

# ELEMENTS

## INTERNATIONAL PENSION PLAN

Creating international employee benefits

THIS CASE STUDY IS BASED ON THE SCENARIO OF A MULTI-NATIONAL EMPLOYEE SAVING FOR GLOBAL FINANCIAL INDEPENDENCE IN RETIREMENT THROUGH AN INTERNATIONAL PENSION PLAN

### SCENARIO OVERVIEW

Jack Jones is South African, 37-year-old, married, computer software engineer, he works under contract for multi-national companies via an employment agency. Given his specialist skills, he finds himself working on a variety of projects which are globally based; the contract terms are typically between 6 to 18 months. His wife Bridget, is also South African, and lives in Cape Town with their daughters Jade, aged 9 and Sarah, aged 6.

Jack is the only income earner and brings in approximately US\$ 400,000 per annum depending upon the nature of his contract. After costs, which include his living expenses and those of his family in Cape Town, he has between US\$ 150,000 and US\$ 200,000 available to invest every year.

As a contract employee, Jack is very much aware of the need to build wealth, to secure financial independence for his family. Due to the temporary nature of his work with no company pension provision, this is a priority for Jack. To date he has accumulated funds in unit trusts and bank deposits held in his own name via institutions in the Isle of Man and Jersey.

### CONCERNS AND DESIRED OUTCOMES

Jack is concerned that his current financial arrangements don't address his future financial objectives; further to this, his assets offer no tax benefits or protection. As these assets are held in his own name, his real worry is how quickly these would transfer to his family should he pass away. He is unfamiliar with the process and costs associated with transferring assets held in different jurisdictions.

Whilst settled in South Africa, there is also the possibility that his family may move to another country to educate the children.

Given the geo-political risk in South Africa and systems such as exchange control, which reduce Jack's financial freedom and investment choice, Jack is reluctant to use South African based products.



## PROVIDING A COMPREHENSIVE RANGE OF SOLUTIONS

### Foreign assets held in own name

- ✗ No asset protection
- ✗ Subject to foreign probate requirements
- ✗ Capital gains, interest and dividends taxable
- ✗ No efficient succession options
- ✗ Estate duty implications

### Saving in an IPP

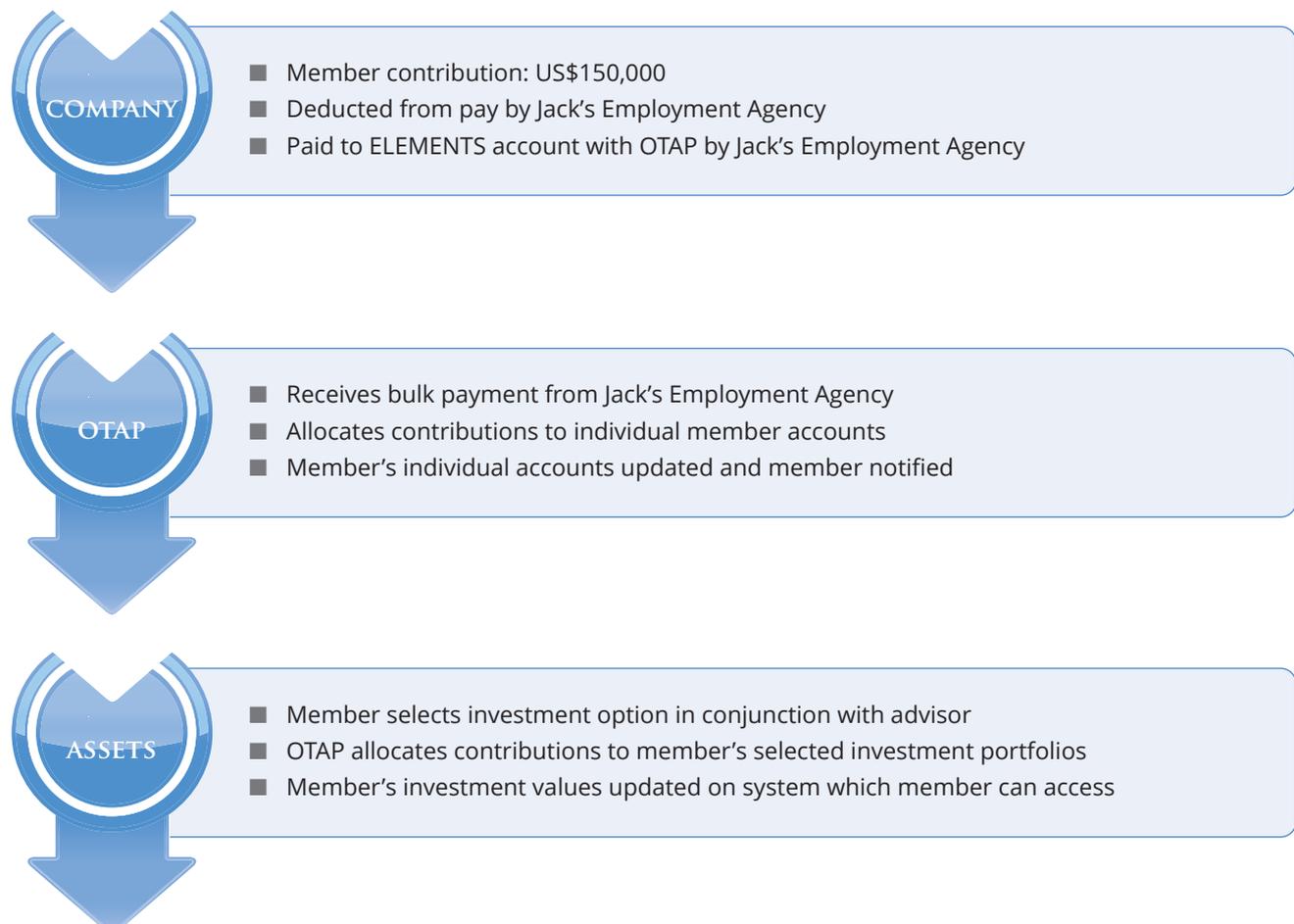
- ✓ Investment in hard currency
- ✓ Asset held in AA- rated jurisdiction
- ✓ Unlimited contributions
- ✓ Assets are protected
- ✓ Foreign probate can be mitigated
- ✓ Tax free roll up

