

2026 guide

WHAT TO THINK ABOUT WHEN MOVING ABROAD FROM THE UK

A Comprehensive Guide to
Pensions, Transfers,
Investments, Taxation & Estate
Planning

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Moving abroad is one of life's biggest transitions—an exciting blend of new landscapes, new lifestyles, and new opportunities. Yet beneath the adventure lies a layer of financial planning that is absolutely essential. UK pensions, investments, taxation, and inheritance rules do not simply switch off when you leave; instead, they interact with your new country's system in ways that can be beneficial—or costly—depending on how you prepare.

This guide walks you through the key financial considerations when relocating overseas, with a particular focus on the areas that most affect long-term wealth and retirement planning.

UNDERSTANDING YOUR UK PENSIONS WHEN MOVING ABROAD

State Pension

- You can still receive your UK State Pension abroad.
- Your entitlement depends on the number of qualifying National Insurance years.
- Check your record here: [HMRC / Gov.uk – State Pension Forecast](#).
- Whether it increases each year (the “triple lock”) depends on your destination:
 - In the EU/EEA/Switzerland, the State Pension is updated annually.
 - In many other countries (e.g., Australia, Canada), it is frozen at the rate you first receive it.

Tip: Consider topping up any NI gaps before leaving the UK.



PRIVATE & WORKPLACE PENSIONS – KEEP, TRANSFER, OR RESTRUCTURE?

This is where most expats face their biggest decisions.

Defined Contribution (DC) Pensions – SIPPs, Personal Pensions, Employer DC Schemes

1

Keep your pension in the UK

- Many expats do this.
- You can keep your SIPP and take income flexibly.
- But check:
 - Will your provider accept a foreign address?
 - Will they pay income into an overseas bank account?
 - How will withdrawals be taxed in your new country?

2

Transfer to a SIPP (UK-based)

A common option when consolidating multiple pensions before a move.

Benefits:

- Full control of investments
- Lower costs
- Better currency options

3

Transfer to a QROPS (Qualifying Recognised Overseas Pension Scheme)

Usually based in:

- Malta
- Gibraltar
- Other smaller QROPS providers in certain countries

Advantages:

- May reduce future UK tax exposure depending on jurisdiction and individual circumstances
- May be more efficient if there's a QROPS in your country
- Can offer currency flexibility
- Can provide favourable death benefit treatment

Caution: Only worthwhile exploring if there is a QROPS in your country of residence, otherwise the 25% Overseas Transfer Charge (OTC) applies.

Defined Benefit (DB) / Final Salary Pensions

These require specialist advice.

Pros of keeping a DB pension:

- Guaranteed lifetime income
- Often inflation-linked
- Spousal benefits included

Reasons people consider transferring:

- Lack of flexibility
- Poor death benefits
- Desire to control investments or currency
- Need for cross-border tax efficiency

But:

Transfers are irreversible and require FCA-regulated advice if value > £30,000.



UK PROPERTY – SELL, RENT, OR KEEP?

If you keep your UK property:

- You become a non-resident landlord.
- You must register with HMRC under the NLR scheme.
- Rental income may be taxable in both countries (but double taxation relief applies).

When you sell your UK property:

- You may owe non-resident capital gains tax (NRCGT).
- Private Residence Relief may apply only for periods you lived in it.

INVESTMENTS AND SAVINGS – RESTRUCTURING FOR EXPAT LIFE

Most UK investment products are designed for UK residents. After moving:

What may no longer be suitable:

- ISAs (you can keep what you already have, but cannot contribute after leaving)
- UK OEICs & mutual funds (can become tax-inefficient abroad)
- Some platform providers restrict non-UK addresses

What to think about instead:

- Multi-currency investment portfolios
- Tax-efficient wrappers in your new country
- Offshore investment bonds or GIAs (in specific circumstances)
- Reducing exposure to UK-only tax rules and IHT

Currency Risk

Moving abroad introduces long-term currency exposure.

Your:

- Pension income
- Savings
- Investments
- Property assets

...may now be in GBP while your spending is in EUR, USD, CHF, CAD, AUD, etc.

A currency strategy helps stabilise your retirement income.



TAXATION – YOUR NEW LIFE MEANS A NEW TAX SYSTEM

Tax is one of the biggest areas where expats get caught out.

Key questions to answer:

A. When do you become tax-resident abroad?

Most countries follow:

- 183-day rule
- Centre of economic interest
- Family location
- Intent to relocate permanently

B. Do you still pay tax in the UK?

You may still pay UK tax on:

- UK rental income
- UK-based pensions (depending on the tax treaty)
- Some investment income
- Capital gains on UK property
- Certain UK company shares

C. Double Taxation Agreements (DTAs)

The UK has treaties with most countries, preventing you from being taxed twice. But:

- The treaty determines where you pay tax
- It often allocates pensions and investment income to your new country of residence

D. Tax on Pension Withdrawals

This varies by country. Examples:

- France: Pension income often taxed at standard income rates + possible social charges.
- Spain: Pensions taxed as general income; lump sums rarely receive UK treatment.
- Portugal: Complex rules post-NHR, but still favourable for some expats.
- Italy: "Impatriate Regime" possible if working.
- USA: Conflicting opinions, especially for SIPPs and QROPS.

