

## SCHEME PARTICULARS

# THE KEMMUNA

## RETIREMENT BENEFIT SCHEME

---

### **Sovereign Pension Services Limited**

Suite 5, Valley Towers  
Valley Road  
Birkirkara BKR9022  
Malta  
Tel: +356 2788 8132  
Email: [maltapensions@SovereignGroup.com](mailto:maltapensions@SovereignGroup.com)  
[SovereignGroup.com](http://SovereignGroup.com)

Sovereign Pension Services Limited is licensed as a retirement scheme administrator by the Malta Financial Services Authority ("MFSA"). The Kemmuna Retirement Benefit Scheme is licensed and regulated by the MFSA as a personal retirement scheme. The licence of the scheme is not an endorsement by the MFSA of the scheme's financial performance. There exists no statutory provision for compensation in the case where the Scheme is unable to satisfy the liabilities attributable to it.

KEMSP/2/07122018

© Sovereign Media (IOM) Limited, 2018



**SOVEREIGN**™

[SovereignGroup.com](http://SovereignGroup.com)

## Structure

The Kemmuna Retirement Benefit Scheme (“the Scheme”) is a contract based personal retirement scheme registered as a retirement scheme by the Malta Financial Services Authority (MFSA) under Article 4 of the Retirement Pensions Act (Chapter 514 of the Laws of Malta) (“the Act”) on the 7th day of March 2018 and satisfies the requirements of a Qualifying Recognised Overseas Pension Scheme (QROPS), as defined for UK tax law purposes. The Scheme is a defined contribution pension scheme.

The Retirement Scheme Administrator (“the Administrator”) is Sovereign Pension Services Limited whose registered office is Suite 5 Valley Towers, Valley Road, Birkirkara, BKR9022 Malta.

Each Member is required to enter into a contract with the Administrator under which the Member agrees to be bound by the terms of the Scheme Document. The consideration provided by the Member is the contributions, including any pension transfers, to the Scheme and the consideration provided by the Administrator is the obligation to provide benefits on retirement and death to the Member or his nominated beneficiaries.

Admission to the Scheme requires that Members agree to be bound by the terms of the Scheme Document and the Rules.

*Below are the particulars of the Scheme in line with the standard operational conditions issued by the MFSA.*

## Administrator

The Administrator of the Scheme is Sovereign Pension Services Limited whose registered office and place of business is at Suite 5, Valley Towers, Valley Road, Birkirkara, Malta. The Administrator is licensed as a Retirement Scheme Administrator in terms of the Act by the MFSA.

The Administrator must always be a company operating in and having an established place of business in Malta and be authorised by the MFSA to act as a Retirement Scheme Administrator.

The Managing Director responsible for administration of the Scheme is Mr Stephen Griffiths to whom all enquiries and requests for further information may be directed (tel: +356 278 88132, email: maltapensions@sovereigngroup.com).

Stephen has extensive experience designing and managing business processes and administration teams. He has worked within the industry for more than 10 years and joined Sovereign Group in 2008, relocating to Malta in 2012 to become a director of Sovereign Pension Services Limited. Stephen is a member of The Society of Trust and Estate Practitioners and of The Malta Association of Retirement Scheme Practitioners.

## Auditor

The Auditor of the Scheme is Mark Azzopardi Holland. Mark is an independent auditor and is responsible for the auditing of pension schemes administered by Sovereign Pension Services Limited. He is the fellow member of The Institute of Chartered Accountants of England and Wales and is a fellow member of the Malta Institute of Accountants and currently holds an auditing warrant. The main area of audit expertise is international trading and holding companies in particular information technology and investment holding companies.

## Purpose

The Administrator will administer the Scheme in order to provide retirement annuities and other benefits to Members in retirement or permanent incapacity and after their death to the Members’ nominated beneficiaries, as applicable, while maintaining the approval granted to it in terms of the Act.

## Fee Structure

Members will be charged a fee upon being accepted for admission to the Scheme (the “Establishment Fee”). The Establishment Fee is £300 if the pension value is up to £100,000 and £750 if the pension value is over £100,001.

The Administrator will also be charging a flat annual fee for each year that the Member retains an interest in the Scheme (the “Annual Fee”).

The Annual Fee is £500 if the pension value is up to £100,000 and £900 if the pension value is over £100,001.

