

International retirement plans

Moore Stephens Isle of Man
Retirement Solutions

PRECISE. PROVEN. PERFORMANCE.

Thinking of establishing an international retirement plan? Important questions you need to ask of your vendor.

Plan design:

- can the plan design replicate existing domestic plans?
- does the plan allow the sponsor to define contribution types, levels, matching and vesting rules?
- can the sponsor specify retirement ages and early withdrawal options?

Flexibility should be key to any plan; you cannot foresee all likely changes that will occur in the future so having the ability to change the plan in line with your employers needs is important.

Location:

- is the plan located in a well regulated jurisdiction?
- are there any exchange controls?
- what is the tax treatment in the jurisdiction?

A stable and tax neutral location should be selected to ensure the plan is not under threat by changes in political and economic volatility.

Legal vehicle:

- is the solution trust, insurance or contract based?
- if the plan is an insurance policy or contract based how are members interests protected?
- who owns the assets and what is the impact if the employer becomes insolvent?
- if it is a trust based plan are the assets of members segregated from those of the trust service provider?

The key objective of your plan is the provision and safeguarding of retirement benefits for the plan members. Therefore, choose a vehicle that best fits the corporate governance policies of your employer.

Operations and administration:

- what roles and responsibilities are provided as part of the package?
- will any elements, such as the record keeping, be outsourced to another party?
- is a third party custodian or broker used to make investments?
- will the plan sponsor receive annual plan accounts?
- what are the capabilities of the supporting website?
- are members able to instruct switches, allocation changes and data changes online?
- does the website provide both member and plan sponsor valuations and reports?

Experience and accessibility are key to the smooth operation of a retirement plan, especially one covering employees in a number of locations. Direct access to the people who know your plan will ensure your requests are dealt with efficiently.



Investment choices:

- what are the investment choice options?
- does the plan provide access to globally recognised external fund managers?
- what class of funds are accessed – ‘retail’ or ‘institutional’?
- if retail funds are used, who is receiving the commission from the fund manager?
- do any of the funds have transaction charges or early redemption penalties?
- does the plan allow for model portfolios or lifestyling?
- can an independent investment advisor be appointed?

It is important to ensure that the plan operates smoothly and efficiently. The underlying investment range is key to ensuring this: hence your choice of funds should be focused on daily traded funds without redemption penalties.

Transparency is also paramount. Preferably institutional class funds should be available over retail class funds. Institutional class funds offer reduced entry and ongoing fees; retail class funds have higher entry and ongoing fees enabling the investment manager to pay undisclosed fees to introducers and vendors impacting upon the member benefits.

Fees and charges:

- is the information on plan pricing fully transparent?
- are 100% of contributions made invested on behalf of members?
- does anyone receive any remuneration or rebate from the fund managers or any other party involved in the plan?
- if your vendor or intermediary is offering to provide their services on a ‘no fee’ basis then, how as a business, do they earn their income?

Always ask for a full breakdown of all fees, charges, commission or other remuneration earned from the plan by all parties. Beware of doing business with anyone who is reluctant or uncomfortable about disclosing and discussing their fees, if they are not prepared to justify their income to you then you are probably paying more than you need to.

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