

# Adam Wrench, Head of Business and Product Development at London & Colonial, takes a look at the QROPS market, and calls on advisers to overcome the “QROPS fear factor”.

Unlike some of its better known counterparts, Qualifying Recognised Overseas Pension Schemes (QROPS) still remain somewhat of a pension’s industry mystery to many Advisers, and although the market is currently estimated to be worth around £280 billion only £6 billion has been transacted.

Not only does this leave a lot of potential business untouched, but it also begs the question as to why this should be the case?

Whilst there have been more recent attempts amongst some QROPS providers to gain more traction within the market – those QROPS providers with a UK presence, together with UK based financial advisers, will be best placed to serve this market as the vast majority of legacy clients equating to the £280bn will still be sitting within the UK pension system.

The great news for UK financial advisers is that by increasing their awareness of the benefits of QROPS, and by putting in place a UK look-a-like compliance process, they will be best placed to maximise this opportunity. Once advisers have completed a careful review of their existing client base, in order to ascertain those clients who may prove to be ideal candidates for a QROPS, they can then decide whether or not they wish to transact that business themselves or pass it on to a third party.

The majority of the fear factor surrounding QROPS arises mainly from misunderstanding, a lack of specialist knowledge, and regulatory changes within the market - coupled to some negative headlines which have undoubtedly done little to improve the situation. However, HMRC’s recent announcement that all QROPS scheme managers are to be shortly issued with an ID, in a bid to keep track of those currently operating within the QROPS market, in our opinion is certainly a step in the right direction. We are a firm believer that QROPS should not only be regulated, but such regulation should be on par with the current SIPP framework, in order to make the market far clearer and better understood.

The QROPS market is expanding, and not only have we already seen solid growth, which we can only see continuing to accelerate going forward, but there is currently a huge opportunity available for those advisers who are willing to invest both time and resource into transacting the business themselves, rather than providing referrals to other firms.

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## Notes to Editors

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