JERSEY INTERNATIONAL SAVINGS PLANS

MAY 2019

On 1 January 2019, Jersey introduced a new type of savings product called an International Savings Plan (**ISP**). Below, we have put together a quick Q&A about ISPs and how they may be useful for your business.

Q: **What is an ISP?**

A: An ISP is an innovative savings plan product which aims to complement Jersey's existing approved pension framework, and also provide an alternative when a pension scheme might not be suitable. Like an approved Jersey pension, it is set up under an irrevocable Jersey law trust and is managed under rules set by the Comptroller of Taxes. An ISP does not have to be administered in Jersey but must have at least one Jersey-based regulated trustee (a minimum of two individuals or a corporate trustee are required).

Q: **Who can use an ISP?**

A: An ISP is only available to non-residents of Jersey and whose employment is wholly outside Jersey. ISPs are, therefore, likely to be attractive to multi-national companies or internationally mobile employees. If appropriate an employee can have a pension and an ISP.

The product has also been designed with the member states of the Gulf Co-operation Council in mind, where there is a legal obligation to provide 'end of service' benefits.

Q: **What are the benefits of an ISP?**

A: An ISP is intended to provide benefits before an employee's normal minimum retirement age. It can be established to provide benefits on cessation of employment and the occurrence of life changing events, such as ill health and divorce, and even for major expenses such as a house purchase or school fees. Any gains from investments or income derived by an ISP will not be taxable in Jersey.

An ISP can have different provisions for different categories of employee.

Q: **How can employer contributions to an ISP be invested?**

A: There is complete freedom of investment. However, unlike with a pension, a different investment profile will need to be considered. Pension contributions are invested with a long term profile in mind so that, save in limited circumstances, the investment pot will only be accessed when an employee reaches their normal minimum retirement age. With an ISP, where an employer permits regular access following "trigger events", maximising the investment of contributions will require particular expert advice.

Q: **Why Jersey?**

A: Jersey is a politically stable jurisdiction known for its vast wealth of expertise within a well-respected finance industry. Whilst a perceived burden might be that an ISP has to be approved by the local Taxes Office, and regular scheme returns will have to be filed, this together with the requirement to have Jersey regulated trustees, will help to ensure proper management of the ISP.

Q: **Can you give me an example?**

A: Let's take Company X, a large multi-national company with offices in London, USA, and UAE. Company X would like to set up an international savings arrangement for its employees, many of whom are internationally mobile. It decides to set up an ISP, which has different sections to enable jurisdictional specific benefits. The international section is used for those employees not working in the UAE. The company makes contributions to the plan and affords employees a number of withdrawal benefits upon certain life events occurring, such as . redundancy, ill-health or divorce.

For the UAE section, the company tailors the ISP to suit the requirement under laws within the UAE for end-of-service benefit payments. The UAE section can still include the benefits offered within the international section.

Q: **How can Collas Crill help?**

A: Members of the International Private Client and Trust team have extensive experience of employee benefit and incentive arrangements and can advise on the establishment of an ISP, whether you are an employer, a trust or company service provider.