The Administrator shall be entitled to increase its annual fees from time to time taking into account the usual and reasonable fees charged by Administrators of similar retirement schemes.

In addition the Administrator shall be entitled to charge a Member for business done or services rendered on a time spent basis by the Administrator or its officers or employees in relation to the administration of that particular Member's Account. Such charges shall be in line with usual and reasonable charges for the administration of schemes and the Administrator will provide details of its charging rates from time to time upon request.

To the extent that third party fees, charges and other costs and expenses are incurred partly or wholly in relation to a Member's Account, the Administrator shall be entitled to allocate those fees, charges, costs and expenses, or so much of them as the Administrator in its absolute discretion considers appropriate to that particular Member's Account.

### **Eligibility for admission as a Member**

Membership of the Scheme shall be open to any individual accepted at the discretion of the Administrator. The Scheme is open to persons who are resident both within and outside Malta including persons who are already residing outside of the UK or planning to reside outside the UK in the near future. The Scheme is particularly attractive to UK and foreign nationals having built up a UK pension scheme and who are or will no longer be resident in the UK.

In order to become a Member of the Scheme, an individual must enter into a contract with the Administrator under which the individual is obliged to make contributions of any size to the Scheme. Once the Member has entered into the contract with the Administrator the Member's Account will be established by the Administrator within the Scheme's retirement fund.

### **Administration of the Scheme**

The Administrator shall administer the Scheme in accordance with the terms of the Scheme.

The Administrator shall assist by requesting the transfer of the assets comprising the Member's pension plans or schemes to the Scheme and will be responsible for the ongoing administration of the Scheme following receipt of those assets. The Administrator's associated companies will provide assistance to the Administrator by way of collation of information and documentation required to enable the Administrator to consider the acceptance of any Member.

### **Contributions to the Scheme**

The Member shall contribute assets to the Scheme which may include pension funds held in other plans or schemes. The initial value of the assets contributed or transferred will be the value of those assets on receipt by the Administrator. At its discretion the Administrator will be at liberty to accept additional funds or assets as an addition to the Scheme from time to time and all such funds or assets will be administered in accordance with the terms and Rules of the Scheme.

The funds and assets contributed by the Member to the Scheme will be used to establish a Member's Account. The contributions must comply with any regulatory limits imposed in connection with the Scheme or in the terms of the Scheme Document and Rules of the Scheme. The Member will participate solely in the funds and assets of his Member's Account.

### **Valuation of Assets**

Any contributions made to the Member's Account in the form of an in-specie transfer shall be valued by the Administrator on the basis of an independent valuation unless the asset is listed on a recognised investment exchange.

## Annual Valuations and Reporting

The Administrator may utilise an investment fund through which to invest funds from the Member's Account and will use the valuation of the Administrator's interest in that fund as a measure or indication of the value of the Member's Account. The Administrator will also be relying on the valuation of assets as reported by the respective investment house or investment manager of the selected investment instrument (such as an insurance bond) or the investment manager in the case of investment in a retirement fund, in order to obtain any valuation of assets so that the Administrator will be able to comply with the reporting obligations in terms of the Pension Rules and in order to enable the Administrator to pay out any benefits or make any transfers as permitted by the Scheme Rules.

## Investment Strategy

The investment objective for the Scheme shall be to accumulate a fund from which to provide retirement annuities and other benefits. Each Member will be entitled to nominate an investment adviser and the Member or his nominated adviser will be entitled to indicate the preferred investment strategy for the Member's Account. The Administrator may consider any such preference, however, the Administrator will retain ultimate discretion on investments taking into account the investment objective and purpose of the Scheme along with any applicable investment restrictions.

Subject to any condition imposed by law or by the MFSA, the Administrator will ensure that the fund will be:-

- Invested in the best interests of the Member;
- Invested in such a manner as to ensure the security, liquidity and profitability of the each fund ; and
- Properly diversified in such a way as to avoid accumulations of risk in the Member's Account.

## Permitted Investment Products

Investments may be made in a variety of investment vehicles, life insurance bonds and capital redemption bonds which may offer an element of life insurance. Investment vehicles vary in fee structure. A list of permitted providers and an explanation of fees is appended to these Scheme Particulars.

## Investment Platforms

Investment platforms are managed accounts that offer advisers and their clients the opportunity to build bespoke portfolio solutions in a number of currencies. A list of permitted providers and an explanation of fees is appended to these Scheme Particulars.

