

The logo for Fiduchi, featuring the word 'fiduchi' in a lowercase, white, sans-serif font. The 'i' and 'd' are connected, and the 'u' is a simple curve. The background is a photograph of three people in business attire, with a man in a white thobe and a woman in a black hijab clapping.

Inspiring. Independent. Trusted.

For over 25 years our ethos has remained the same. Build long-term close relationships with our clients and become their trusted partner of choice.

## International Savings Plans (ISPs)

An innovative savings plan product for multinational employers

### What is an ISP?

The 'International Savings Plan' is an innovative savings plan product for international employers, which has been available in Jersey since January 2019. The ISP is designed to allow employers to create as flexible a plan as they need to meet the different requirements of their employees wherever they might be in the World. This differs from the more rigid pension plans that employers have traditionally offered their employees. For example, ISPs can be set up to allow payouts to employees before the normal minimum retirement age. Under an ISP, a payout can be made at the end of an employment term or upon the occurrence of a significant life-changing event such as redundancy or ill health.



### Why choose an ISP?

Being able to offer a well-regulated savings plan with flexible rules as to when benefits can be paid out is an attractive option for employers wishing to recruit and retain talent in a competitive marketplace. When employers put in place a traditional pension plan it usually means their employees are unable to access their savings until the point at which they retire, which means they are unable to fund life-changing "trigger events" such as the termination of employment, redundancy, children going to university or children getting on the property ladder. This often leads to poor take up of the pension plan, with employees seeking to save elsewhere. The ISP approach is different – it allows employers to design a plan structured around their employees' real-life requirements and the needs of the company. This becomes a real selling point for the employer-based savings plan, especially when coupled with any rewards-based element that the employer may wish to design into the ISP.

### How an ISP works - example scenario



EcoSun is a large company with offices in London, Washington and Dubai. It employs a total of 3,500 people. Using a Jersey-based firm, EcoSun sets up an ISP for all 500 employees working in its Dubai office to provide for the end of service benefit (EoSB) payment due on termination of employment as required by UAE law.



EcoSun tailors the ISP to suit the needs of its Dubai-based employees by incorporating the statutory EoSB payments required for each employee into the ISP. This takes the cost of the EoSB off its balance sheet and reduces the creditor/insolvency risks for its employees. EcoSun also matches employees' contributions into the ISP up to an agreed percentage, thus creating a highly beneficial employee rewards and incentivisation plan. EcoSun establishes the rules of the ISP so that the matching contributions can only be accessed by the employees after five years of employment and that all contributions can be accessed upon certain 'trigger events' such as redundancy or ill health.



Jalal is an employee and has worked in the Dubai office for ten years and has been contributing to the ISP. Jalal is 45 years old and has a son who has just graduated from university and is keen to get on the property ladder in London. Jalal decides to cash in on his ISP and put his savings towards a deposit on a property for his son whilst leaving the EoSB element of his employer's contributions safely within the ISP.

## Key features

The key feature is flexibility! Each employer can tailor their own ISP to meet the needs of the company and its employees. An employer can establish an ISP with different sections for its different types of employee. For example, EcoSun in the example above could set up an ISP with three sections; one to provide for the EoSb gratuity payments legally due to the Dubai-based employees at the end of their service; one to provide benefits to any staff that may be seconded to jurisdictions outside of their home territory; and one designed to allow all staff the ability to purchase shares in the company.

**To qualify as an ISP, the plan must contain all of the following features:**

- > Its sole purpose is to provide benefits in respect of a person's employment, wholly outside Jersey;
- > It is established under an irrevocable trust under Jersey Law by an employer who is not resident in Jersey;
- > It has trustees (either two or more individuals or a corporate) who are regulated by the Jersey Financial Services Commission (JFSC - Jersey's financial services regulator); and
- > It is not a plan which comes within the pensions framework under Jersey tax legislation.



## International Savings Plans (ISPs)

# Frequently Asked Questions

### Q. Are ISPs available to local Jersey residents?

A. ISPs are not suitable for Jersey residents and have been designed to fulfil the needs of non-resident employers and employees.

### Q. Are ISPs only being offered to residents in the Gulf region?

A. No, ISPs have not been introduced solely for Gulf region residents. However, it is envisaged that there will be much interest from the Gulf region as ISPs can easily be designed to incorporate mandatory end of service benefit payments.

### Q. Does a company need to have a minimum number of employees before they can setup an ISP?

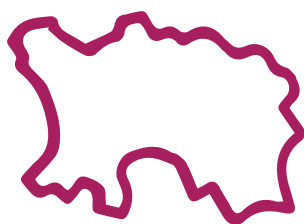
A. There is no minimum requirement for the number of employees needed to set up an ISP.

### Q. I am an employee, based in England, of a multinational company offering ISPs. Can I have an ISP and a pension?

A. Yes, it is possible to have both an ISP and a pension. Your employer decides whether to offer an ISP in addition to a pension.

### Q. What are the implications from a tax perspective?

A. Jersey ISPs are granted approval by the Jersey Tax Office and are tax-neutral vehicles. Income and gains can be accrued tax free in Jersey and distributions out of the ISP will not be taxable in Jersey. In addition, certain jurisdictions may offer tax relief to sponsoring employers in relation to any employer contributions made to an ISP.



## Why Jersey for ISPs?

**ISPs have been offered around the world. However, employers setting up ISPs will naturally wish to establish them in a reputable well-regulated jurisdiction.**

What sets Jersey apart as an ideal jurisdiction for employers setting up ISPs is our robust regulatory framework and political and economic stability. Jersey's respected trust law, legal framework and trustee regulation is considered to be amongst the most robust in the world and it is for this reason that all ISPs must be formed under a Jersey-law trust with at least one Jersey-regulated trustee. In this way, a level of governance and oversight can be assured. As a jurisdiction at the forefront of global finance for more than 50 years, and with more than 13,200 finance industry employees, Jersey is ready to service and support the needs of all types of companies looking to set up ISPs for their employees.



### Expertise

Jersey has one of the largest number of finance industry professionals of any IFC; giving it a vast pool of expertise to draw upon.



### Reputable

Jersey adheres to, and is often an early adopter of, global standards set by the UK, EU, US and the Organisation for Economic Cooperation and Development (OECD).



### Substance

A modern business environment with more than 13,200 professionals supported by a politically stable government.



### Central

Jersey has a central time zone, making it easy to do business around the globe.



### Choice

In over five decades, Jersey has developed a breadth and depth of competitive products and services.



### Tax-Approved

The Jersey tax authority approves Jersey ISPs.



### Legal

Jersey's respected trust law, legal framework and trustee regulation is considered to be amongst the most robust in the world.



# Why Fiduchi?

Working in partnership with you

Fiduchi is an independent owner-managed financial services business. Being independent ensures we have the flexibility to deliver bespoke solutions that others may not be able to offer. That's what makes us different..

## Fiduchi in the Middle East

Fiduchi has been providing clients from the Middle East with sophisticated structuring solutions for over a decade. We help our clients put in place appropriate holding vehicles for private assets and business assets in order to achieve their succession planning and asset protection goals, whilst ensuring that each solution is bespoke, taking into account the client's precise requirements and understanding the cultural nuances which surround them.

We aim to assist a wide variety of clients in the region - families, corporates and government related entities - by offering suitable asset ownership structures.

We also have specific experience in offering yacht services and managing yacht-owning companies for Middle East based families.

In 2018 we made the decision to increase our commitment to the region by opening a representative office in Dubai to better serve our clients in the Middle East and GCC region.



If you would like to know more about International Savings Plans or about Fiduchi, please contact one of our team below.

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