



Company Multi Member Retirement Trust Scheme

Employer Booklet
Key Features



Company Multi Member Retirement Trust Scheme

A Vantage Company Multi Member Retirement Trust Scheme is a flexible and cost effective way for employers to provide retirement planning benefits for their employees

In today's competitive marketplace employee benefits have emerged as essential tools used by companies to attract, incentivise and retain key staff. As a leading pension provider, we understand the need for a comprehensive, cost effective benefit package without creating additional pressures for employers and their HR departments.

A multi member retirement trust scheme differs from a Company Pension Plan in that each individual staff member has their own retirement trust – a sub-trust of the Vantage master trust deed. This allows greater flexibility in that the employee has their own personal pension plan, rather than being part of a larger company scheme, and they can then invest their personal pension fund assets into a wide range of investments.

They also permit greater freedom should the employee leave the company, as they can simply take their pension with them. This avoids the bureaucratic headache of on-going communication with “deferred members” as an employer has to do with a conventional company pension plan.

The Vantage Company Multi Member Retirement Trust Scheme is suitable for both financial services and non-financial services employers and is flexible enough to offer retirement planning solutions for employing entities of variable sizes.

Key Benefits

- **Security** - provides a secure vehicle for employee retirement saving with assets held in individual sub-trusts for the employee member's benefit.
- **Portability** - the staff member's personal pension is not tied to you, as their employer, and they can take it with them if they move jobs.
- **Control** - the employee's own retirement strategy and investment decisions to suit their individual requirements and to achieve their retirement goals.
- **Tax Efficient** - employer contributions are a permissible business expense, and employees can gain tax relief on their own contributions paid into the pension (subject to the maximum allowance).
- **Consolidation** - allows consolidation of any number of previous pensions (either personal or company) into the one plan. Our Retirement Trust Schemes are QROPS approved and can therefore accept UK pension transfers.
- **Investment Options** - ability to provide greater flexibility of investment choice with the investment strategy tailored to the employee's individual appetite to risk.
- **Tax Free** - a tax free lump sum up to 30% can be taken upon the age of 50 (subject to certain conditions).
- **Retirement Options** - provides a number of options for pension payments on retirement - buy a traditional annuity from a life insurance company or receive payments from the pension fund as an annuity equivalent.
- **Succession Planning** - allows the ability to pass the pension fund onto selected beneficiaries upon death of the member.
- **Ownership** - the employees have greater ownership of their pension.
- **Accessibility** - on-line access to review the total pension fund value.
- **Low Cost** - benefits from a low charging structure for the establishment and on-going administration of the personal pension plan.

Frequently Asked Questions

What is a Multi Member Retirement Trust Scheme?

The Vantage Multi Member Retirement Trust Scheme is designed for companies to provide a low-cost, flexible pension scheme to provide for the retirement planning for the company's employees. Sometimes referred to as a "defined contribution" or "money purchase" pension, the scheme permits both employer and employee contributions and offers a wide range of investment options.

Why would an employer offer a company pension plan?

It is widely recognised that the cost of retirement is increasing and many will struggle to survive on a standard States pension (Jersey residents need to have paid in 47 years of social security contributions to receive the full standard states pension). An employer may look to arrange a company pension scheme as an added employee benefit for its staff to allow them to provide for their retirement.

What are the benefits to the employer?

A Vantage Company Multi Member Retirement Trust Scheme can provide a way to reward, incentivise and retain employees or to remain competitive when attempting to recruit additional staff. They are easy to establish and are cost effective vehicles to run. There is flexibility of contribution rates, dependant on age grade and seniority, and the ability for employer/employee matching of contributions with no limit on the contributions that can be made in respect of an employee (subject to overall benefit limited as stipulated by Income Tax).

The scheme is managed by a professional service provider with all enquiries and processing handled by a dedicated relationship team allowing the employer to concentrate their efforts in other areas of the business.

What are the benefits for the employee?

Provision of an employer arranged vehicle to assist in their retirement planning. A simple, easy to understand pension plan with full flexibility. Employee members can pay in additional contributions (through salary deduction) and can start, stop or increase their pension savings at anytime. Members receive full tax relief on their own contributions they make into the plan (subject to the maximum allowance), and have the option to consolidate other pension entitlements into their employers plan. They may self-select from the range of investments provided, thereby taking control of their own retirement savings.

What are the tax implications?