## Investment Restrictions

The Scheme shall be subject to any investment restrictions imposed by licensing conditions stipulated by the MFSA. In addition:-

- The Scheme shall not engage directly or indirectly in transactions with any of its Members or persons connected thereto and will not allow them to use any immovable property held by the scheme unless it is on fully commercial terms and valued by an independent valuer;
- The Scheme shall not grant loans to any of its Members or connected persons thereto; and
- The Scheme shall not engage in borrowing in connection with property purchases on behalf of its Members or connected persons thereto other than on fully commercial terms, provided that the Scheme may borrow up to 50% of the amount of the property purchased which must be valued by an Independent Qualified Valuer.

## Investment Performance Benchmark

The Scheme does not set or impose any criteria against which the Scheme's investment performance will be measured. The Administrator will determine investment performance benchmarks in consultation with the Member and any appointed investment adviser and will periodically review performance against any such benchmarks to measure performance and manage risk. The registration of the Scheme with the MFSA is not an endorsement by the MFSA of the Scheme's financial performance.

## **Risk Measurement and Management**

The choice of investments of the Scheme may be determined in consultation with the Member of the Scheme or the appointed investment adviser. However, investments shall accord with the above investment strategy and restrictions. The Administrator shall use the selected benchmark to review investment performance from time to time.

Notwithstanding the investment objective and strategy as described above, Members are reminded that past performance shall not necessarily be a guide to future performance and that the value of investments can go down as well as up. The value of overseas investments may be influenced by changes in exchange rates. Some investments may take longer to sell than others, and the sale price may be lower than expected.

## **Potential Conflicts of Interest**

The Administrator, its officers or employees, may be involved in professional activities which, in the course of their business, will or may, on occasion, give rise to potential conflicts of interest. Such persons shall remain at liberty to undertake such business independently of their involvement with the Administrator or the Scheme. In such circumstances, however, such persons will have appropriate regard to their respective obligations at law (where applicable) or under the agreements appointing them (where applicable) to act in the best interests of the Members, when potential conflicts of interest may arise.

Every effort will be made to avoid conflicts of interest by appointing independent service providers and investing in assets that have no connection with the Scheme or the Administrator. Should a conflict of interest be identified, it will be managed or mitigated through disclosure or by implementing the necessary management actions.

## **Benefits upon Retirement**

A member's normal retirement age is the earliest date permitted by the proper law, not being earlier than the 50th birthday of the Member (and not being earlier than the 55th birthday of the Member to the extent that the Member's Account comprises United Kingdom relevant transfer funds and / or ring-fenced transfer funds) or such date as agreed between the Member and the Administrator not being later than his or her 75th birthday.

Pension benefits may be made available earlier than age 50 or earlier than the UK's normal minimum pension age (currently 55) if the Member becomes permanently incapacitated and unable permanently to carry on his occupation. Supporting medical evidence would be required in this instance. If the Member's Account comprises relevant transfer funds and / or ring-fenced transfer funds then benefits may only be payable before the Member has reached the UK's normal minimum pension age where the ill health condition in Finance Act 2004 section 165 is satisfied immediately before any benefits are provided.

Upon reaching normal retirement age, there are several lifetime benefit options available including but not limited to (i) a pension commencement lump sum not exceeding 30% of the value of the relevant Member's Account or such other amount as the MFSA may from time to time permit; provided that where the benefits originate from a United Kingdom relevant transfer fund and/or ring-fenced transfer funds, the pension commencement lump sum shall not exceed 25% of the value of the relevant Member's Account or such other maximum as may be applicable to "qualifying recognized overseas pension" in terms of UK legislation; (ii) the payment of the balance of the relevant Member's Account remaining after the payment of any lump sum providing the Member with lifetime benefits in terms of the Act (iii) where the benefits originate from a United Kingdom relevant transfer fund and/or ring fenced transfer funds the Member can opt for flexible access drawdown whereby part of the retirement fund may be commuted for a lump sum to a maximum of 25% of the value of the fund and then take as much or as little of the remaining balance as the Member decides.

## **Benefits upon Death**

Subject to mandatory provisions of the applicable law, upon the Member's death the Administrator shall pay the balance in the Member's Account to the Member's dependants or relations or such persons as the Member may have notified in writing to the Administrator in such proportion as the Administrator shall determine. The Administrator shall have regard to the Member's wishes but shall not be bound by them.

