

International Savings Plans (ISPs) in Jersey



An innovative new
savings plan product

[intertrustgroup.com](https://www.intertrustgroup.com)

International Savings Plans (ISPs) are an innovative new savings plan product offered in Jersey for multi-national employers and family offices. The law for ISPs came into force in Jersey on 1 January 2019, after consultations amongst The States of Jersey, Intertrust, Jersey Finance Limited and Bedell Cristin. It has received a great deal of interest from employers based all over the world.

The benefits

ISPs enable multi-national companies, as well as family offices, to set up savings plans in Jersey for their employees. These plans differ from traditional pensions offered to employees as they are more flexible in the timing of benefits that can be paid to members, therefore employers can tailor the plan to suit their own employee incentive structure. For example, instead of paying employee benefits upon reaching retirement age, benefits under the ISPs can be paid before employees reach normal minimum retirement age and they can be paid instead when employees encounter certain life changing events, such as redundancy, divorce and purchasing a home. Such flexibility can be helpful in attracting and retaining key talent.

Any income derived by the ISP, such as gains on investments, will not be taxable in Jersey. Payments to members (provided they are not Jersey residents) will also be exempt from tax in Jersey. Given the flexible nature of ISPs, they can be run independently or alongside an existing pension scheme, share scheme or other employee incentive arrangements.

Why now?

Traditional employment practices have changed around the world. Employees today are more likely to work for several different employers across their careers, as opposed to working with one employer until their retirement. People are also more likely to be internationally mobile. All of these factors mean that a more flexible approach to savings is needed. As a result, employers are interested in arrangements that move away from the traditional pensions model and instead focus on shorter terms savings objectives, or a combination of shorter and longer term savings goals, for their employees.

Why Jersey?

Jersey's robust regulatory framework and political and economic stability set the island apart from other jurisdictions. Jersey's finance industry is highly experienced in managing corporate structures, including ones set up for employee incentive purposes. Whether employers are looking for a one stop solution, or specific expertise (such as legal, trusteeship, administration, investment to name a few), Jersey, being the centre of excellence in respect of employee incentives products, is the jurisdiction of choice.

Jersey's ISP product is approved by the Jersey tax authorities, a clear example of the island's modern and sophisticated legal framework. As a jurisdiction at the forefront of global finance for more than 50 years, and with around 13,200 finance industry employees, Jersey is ready to service and support the needs of multi-national companies and family offices looking to set up ISPs for their employees.

"They are very responsive, they know their business and they are well admired"

Counsel, International Law Firm

"They are extremely knowledgeable, proactive and supportive. They go above and beyond what they need to do"

Solicitor, Technology Company

"We've worked with them for a long time and they've built a body of knowledge which has been very beneficial. They're helpful and I'd happily recommend them"

Group Company Secretary,
FTSE 250 Public Limited Company

Interested? Next steps:

Please contact Intertrust's Pensions & Savings team who can provide trustee and administration services for your ISP. The team was instrumental in the creation of the ISP and is one of the first to bring these structures to the market.

Illustrative case studies

Client type: Oil and gas company

Objective: Provision of flexible benefits to match the needs of employees

An oil and gas company with employees in the United Arab Emirates, South East Asia, US, Brazil and Australia has many employees who go on secondment throughout these jurisdictions.

The company wishes to provide an international savings arrangement for its internationally mobile employees, as well as its employees in the United Arab Emirates and South East Asia.

It decides to set up a Jersey ISP with three sections: one for the internationally mobile employees ("International Section"), one for the employees in the United Arab Emirates ("UAE Section") and the final section for employees in South East Asia ("SEA Section").

For the International Section the firm decided to provide benefits that can offer the most flexibility given that the employees do not have a long-term connection in any particular jurisdiction. As part of the remuneration package, it will contribute 10% of an employee's salary into the International Section of the ISP. The benefits can be drawn by the employee upon the occurrence of certain life changing events, such as serious ill health, purchase of a property, retirement, family assistance and redundancy.

In relation to the UAE Section, the company is providing end of service gratuity benefits, which are due on the termination of employment, as required by UAE law.

For the SEA Section, the firm is providing conventional pension benefits so that funds can only be drawn by employees upon retirement (age 50) except where employees suffer serious ill-health. This section therefore needs separate approval under the pensions section of the Tax Law.

"We've worked with them since 2012 and have always found them to be knowledgeable and experienced in all aspects of their role as trustee and administrator for our savings plan.

The services they provide represent the perfect combination from a cost and quality perspective, with their reliable technology platform, Classic Awards delivering added value for our company and plan participants"

Head of Legal,
Middle East National Wealth Fund

Client type: International Investment/Wealth Management business
Objective: Managing long and shorter-term savings goals for employees

This employer would like to create a more flexible structure for its employees in Singapore, Hong Kong and other Far Eastern jurisdictions. At present, employees do not have access to local pension plans. The firm wants to help its employees to save for retirement but feels an International Pension Plan is too restrictive. In addition it would like to retain and reward its employees.

An International Savings Plan (ISP) meets this employer's needs to provide its employees with pension and savings benefits. The firm may restrict access to 50% of the savings fund until the employee reaches age 50 but could allow access to the other 50% over the course of the employee's working life. They could allow access to those savings for life-changing events such as university fees, house purchases etc.

In addition this investment management firm would like to offer the ISP structure to its own clients across the Far East region. It has a number of large international banks, law firms and accountancy practices that it would like to adhere to an ISP structure with their access to its own investment offering products. It will invest the fund into its own funds solution, which will be administered through Intertrust's online administration portal. This portal will allow members online access to their savings accounts twenty four hours a day, seven days a week from anywhere around the world.

Client type: Employers with presence in member states of the Gulf Co-operation Council (GCC)
Objective: Providing flexible structure that will be compliant with mandatory legislation, once introduced, for pension schemes/end of service gratuity payments

International and local employers in the GCC are all aware that mandatory legislation is likely to be introduced that will require them to provide for their end of service benefit liabilities (EOSBs). This legislation will ask employers to create some kind of defined contribution vehicle to provide retirement or other savings for their employees.

The ISP structure is an ideal solution for these employers as it can provide for EOSBs, retirement benefits and savings benefits within a single flexible structure.

About us

We're a global leader in providing expert administrative services to clients operating and investing in the international business environment. We have more than 2,500 employees in Europe, the Americas, Asia Pacific and the Middle-East. We deliver high-quality performance and reward management, tailored corporate, fund, capital market and private wealth services to our clients, with a view to building long-term relationships.

Contact us

For practical guidance on how these plans can be structured and implemented please contact:

Shane Hugill
Head of Performance
& Reward Management
T: +44 1534 673 786
shane.hugill@intertrustgroup.com

Mark Lindsay
Client Director, Pensions & Savings
T: +44 1534 504 105
mark.lindsay@intertrustgroup.com

Annette Balcombe
Manager, Pensions and Savings
T: +44 1534 753 839
annette.balcombe@intertrustgroup.com

44 Esplanade
St Helier, JE4 9WG
T +44 1534 504000
jersey@intertrustgroup.com

intertrustgroup.com