residents, or schemes that have at some point benefitted from UK tax relief.

We work with financial advisers, investment managers and pension scheme trustees across the UK, Hong Kong and globally. We pride ourselves on the relationships we build and the service we provide.

FROM 6 APRIL 2027 - DEATH AFTER AGE 75

£100,000 death benefit lump sum

IHT @ 40% (assuming not paid to an exempt person and no available nil rate band)
= £40,000 IHT charge

Income tax at marginal rate on remainder of death benefit (assuming 45% marginal rate)
= £27,000 income tax charge

£33,000 net benefit

WHAT OUR CLIENTS SAY

LEGAL 500 UK

“Estella Bogira is a joy to work with.”
- 2026

“The team at Stephenson Harwood is knowledgeable, pragmatic and engaging. They put themselves in the client’s position and explain things without the use of excessive jargon. They don’t sit on the fence and provide guidance and advice to ensure robust decisions are made.”-2025

“My experience of working with Stephenson Harwood (SH) is extremely positive. They have provided high quality advice across every area of work that we have asked them about - drawing on specialist expertise from across SH as required.” - 2025

LEGAL 500 ASIA PACIFIC: GREATER CHINA

“The firm are one of the top international private client advisers in Hong Kong, Asia more broadly, London and globally.” - 2025

CHAMBERS UK

“Estella is very confident and a very creative thinker. She is not nervous at all about seeing a completely new situation.” - 2026

“Stephen is responsive, pragmatic, and he finds good legal solutions to commercial issues.” -2026

“As a business, we are delighted with the level of responsiveness and service. Their advice is well-presented, clear, and always provided on time.” - 2026

CHAMBERS HIGH NET WORTH GUIDE

“Ross is an outstanding young lawyer with great attitude and high technical abilities and an eagerness to excel in all aspects of private client work.”- 2025

“Ross provides on-the-ground UK tax advice in Hong Kong. Calm and collected, Ross explains a complex area eloquently.” - 2025

“Ross is very professional, comprehensive and pleasant to deal with. His responses are clear and thorough, as he doesn’t unnecessarily use legal jargon.”- 2025