If the Member dies without being survived by one or more nominated beneficiaries, the Administrator will exercise its discretion with regard to the distribution of any amounts remaining within that Member's Account in accordance with the Scheme Document.

## **Payment of Benefits**

The Member may elect to commence drawing benefits by completing a benefit election form and returning it to the Administrator.

The payment of an annuity shall be made monthly unless the Member requests that such payment be made quarterly, half yearly or yearly.

## **Taxation of Benefits**

No tax is payable in Malta by the Scheme on income and capital gains with the exception of immovable property situated in Malta. Payments of retirement benefits to non-Malta residents are not taxable in Malta where an appropriate double tax agreement exists between Malta and the Member's country of residence. Where there is no suitable double tax agreement then a withholding tax may be applicable. However, no withholding tax is payable under Maltese law on the payment of lump sums from the Scheme. As the Scheme qualifies as a Qualifying Recognised Overseas Pension Scheme under the UK Finance Act 2004, the exemption from Maltese tax in respect of the lump sum received by way of commutation of pension is limited to a maximum of 30% of the total fund value even if the amount paid as a lump sum exceeds this amount.

The Administrator will deduct any amount due for taxation if applicable, from the benefit payable and will pay all taxation due by the Scheme to the relevant authority, prior to making the payment of the benefit to the Member.

## **Legal and Tax Advice**

Prospective Members should not construe the contents of this document as legal, tax or financial advice. Each prospective Member should consult his or her own professional advisors as to the legal, tax, financial or other matters relevant to the suitability of the Scheme for his or her requirements and as to the tax payable to him or her. No liability is accepted for any consequences arising from any transaction in connection with this document.

## **Accounts and Reports**

The Member is entitled to inspect at the registered office of the Administrator any accounts or reports relating to the Scheme or their individual Member's Account. The Member shall be sent annual statements showing the value of their Member's Account.

## **Accounting Year End**

The Scheme's account period runs from June 1<sup>st</sup> to May 31<sup>st</sup>.

## **Liability**

The Administrator will be liable to the Members and beneficiaries for any loss suffered by them as a result of its fraud, wilful default or negligence in accordance with the applicable laws of Malta.

The Administrator shall not be liable for any actions, claims or demands arising out of anything done or caused to be done or omitted by him (whether by way of investment or otherwise) in connection with the Scheme and costs arising therefrom, except for a breach of the Scheme arising from his own fraud, wilful default or negligence.

The Administrator (and any and all of its directors officers or servants) will be indemnified out of the Scheme to the extent permitted by law against any actions claims or demands arising out of anything done or caused to be done or omitted by them (whether by way of investment or otherwise) in connection with the Scheme and all costs arising therefrom, except an act or omission which the Administrator knew to be a breach of the Scheme Rules and which the Administrator knowingly and wilfully committed or omitted as the case may be.

The Administrator shall not be liable in respect of any payment to any person erroneously made in the bona fide belief that the person was entitled to it and a receipt issued to the Administrator by the person shall be a good and sufficient discharge of the obligations of the Administrator.

The Administrator shall not be liable if the assets of the Scheme are insufficient to pay the benefits under the Scheme by reason of any loss or depreciation of any of the assets of the Scheme.

### **Statutory Provisions for Compensation**

There exists no statutory provision for compensation in the case where the Scheme is unable to satisfy the liabilities attributed to it and the Scheme shall not be held responsible for compensation in such an event. The Registration of the Scheme is not an endorsement by the MFSA of the Scheme's financial performance.

### **Residents in Malta**

The Scheme should not be considered as the primary or only source for retirement provision of residents in Malta and should be considered in light of other retirement provisions including (mandatory or voluntary) occupational schemes that the Government of Malta may introduce in the future.

### **Further Information**

Additional information may be obtained from the Administrator at the following address: Suite 5 Valley Towers, Valley Road, Birkirkara, BKR9022 Malta.

### **Scheme Document and Rules**

This document is a brief overview of the key features of the Scheme. The full details of the Scheme are set out in the Scheme Document and the Rules. In the event there is a discrepancy between the Scheme Document and Rules and these Scheme Particulars, the Scheme Document and Rules will always prevail. A copy of the Scheme Document and Rules may be obtained from the Administrator by applying at the above address.

