

International Pension Plans for employers

If you're an international employer looking to provide a company pension scheme for your global employees, then make sure you consider the advantages of an IPP and in particular the specific benefits that schemes from providers in Guernsey can offer.

What is an IPP?

An international pension plan (IPP) is a pension plan established in an 'offshore' location, such as Guernsey, which is the home country of neither the employer nor the employees, to provide benefits for the global employees of an international employer.

It is not generally possible for an international employer to retain all its global employees in a single pension plan established in its home country. This might be due to economies of scale, lack of local pension vehicles, legal and tax issues. Therefore it may be that an IPP is the only viable solution. The IPP can be either 'approved' or not depending on the needs of the trustee/sponsor. An advantage of 'approval' is that the ability to accept transfers in or make transfers out may be enhanced.

What does an IPP in Guernsey offer?

- Many different employers within the same multinational group can join the same IPP
- Flexibility over benefit design, even for individual members of an IPP
- No limits on the amount of employer or employee contributions
- Employer contribution rate flexibility; pace of funding for defined benefit arrangements and contribution rate structure for defined contribution schemes
- No requirement to comply with EU 'cross border' restrictions and to be 'fully funded' at all times (for defined benefit arrangements)
- Freedom of investment choice offered to members (for defined contribution arrangements)
- No income tax or capital gains tax on the assets within the IPP, near gross roll up
- No limits to the value of the benefit/fund which can be accumulated for an individual member

- Option to take entire account as lump sum on leaving service or retirement (subject to being over age 50)
- No requirement to purchase an insurance based annuity (although may do so)
- Pension income paid gross without the deduction of income tax
- Able to transfer and receive benefits from other pension arrangements

Guernsey – A leading location for an IPP

- A pre-eminent jurisdiction for the provision of an IPP – for 30+ years
- Full range of consultancy and other services required for an IPP are available
- IPPs can get formal recognition ('approval') from Guernsey's Income Tax Department
- Trust practitioners are well regulated by the Guernsey Financial Services Commission (GFSC)
- Experienced service providers offer flexibility over the structure, investment and administration
- Good postal and telecommunications links and convenient air links
- Features on the OECD 'white list' published at the conclusion of the G20 summit in London