## RECOMMENDATIONS AND OUTCOMES

**Jack's financial adviser recommends that he save for his retirement through an International Pension Plan registered in Guernsey.**

Jack's employment agency has recently become a participating employer in the ELEMENTS International Pension Plan, a Guernsey domiciled pension plan offered by Overseas Trust and Pension ("OTAP"). As a member of the Plan, Jack's employer can deduct pension contributions from his salary directly and make contributions to the international pension on his behalf. This will complement his existing funds and his Adviser explains the contribution process and how the Plan provides a significant range of benefits that address many of Jack's concerns.

## CONTRIBUTION REMITTANCE PROCESS



## ADVANTAGES FOR THE JONES FAMILY

### ✓ Currency Diversification

The assets that are accumulated in the Plan can be held in a hard currency which means that Jack is not exposed to emerging market currencies and he can control such exposure, thereby reducing the impact of currency fluctuations on the value of his Plan.

### ✓ Asset Diversification

The Plan offers access to a range of international investments reducing the risk of exposure to a single market or asset type.

### ✓ Asset Protection

The contributions to the pension plan would not form part of Jack's personal wealth. Should he encounter financial difficulties the funds accumulated within the Plan would be protected.

### ✓ Neutral Territory

The Plan is based in Guernsey, which has been rated AA- by Standard & Poors, offering political stability, financial security and flexibility.

### ✓ Efficiency

The contributions made into the Plan are not subject to tax on gains or additional income tax whilst they remain in the Plan. This makes the Plan very tax efficient and allows for gross accumulation. Tax implications will need to be considered based on the country where Jack is tax resident.

### ✓ Portability and Access

Jack can make unfettered decisions regarding where he wishes to retire as the Plan gives him access to his pension from anywhere in the world. Furthermore, he can take lump sums and/or regular retirement benefits from the Plan or even cash the Plan in once he reaches retirement age. This provides Jack with freedom to retire in a manner and place that he chooses.

### ✓ Probate

The legal ownership of his investment rests with the Plan so there is no need for a foreign will, probate, attorneys or executors. The benefits are available to his family soon after Jack's passing as opposed to being part of his estate which could take several months to finalise.

### ✓ Succession

Jack can direct how the assets in the Plan should be distributed between his family upon his death.

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