Planning BEFORE you move significantly reduces your tax burden.

INHERITANCE & ESTATE PLANNING – A CRITICAL AREA FOR EXPATS

Moving abroad dramatically changes how your estate is treated.

UK Inheritance Tax (IHT)

You remain UK-domiciled unless you take active steps and time to change it.

This means:

- Your worldwide estate is subject to UK IHT.
- The 40% tax could apply even decades after moving.

Does your new country have inheritance tax?

For example:

- France: Strict forced-heirship rules + inheritance taxes
- Spain: Region-dependent inheritance taxes
- Portugal: No inheritance tax (only stamp duty)
- Italy: Very low inheritance tax
- USA: Federal + potential state-level estate taxes

Wills

You may need:

- A UK will
- A local will in your new country
- Possibly an international will

These ensure:

- No conflict between legal jurisdictions
- Clear distribution of assets
- Compliance with local forced-heirship laws

Cross-Border Estate Structures

Depending on your country, the right setup might include:

- QROPS pensions for improved death-benefit control
- Trusts (careful—some countries tax trusts heavily)
- Gifts / early inheritance
- Succession planning under EU Regulation 650/2012 (Brussels IV)

BANKING, CURRENCY & FINANCIAL FOUNDATIONS

Before moving, set up:

- A UK bank account to remain open
- A bank account in your new country
- A multi-currency account

These will help with:

- Pension payments
- Property purchases
- Currency management
- Paying bills locally and internationally



THE IMPORTANCE OF REGULATION AND CROSS-BORDER FINANCIAL ADVICE

When dealing with:

- Pension transfers
- SIPP structuring
- Cross-border tax planning
- Estate planning

...it is essential to work with properly regulated advisers who understand both jurisdictions—UK and your new home.

Avoid unregulated offshore advisers.

Ensure your adviser is licensed in the destination country.

CHECKLIST – BEFORE YOU MOVE...

- Review your UK pensions (state + private)
- Decide whether to keep, consolidate, or transfer
- Confirm tax treatment in your new country
- Review your investment portfolio for tax suitability
- Check whether your pension provider accepts an overseas address
- Assess currency exposure and income-planning strategy
- Review inheritance and estate planning implications
- Write or update wills in relevant jurisdictions
- Register as a non-resident landlord if keeping UK property
- Close or update unsuitable UK investment products
- Obtain regulated cross-border financial advice

Moving abroad brings enormous lifestyle benefits, but it also transforms your financial landscape. With the right planning—before you leave—you can ensure:

- Your pensions work for you
- Your tax position is optimised
- Your investments are structured appropriately
- Your estate plan protects your loved ones
- Your long-term wealth is secure

A successful relocation isn't just about finding a new home or adapting to a new culture—it's about establishing a stable financial foundation that supports the life you want to live.

MAJOR CHANGES IN 2026

THAT PEOPLE MOVING ABROAD SHOULD BE AWARE OF

2026 is shaping up to be a major year for regulatory updates that impact UK expats—particularly those retiring abroad, transferring pensions, investing internationally, or restructuring their tax and estate planning for life outside the UK.

UK STATE PENSION AGE RISES IN 2026 (IMPORTANT FOR ALL FUTURE RETIREES)

From April 2026, the UK begins phased increases in State Pension Age:

State Pension age rises from 66 to 67 between 2026–2028

- This affects anyone born after April 1960.
- If you're moving abroad and planning retirement income, this may push back access by up to 1 year depending on your birth year.
- Applies regardless of where you live.

Why this matters for expats:

- Affects retirement cash-flow planning abroad
- May increase the need for private pension withdrawals before State Pension begins
- Could alter tax planning timelines in the destination country

FROZEN STATE PENSIONS ABROAD – POTENTIAL 2026 POLICY REVIEW

While not yet finalised, the UK Government is scheduled to review the frozen State Pension policy in 2026 in countries where it is frozen in payment, following recommendations from the Work & Pensions Committee.

Possible outcomes:

- Continued freezing (status quo)
- Partial uprating for some countries
- Full uprating reform

If reformed, this could affect UK retirees in:

Australia, Canada, New Zealand, South Africa, India, Caribbean nations, etc.

Why it matters now:

- Thousands plan moves to Australia/Canada each year
- Frozen pensions significantly erode long-term income
- Any policy shift could alter retirement-destination choices

INHERITANCE TAX REFORMS (2025–26): FROM DOMICILE TO RESIDENCE-BASED

- From 6 April 2025, the UK moved from a domicile-based to a residence-based IHT regime for many individuals and trusts.
- In 2027, UK pensions will fall under UK IHT.
- For expats, this is still the biggest change in decades, but it's no longer hypothetical – it's in the Finance Act and already shaping planning.

