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LANDFALL GUIDE · MONEY, INVESTMENTS & RETIREMENT

How do UK workplace pensions work for Americans?

THE SHORT ANSWER

Your UK employer will usually enroll you in a workplace pension automatically, with you and your employer both paying in. The US–UK tax treaty generally lets that pension grow without US tax, and can give US tax relief on contributions, within limits. Personal pensions and lump sums need more care.

For US citizens and green card holders moving to the UK. Build your free, personal move plan at **yourlandfall.com/plan**.

General information, not personal tax, financial, legal or immigration advice.

Automatic enrollment

UK employers must automatically enroll eligible workers into a **workplace pension**. If you're 22 or over and earn above a set amount, you'll be enrolled unless you opt out.

- **You and your employer both contribute**, with legal minimums. Many employers pay more, especially if you pay more too.
- Your contributions usually get **UK tax relief**, so a contribution costs you less than its face value.
- You can opt out, but you'd usually lose your employer's contribution.

How the US sees your UK pension

Under the **US–UK tax treaty**, a UK pension scheme is generally respected by the US:

- **Growth inside the pension** generally isn't taxed in the US until you take money out.
- **Contributions** to a UK workplace scheme can often be deducted or excluded on your US return, within US limits, if conditions are met.
- **Employer contributions** can usually be kept out of your US taxable income, again within limits.

These benefits depend on meeting the treaty's conditions, which are clearer for **employer schemes** than for personal pensions such as a SIPP.

Watch-outs

- **The 25% tax-free lump sum** that the UK allows may not be tax-free in the US. Plan withdrawals with both countries in mind.
- **Reporting:** UK pensions usually need to be reported on your FBAR and Form 8938, even though they're not taxed each year.
- **Funds inside personal pensions** can raise US investment issues if they aren't covered by the treaty.
- **Salary sacrifice** arrangements change how contributions show on your payslip; check how they're reported in the US.

The UK State Pension

National Insurance contributions build your **UK State Pension** record. You usually need **10 qualifying years** to get any State Pension and **35 years** for the full amount. The US–UK **totalization agreement** can count time in both countries towards eligibility for each system's benefits.

What to do next

If you're moving with a 401(k) or IRA as well, read what happens to your 401(k) and IRA. For larger pensions, cross-border financial planning advice usually pays for itself.

See every step for your move. Answer five questions and get a free plan in the right order: yourlandfall.com/plan