

Jersey Pensions Association's New Legislation for International Savings Plans to come into effect 2019

Legislation for a new International Savings Plans (ISP) has come into effect from 1 January 2019. The JPA proposed the new product with support from Jersey Finance.

ISPs enable large international institutions with globally mobile employees to establish savings plans in Jersey for non-resident employees. An ISP is distinct from a pension scheme, as it can pay out benefits not just on retirement, but in a wide range of circumstances. For example, it can provide benefits to employees when their employment ceases, when they are transitioning between jobs, retiring or faced with other life changing events.

The new law states that ISPs must contains all of the following features:

- its sole purpose is the provision of benefits in respect of persons' employment wholly outside Jersey;
- it is established under an irrevocable trust under Jersey law by an employer who is not resident in Jersey;
- it has trustees (either two or more individuals or a corporate) who are regulated by the Jersey Financial Services Commission; and
- it is not a scheme which comes within the pensions framework under the Income Tax (Jersey) Law 1961.

The new regime will serve multi-national companies wherever they are based in respect of their employee incentive arrangements. The benefits are wholly flexible and tailored to suit the specific circumstances of the employer as to the type of benefits they wish to provide to their employees. The JPA have no doubt that ISPs will therefore be popular, as having such flexibility is unique and will help employers retain key talent.

Given that ISPs are approved by the Taxes Office, they will be expected to file regular scheme returns to the Taxes Office. This additional layer of supervision will ensure that schemes will be properly managed.

The taxes office will be publishing guidance notes on the approval process for ISPs in due course.

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