## **Appendices**

### **Life Insurance Bonds/Capital Redemption Bonds**

The Administrator currently permits investments with the following companies:

Ascot Life

Axa Wealth

Friends Life

Friends Provident International

Generali International

Hansard International

Innovest International

Investors Trust

Old Mutual International

Old Mutual Ireland

Old Mutual Singapore

Old Mutual South Africa

Providence Life Limited PCC

Prudential

RL 360

SEB Life International

*This list is not exhaustive and may be amended.*

### **Investment Platforms**

The Administrator currently permits investments with the following companies:

Acordias Offshore Limited

Allan Gray Investments

Aria Capital Management

Ascentic UK

Best Invest

Capital Platforms

Citadel Investment Services

Citygate Securities Limited

Cornhill Flexmax

E Portfolio Solutions

iFast Global Prestige

ING Luxembourg

Moventum International

Nedbank Private Wealth Limited

Praemium International Limited

PSG Online



## Investment Fees

There are many fees associated with investments and some examples are set out below:

### **Bond/Platform Establishment Charges:**

Where the investment house offers 100% allocation of funds, fees ranging from 0-12% can be charged and deducted from the policy over a period of 3-10 years.

### **Bond/Platform Early Surrender Charges:**

This percentage charge will reduce on a sliding scale over the lifetime of the product. These can range from 3-10 years.

### **Regular Policy Management Charge:**

This charge will be taken from the cash account over an agreed period which can be 3-10 years. It reimburses the investment house for paying commission to the introducing broker whilst allowing the investor 100% allocation of their premium.

## Administration Fees

These fees are usually charged quarterly and range from £96-£125 per quarter. They are deducted from the cash account within the bond or platform.

### **Fund Initial Fees (Bid/Offer Spread)**

These are fees charged when collective investments are purchased within bonds or platforms and can range from 0% to 5.50%

### **Exit Penalties**

These are fees on collective investments where no bid/offer spread is charged but a 5% commission is paid to the introducing adviser. An exit fee of 5% year 1 reducing to 1% in year 5 will be charged on funds withdrawn. The fee will cease after the investment's fifth anniversary and withdrawals will suffer no penalties on redemptions.

### **Fund Annual Management Charges**

These are the charges made by the investment manager for using its collective investment fund. They can range from 0.75% for institutional funds to 2.25% for retail funds. The fee is taken each time the fund is priced.

### **Investment Management Charges (DFM)**

These are the fees charged by discretionary investment managers for managing the portfolio. The fees can range from 0.25%-2% per annum.

### **Custody Fees**

These are fees charged by investment managers for safe custody of the investments. They can range from 0.05% to 1% per annum.

### **Performance Fees**

These are fees paid to investment manager for generating positive returns. Performance fees are usually 20% of the growth above an agreed return and are used to align the interests of investment managers and their investors.

### **Valuation Fees**

These are fees charged by investment houses for producing valuations outside of the agreed valuation dates.

### **Investment Advisory Charges**

These are charges levied financial advisers for monitoring client's portfolios and suggesting changes as and when deemed necessary. These fees are paid from the cash accounts within bonds or investment platforms and range from 0.1%-2% per annum.

### **Dealing Fees**

These are fees charged and any security to bought and sold within a bond, fund, platform or portfolio. They can be a fixed fee (£5-50) per trade or a percentage of the amount invested/sold 0.1% -0.5%.

## **Total Expense Ratio**

This is a measure of the costs of the investment company to operate a fund or investment portfolio. It considers all of the above fees and represents the true cost to the investor of the fees being charged for managing their portfolio.

These particulars contain a brief overview of the key features of the Kemmuna Retirement Benefit Scheme which aim is to inform Members and Beneficiaries about the nature of the Scheme and as to how the Scheme's assets are administered and invested. Applicants should read them carefully and seek independent financial advice before completing the membership application form. Full details of the Scheme are contained in the Scheme Document and Rules which are available from the Administrator on request. In the event of any discrepancy between these particulars and the Scheme Document and Rules, the latter shall prevail.

The Administrator of the Scheme is unable to and does not provide advice of any sort, whether financial, legal, tax, investment or on pensions transfers or benefits. Members of the Scheme may be subject to different laws according to their domicile or country of residence and applicants should seek advice from suitably qualified experts before proceeding. Whilst every effort has been made to ensure that the details contained herein are correct and up-to-date, this information does not constitute legal or other professional advice and we do not accept any responsibility, legal or otherwise, for any error or omission.