

Pensions Update



April 2013

Sovereign's monthly pensions newsletter

Maltese consultation document on personal retirement schemes

On 1 April 2013, the Malta Financial Services Authority (MFSA) announced a series of proposed changes to its rules and regulations under The Retirement Pensions Act. MFSA issued a consultation document containing the proposals in draft form. It invited licence holders and other interested parties to participate in a consultation period that runs for six weeks, closing on 13 May 2013.

The consultation document sets out in some detail the proposed changes. Once the new rules are adopted, MFSA makes clear that much of the existing legislation will be repealed. It is envisaged that the new set of regulations will come into force later this year.

The move was welcomed by industry specialists as the proposed changes are wide ranging. The amendments are of course subject to changes and revisions but it is expected that some investment restrictions will be widened and that overall, the rules will become more flexible. Previously Maltese legislation only dealt with occupational schemes whilst the planned rules also cover personal retirement schemes, retirement funds and services providers. This latter category should be of particular interest to international advisers selecting Maltese-based service providers, as the new rules set out a series of responsibilities under which providers operate.

As a fully regulated entity in Malta, Sovereign is hugely interested in the proposed changes which it sees as being generally positive for the jurisdiction. It will of course take immediate steps to make amendments as necessary to any existing procedures as a result of the new rules once implemented. Once the new rules are finally in place, Sovereign expects to widen its pension offering from Malta. Follow this link to access the 15-page consultancy document.

<http://www.mfsa.com.mt/pages/announcement.aspx?id=5423>

Sovereign Malta office move

As a result of the continued growth in business seen in Malta, Sovereign has relocated its operation from Valletta to new state of the art premises in Birkirkara. Commenting on the move, local director Stephen Griffiths said that the new offices demonstrated the importance of the Malta operation to Sovereign, and the group's on-going commitment to its future growth in the EU jurisdiction. Stephen went on to pay tribute to the hard-working (and growing) Sovereign staff complement in Malta, the majority of whom are Maltese.

The Sovereign Art Foundation

The image at the top of this newsletter: "Child in Red" by Haris Purnomo, 2007 Sovereign Asian Art Prize Public Vote Winner.

A charity raising money to help disadvantaged children using the arts as rehabilitation, education and therapy.

www.SovereignArtFoundation.com

Sovereign's Calpe Lite scheme widens investment options

In Gibraltar, Sovereign offers a "lite" QROPS option in addition to its hugely successful Calpe Retirement Benefit Scheme. The product is available for pension pots valued up to £100,000 and the previously restricted investment options have been widened and relaxed considerably. The majority of life bonds will now be accepted as suitable investments by the trustees; specific questions should be directed to investment specialist Eamon Bermingham +350 200 76173 or ebermingham@SovereignGroup.com

Upcoming industry events

Sovereign continues to be represented at major pension industry events around the world. Sovereign considers it vitally important for the group to be seen promoting the fully regulated product range that has been developed in recent years. It is also an opportunity to meet other industry players and advisers. Sovereign will be running its own events in **Shanghai on Monday 13 May** and **Hong Kong on Wednesday 15 May**. Aside from senior Sovereign personnel, Peter Davis of Isle of Man – based Pentech Limited will be presenting the unique IFAS arrangement which is an exclusive arrangement whereby Pentech offers a complimentary advisory service to qualifying IFA firms who must register to use the service.

Spaces at these seminars are limited and requests will be dealt with on a "first come, first served" basis. Please contact Yuseff Murphy at ymurphy@SovereignGroup.com for further details, and to book your place. Sovereign will also be presenting at International Adviser ("IA") Retirement Planning Forum events in **Singapore on 20 June** and **London on 26 June** this year.

The Dubai International Adviser Retirement Planning Forum

International Adviser hosted the latest in their series of retirement planning fora in Dubai on 19 March 2013. Attended by Sovereign's Alex Cockerill, he reported that a main focus at the event was QROPS provision in Gibraltar. Sovereign also offers a scheme in Malta with free transfers available between the two jurisdictions. The Middle East is an interesting region as there are a very large number of current residents holding a QROPS but most of them will probably leave before retirement. In those circumstances it is difficult to advise on the best QROPS jurisdiction now but free transfers allowed by Sovereign provides a ready-made solution.

Alex also promoted other services available from the group's Middle East offices aside from pension products. In particular, UAE benefits from robust legislation offering, amongst other areas, free zone companies that can be very useful depending on a client's individual circumstances. Professional advice is always recommended at the outset.

Sovereign to issue Money Purchase Illustrations to all pension members

Sovereign Group announces that it has become the first International Pensions Provider to offer Money Purchase Illustrations (MPIs) to all pension members and for all pension plans, including QROPS and QNUPS.

MPIs have been provided as standard in the UK since 2003 and are designed to provide a sensible look at the real level of pension people can expect in the future given the level of money they have currently put aside. They should assist individuals to assess in broad terms the adequacy of their pension arrangements and the extent to which they may need to make further provision.

The service will be provided in conjunction with PenTech Limited, an Isle of Man-based firm of international pension technicians and actuaries which has worked closely with Sovereign for a number of years, and the MPIs will be based on investment returns of 3%, 5% and 7%.

Commenting on the development, Sovereign Director Gerry Kelly said: "Sovereign has been at the forefront of international pension administration for many years and is constantly looking to improve the service provided to its members. This is another example of the enhanced benefits that we can bring to our pension members and we expect to make further announcements in due course."

Peter Davis, Managing Director of PenTech Ltd., said: "When dealing with QROPS transfers, many UK schemes ask for confirmation that details of anticipated future benefits have been provided to new members before permitting a transfer. Sovereign is doing this as standard with the production of an MPI for all new business applications."

French disclosures

Under rules introduced in 2011 in France, Trustees have an obligation to report any French settlors and beneficiaries of trusts. The reporting date is 15 June 2013 and the report is in respect of trusts that existed at 1 January 2013. QROPS and QNUPS are covered by this disclosure requirement and Sovereign will report in May 2013

Contact

Cyprus

Baiba Saldovere
+357 25 733 440

bsaldovere@SovereignGroup.com

Dubai

Alex Cockerill
+971 (0) 5094 59007

acockerill@SovereignGroup.com

Gibraltar

Darren Whitley
+350 200 76173

dwhitley@SovereignGroup.com

Guernsey

Josephine Rocca
+44 (0) 1481 729 965

jrocca@SovereignGroup.com

Hong Kong

Yuseff Murphy
+852 2542 1177

ymurphy@SovereignGroup.com

Isle of Man

Kerry Scholes
+44 (0) 1624 699 800

kscholes@SovereignGroup.com

London

Richard Chandler
+44 (0) 20 7389 0555

rchandler@SovereignGroup.com

Malta

Stephen Griffiths
+356 278 8132

maltapensions@SovereignGroup.com

Singapore

Andrew Galway
+65 6222 3209

agalway@SovereignGroup.com

South Africa

Coreen Hayman
+27 21 418 2170

chayman@SovereignGroup.com