

International retirement plans

Moore Stephens Isle of Man
Retirement Solutions

Retaining key personnel

Key personnel are fundamental to the ongoing success of any organisation and as an employer you, more than most, will empathise fully with this statement.

However, retaining experienced and qualified employees is not easy and ever increasing competition means that the demand for such employees is only intensifying.

Even before there is an employer/employee relationship, finding the right staff for your organisation can prove to be not just a timely and arduous task but can also be an expensive one. Subsequently, having found the right staff, trained and settled them into your business the last thing you want is for them to leave – and worse, join a competitor.

This scenario applies not only to employers operating in their own domestic market but also to multi-national groups with internationally mobile employees (“IMEs”). In fact the frustrations sometimes associated with staff recruitment and retention are exasperated for multi-nationals.

As in all relationships loyalty is imperative – and of course applies to both parties. As an employer, you want to retain the best staff to help maintain and build your business; for an employee they want to be fairly rewarded, have future prospects and feel valued.

Therefore, to suit both parties, employee compensation packages are comprised of a number of elements, and commonly, these include an employer sponsored retirement benefits plan. Of course the same applies to multi-national's which can establish an international retirement plan for their IMEs and, where appropriate, local nationals.

International retirement plans are located in offshore centres, such as the Isle of Man and the Channel Islands, where flexible regulatory frameworks enable plan sponsors to shape plans to match their requirements. A particular feature of international retirement plans which is available to multi-nationals is vesting, which can be used to enhance staff retention.

Vesting simply means that if an employer makes contributions into a retirement plan, the employee will qualify for a retirement benefit relating to the employers contributions having served a specified number of years continuous service. Conversely, if the employee leaves the employer before serving the specified number of years then their retirement benefit relating to the employers contributions will be lost (either in full, or in part) in accordance to the vesting schedule applied by the employer.

Offshore jurisdictions offer broad regulatory frameworks allowing you to shape your international retirement benefit plans. For example by using the plan vesting rules enables you to hone your plan, thereby enhancing the benefits to both you as the employer and your employees.



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For employers, benefits include:

- an enhanced retention that maximises the return on training investment and minimises recruitment costs;
- for early leavers, contributions are returned to you as specified in the vesting scale at outset; and
- the vesting period can be extended up to seven years (in adherence to Isle of Man regulations).

For employees, benefits include:

- providing a retirement benefits savings plan for employees who will enjoy tax free gross roll up of interest and gains;
- a maximum of 100% lump sum on leaving service – subject to employers vesting rules; and
- employees to make their own contributions not subject to vesting.

Loyalty is a 'two way street' that applies to both employers and employees. As an employer, establishing an international retirement plan will demonstrate your loyalty to your staff – building a vesting schedule into your plan ensures that if your employees want to benefit fully from the plan, their loyalty to you is just as important.

For more information, please contact us.

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