Impact for expats:

- Huge for anyone with UK assets, global investments, or children inheriting abroad.

UK PENSION TAXATION – POSSIBLE ADJUSTMENTS FROM 2026

The UK Chancellor has already set a review period for pension taxation rules post-Abolition of the Lifetime Allowance (LTA).

More reforms are expected in 2026, including:

Tidying up the post-LTA system

- New lump-sum limits may be adjusted
- Overseas transfer implications could shift
- Clearer rules on death benefits

Expected clarifications in Double Tax Treaties (France, Spain, Portugal, Italy)

Tax specialists expect further clarification work between the UK and several treaty partners (including France, Spain, Portugal and Italy) because the abolition of the UK Lifetime Allowance has created new inconsistencies in how pension income and lump sums are defined under existing treaties. This has been highlighted in professional commentary from PwC, KPMG and ICAEW.

Impact: Anyone drawing income abroad should track these developments.

UK RESIDENCY RULES – POSSIBLE FUTURE MODERNISATION

Although no official review has been announced, many tax professionals expect the Statutory Residence Test (SRT) to be looked at in the coming years, especially after the UK's move to a residence-based tax regime from April 2025.

Potential areas that may come under discussion include:

- Clearer day-count thresholds
- Updated definitions of “ties” to the UK
- Rules affecting digital nomads, split-year residents, and second-home owners
- Greater digitalisation and simplification

These are not confirmed changes, but reflect the direction tax specialists believe the UK may take to align the SRT with the new taxation landscape.

This is particularly relevant for:

- Early retirees
- Digital nomads
- Second-home owners abroad
- People maintaining business ties in the UK

MAJOR EU FINANCIAL REGULATION CHANGES COMING IN 2026

MiFID III updates

- Stricter rules on product suitability
- Potential changes to ESG-labelled investments
- New transparency rules for cross-border advice

DAC8 launches 2026 (big for crypto investors)

- Mandatory reporting of crypto assets to tax authorities
- Applies to UK residents living in the EU as well

EU Succession Law / Brussels IV refinements

- Adjustments expected in 2026
- Important for wills, estate planning, and choosing “law of nationality”

FRANCE, SPAIN, PORTUGAL & ITALY – COUNTRY-SPECIFIC CHANGES FOR 2026

France (2026 Changes)

- Ongoing reforms to social charges affecting pension income
- Potential recalibration of tax brackets (inflation-linked)
- Potential administrative clarification on how UK pension lump sums are treated following the UK Lifetime Allowance reforms (professional expectation, not a confirmed reform).

Spain (2026 Changes)

- Ongoing reviews of Non-Resident Income Tax rules, but no confirmed 2026 legislative change.
- Continued regional adjustments to Wealth Tax depending on autonomous community policy.
- Increased scrutiny of foreign pension reporting due to expanding EU automatic exchange of information (DAC, DAC8).

Portugal (Post-2024 NHR successors)

By 2026:

- The new “Incentivo Fiscal a Expatriados” regime (which replaces NHR) will be fully operational by 2026.
- Additional guidance is expected on the treatment of UK pensions under the new rules.
- Potential refinements to incentives for highly skilled professionals as the regime beds in.

Italy (2026 Changes)

- Continued adjustments to the Impatriate Tax Regime (no specific 2026 law confirmed).
- Increasing scrutiny of foreign pension transfers due to EU-wide transparency measures.
- Ongoing policy discussion about succession tax and alignment with EU practices, but no fixed 2026 reform.

GLOBAL FINANCIAL REGULATION COMING IN 2026

Outside the UK/EU:

OECD Global Minimum Tax continues rollout

Particularly relevant for company owners moving abroad.

Automatic Exchange of Information expands

More countries exchanging:

- Pension income
- Investments
- Property sales
- Bank account info

This reduces tax planning opportunities and increases complexity.



CURRENCY MARKET SHIFTS – STERLING FORECAST TO REBALANCE 2026

Most economic forecasts indicate:

- Continued volatility in GBP/EUR and GBP/USD through 2026
- Rate stabilisation likely from late 2026 onward

Expats relying on GBP pensions should plan currency strategy carefully.

THE BIG 2026 CHANGES (EXPATS SHOULD PLAN NOW)

1. State Pension Age begins rising in 2026 (already legislated).
2. Frozen pension rules under political pressure but no planned reform.
3. Cross-border IHT implications as the UK moves to residence-based taxation (clarifications likely, not legislated).
4. Further pension-tax guidance expected following the abolition of the LTA.
5. UK residency rules may be reviewed in future, though no formal process exists.
6. EU regulation tightening in 2026 (MiFID III, DAC8 crypto reporting).
7. Tax environments evolving in France, Spain, Portugal and Italy (ongoing, not specific to 2026).
8. Global tax transparency continues expanding through OECD and EU frameworks.
9. GBP volatility likely through 2026, important for expats relying on UK-sourced income.



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Our team of specialised advisors is ready to assist you on your journey to financial freedom.

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