

If you're operating a business in Gibraltar, the Private Sector Pensions Act 2019 is legislation that you need to have firmly on your radar.

The Act, which was introduced to ensure that all eligible employees in Gibraltar's private sector have access to a pension scheme, has been a reality for the Gibraltar's largest employers since 2021. And now, with a phased implementation to assist businesses to prepare, the deadlines are fast approaching for Gibraltar's medium and smaller employers.

This guide is intended to walk you through the legislation, set out what actions you need to take and when, and explain how Sovereign can help you stay compliant and identify and establish the most suitable pension scheme for your business and employees.

KEY DATES

The rollout for Gibraltar Workplace Pensions is being implemented in five stages, based on company size:

- Enterprise (251+ employees) 1 August 2021
- Large (101 to 250 employees) 1 July 2022
- Medium (51 to 100 employees) 1 July 2025
- Small (15 to 50 employees) 1 July 2026
- Micro (14 or fewer employees) 1 July 2027

WHO NEEDS TO BE ENROLLED?

Under the Act, businesses must offer all eligible employees the choice to join a compliant workplace pension scheme. Eligibility generally applies to employees who:

Are over the age of 15.

Have been employed in the business for one year or more.

Earn gross earnings from that employment of £10,000 or more per year.

Are not already part of another approved pension scheme.

If any employees meet these criteria and choose to join a workplace pension scheme, as the employer you are responsible for enrolling them and making the required contributions into that scheme.

An employee can opt-out. Should they choose to do so, the employee must complete an opt-out form that the employer must submit to the Pensions Commissioner.

WHAT ARE EMPLOYERS AND EMPLOYEES EXPECTED TO CONTRIBUTE?

2% Contributions (minimum)

The Act mandates a minimum employer contribution of 2% of gross earnings annually (i.e. basic pay before deductions), although businesses can choose to contribute more if they wish.

Employees are also required to contribute a minimum 2% of their gross earnings.

WHO SUPERVISES COMPLIANCE?

The Gibraltar Financial Services Commission (GFSC) is appointed as Pensions Commissioner under the Act to ensure that the requirements are complied with by both employers and the administrators of pension schemes.

Employers are required to maintain accurate records and demonstrate that they have fulfilled their obligations under the law. Failure to comply could lead to penalties, so it is essential to have a compliant, well-administered scheme in place.

SOVEREIGN WORKPLACE PENSION PLANS

At Sovereign, we've developed three workplace pension plans designed to meet the needs of businesses of all sizes and sectors.

Sovereign Tailored Plan

A fully customised pension solution designed around your company's structure and workforce. Ideal if you want maximum flexibility and control within the requirements of Gibraltar's Private Sector Pensions Act 2019.

- Gibraltar IORP-approved complies with EU Directives for occupational pensions.
- Scheme trust deed and rules tailored to suit your business.
- Tailored member communications and scheme booklet.
- Employer Self-Service (ESS) and Member Self-Service (MSS) portals.
- Regulated investment manager and funds to suit member's needs.

Sovereign Core Plan

A cost-effective, pre-approved pension scheme that's quick to set up and easy to manage. Perfect for small to mid-sized businesses that want a compliant, high-quality solution without the expense of a bespoke plan.

- Gibraltar IORP-approved complies with EU Directives for occupational pensions.
- Shared external fees keep costs low.
- Employer Self-Service (ESS) and Member Self-Service (MSS) portals.
- Regulated investment manager and funds to suit member's needs.

Sovereign Foundation Plan

The same trusted Sovereign quality, but for micro employers. This scheme provides an affordable, straightforward way to meet pension obligations without unnecessary complexity.

- Employer Self-Service (ESS) and Member Self-Service (MSS) portals.
- Regulated investment manager and funds to suit member's needs.
- Portable solution for members.

HOW WILL MY PENSION BE INVESTED?

Individuals have different attitudes to risk, different investment timeframes, and different levels of investment knowledge and expertise.

Members of pension schemes administered by Sovereign Pension Services are provided with a choice of investment funds, each with a different risk rating depending on the member's growth objectives.

All our funds are run by highly regulated investment managers with validated track records. These investment managers are also constantly monitored by Sovereign Wealth, our stand-alone, fully regulated asset management subsidiary in Gibraltar.

Sovereign Wealth will ensure that investment choices are matched to the investment parameters of the scheme and the members' tolerance for risk. The team at Sovereign Wealth is also available to employers and employees, providing peace of mind to both.



Sovereign Wealth

WHAT WILL THE SET-UP PROCESS BE?

As an example of how easy it is, here's the Joiner process:





Sovereign makes the set-up process straightforward. Firstly, contact us to discuss your needs and tell us how many employees you have and which of them meet the eligibility criteria. Based on the scale and scope of your business, we will then be able to help you choose the right plan and guide you through the process.

We typically advise employers to allow at least three months to get a pension scheme fully up and running. But the process will not consume your time and resources throughout the entire period. Sovereign will handle the heavy lifting, leaving you to stay focused on running your business.

HOW WILL I MANAGE MY PLAN?

Once your workplace pension scheme is active, the ongoing management is uncomplicated for employers. Each month, you will log into our online Employer Platform, complete the contributions spreadsheet and submit it through the platform. You will also have access to a range of dynamic reports that you can run and download or export.

For businesses using EasyPay for payroll services, the process is even simpler. Thanks to our integration with EasyPay, employers only need a personalised security key and a single click each month to ensure contribution details stay up to date.



HOW WILL MY EMPLOYEES ENGAGE WITH THEIR PENSION?

Employees can also oversee and manage their own pension information directly in a secure and convenient environment through our secure Member Self-Service portal. Employees can stay connected to their pension and have access 24 hours a day so that they can view and export information including:

- Balance enquiry/valuation
- Investment information
- Contribution information
- Employee booklet
- Pension annual statements

The self-serve portal reduces traffic to HR and management, as Members have all the information they need at their fingertips.

WHY CHOOSE SOVEREIGN?

The Sovereign Group has been providing pensions and retirement solutions for over 30 years, and we administer schemes from three of our 20 international offices. We serve a global client base ranging from micro businesses to multinational corporations. In 2024, we were selected to administer the Guernsey government's mandatory pension scheme, Your Island Pension.

Sovereign provides the perfect mix of digital delivery and people support. Our Gibraltar workplace pensions team brings more than 120 years of combined experience in designing, establishing and managing workplace pension schemes in Gibraltar, making us one of the most knowledgeable providers in the region.

Sovereign Pension Services is here on your doorstep to work closely with employers to support the launch and administration of their scheme. We will provide your team with training on the processes and portal, and we will engage with your employees on the rules, investment options, portal, and required actions to help them understand and value their benefit.



Visit us at: Sovereign Place, 117 Main Street, Gibraltar Email: localpensions@SovereignGroup.com | Tel: +350 200 76173 Website: www.GibraltarPensions.com