If the employee makes their own contributions into the plan (as well as the employer) these "additional voluntary contributions" or "AVCs" benefit from tax relief at 20% (subject to the maximum allowance permitted by the Comptroller of Income Tax).

What can the contributions be invested in?

The investment selection is usually stipulated by the employer, however the company can grant its employees greater freedom and ability to self-select their own investment strategy.

A Vantage Company Multi Member Retirement Trust Scheme can offer a wider range of investment choices than a "traditional" insurer provided company pension plan. It is recommended that independent advice is sought about the investment strategies to be provided.

The recognised areas of investment include cash deposits, securities or financial instruments traded on a recognised stock exchange, units in collective investment funds and gold.

Certain categories of investment are not permitted. These include:

- Art, jewellery, gems, antiques.
- Wines, stamp collections, rare books.
- Vehicles or yachts or other illiquid assets.
- Property - although commercial property will be considered.
- Loans to members or connected parties are not permitted but loans to third parties on commercial terms are permitted.

What happens if an employee leaves the company?

If the employee moves to a new employer then they can simply take their own Retirement Trust Scheme with them. One main benefit of a Vantage Company Multi Member Retirement Trust Scheme for the employer is that this avoids the need to continue to communicate pension fund valuations to ex-employees after they have left the company. Once the employee leaves service the company has no further involvement to their Retirement Trust Scheme.

What are the options at retirement?

The Vantage Multi Member Retirement Trust Scheme offers choice and flexibility. The retiring employee can still purchase a traditional lifetime annuity from an insurance company, but a unique option of a Retirement Trust Scheme is that they can opt to receive an Annuity Equivalent from their pension fund, which is paid as an income to them by the trustees of the scheme.

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What happens if the employer is sold or goes into liquidation?

If the employing company is sold to another party then the employees simply continue with their Retirement Trust Scheme. If the new company chooses not to continue funding employee pensions then the individual employee Retirement Trust Scheme remains in operation and the member and trustee relationship continues. If the employing company goes into liquidation then no additional contributions would be paid into the scheme, but as the pension plan is in trust, the fund assets would remain intact and the employee can continue funding for their own retirement themselves.

What charges are involved in setting up a Vantage Company Multi Member Retirement Trust Scheme?

The charges are dependent upon the number of members within the Vantage Company Multi Member Retirement Trust Scheme and the complexity of the structure and investments. We can provide a formal quotation after discussions to understand the individual requirements.

The fees can either be paid directly by the employer, or alternatively taken from the individual members sub fund.

How is the Pension Scheme Administered?

Vantage provide a complete trustee and administration service, including the initial scheme establishment, the collection and investment of contributions, as well as the later retirement phase for employees. We have a bespoke pension system that has been specifically designed to meet the requirements of the scheme, which reconciles contributions, remits investment contributions and updates member records.

After the initial appointment we will arrange group pension “clinics” for employees to explain the features of the Vantage Company Multi Member Retirement Trust Scheme. We will then:

- Provide all enrolment documentation and investment selection forms to all employees.
- Collect completed forms from staff and establish their individual pension trust.
- Collect from HR / payroll department a monthly spreadsheet of employees and their contributions (including additional employee contributions if they are being made). We will then reconcile this with our records to identify any discrepancies.
- Receive monthly contributions from HR / payroll into the trustees’ bank account.
- Process all contributions and remit the funds direct to the investment manager / platform in our monthly investment cycle process.
- Administer transfers-in of employee previous pension funds, if required.
- Receive details of the month end valuations from the employee portfolio and upload this to each members record accordingly.
- Provide employee members with online access to their pension records.
- Issue annual pension statements for all members.

Thereafter, Vantage will:

- Enrol new joiners / employees wishing to set up a retirement trust.
- Provide advice to retiring employees on their options with their pension fund.
- Advise leavers on the options for the on-going status of their pension.

Who are Vantage Limited?

Vantage is an independent, privately owned Jersey registered business and is regulated by the Jersey Financial Services Commission in respect of trust company and investment business. Vantage Pension Trustees Limited is a wholly owned subsidiary and licensed by the Jersey Financial Services Commission to act as pension trustees.

Important

The information in this document is provided on our understanding of current law, practice and taxation which may be subject to change. No responsibility can be accepted by Vantage Limited or its employees that may arise from the information contained within this document.

It is the responsibility of the individual to obtain independent advice on all financial, legal, investment and taxation advice in connection with their retirement planning.



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