

Comparison Table

Based on a Pension Benefit of £1,000,000

	UK SIPP	IOM SIPP
	UK Tax Rules	IOM Tax Rules
<u>At age 50 (2010 age increase to 55)</u>		
Tax Free Lump Sum Percentage	25% Overall fund	30% Overall Fund
Tax Free Lump Sum based on SIPP Benefit value of £1,000,000	£250,000	£300,000
<u>SIPP Holder dies before drawdown</u>		
Potential Tax Rate	40%	0%
Potential Tax Charge	£400,000	Nil
<u>SIPP Holder dies after drawdown</u>		
Potentially subject to UK taxes up to a minimum 82%	55% + 40%	7.5%
Potential Tax Charge	£615,000	£52,500
Can SIPP be transferred to another scheme tax free	No	Yes
<u>Income Tax on drawdown</u>		
Tax Free Allowance	£5,435	£9,200
Lower Band	20%	10%
Upper Band	40%	18%
<u>Example £25,000 p.a. drawdown</u>		
Tax Payable	£3,913	£1,234
Net Pension Payable	£21,087	£23,766

These figures are used for indicative purposes only to compare the two regimes. Please always seek specialist tax advice.

Lifetime Allowance

Overall maximum capital amount of tax relieviable pension savings that any one individual can accumulate in all pension arrangement. This is £1.6 million for 2007/08 tax year (rising to £1.8 million by 2010/11) for pensions situated in the UK. For a SIPP created in the Isle of Man there are no life time allowance rules, but will be subject to Annual Allowance limits.

Annual Allowance

The Maximum amount of tax relieviable pensions that can be built up in one tax year. This is expressed as a capital value and the amount is £225,000 for 2007/8 in the UK. Whereas in the Isle of Man the capital value and the Annual Allowance is £300,000.