

PENSIONS: WHAT'S NEW?

by Alicia Cain

Pensions may be an issue of old, but at least the regulations have been brought into the 21st century! The much-anticipated Retirement Benefits Schemes (Miscellaneous Amendments) Regulations 2014 (the **2014 Regulations**) were finally passed by Tynwald in July this year, which have updated various regulations made under the Retirement Benefits Schemes Act 2000 affecting both international and domestic pension schemes.

The 2014 Regulations, at a glance, appear to be small tweaks to the existing legislation, but these changes are long-awaited by those in the industry. We have highlighted some of the updates below.

EXCEPTED SCHEMES

Ordinarily, almost all pension schemes in the Isle of Man must be registered with the Insurance and Pensions Authority (**IPA**). However, the Retirement Benefits Schemes (Excepted Schemes) Regulations 2001 (**Excepted Schemes Regulations**) provide a few exemptions for schemes from the need to be registered with the IPA.

Firstly, the 2014 Regulations update the definition of an "exempted insurance company contract". Until the 2014 Regulations came into force on 1 August 2014, the definition still referred to the Insurance Act 1986, which had been repealed. So practitioners can breathe a sigh of relief that the definition now refers to contracts that have been provided by an insurance company that is authorised under the Insurance Act 2008.

The Excepted Schemes Regulations also contain an exemption for trusts whose property consists entirely of exempted insurance company contracts which would, if not for the exemption, qualify as an international retirement benefit scheme. The 2014 Regulations have also introduced an exemption for certain annuity

contract to be exempt from registration with the IPA, provided they are used solely for the purpose of securing of relevant benefits and are provided by an insurance company that is authorised under the Insurance Act 2008.

The purpose of these exemptions is to avoid imposing double-regulation on insurance companies that are already licensed and regulated by the IPA. This clarity will be welcomed by the industry.

INTERNATIONAL SCHEMES

Similarly, in relation to international pension schemes, the Retirement Benefits Schemes (International Schemes) Regulations 2001 have been updated by the 2014 Regulations so that references to the old legislation in respect of collective investments schemes, insurance companies and deposit-taking institutions have been replaced by reference to the legislation currently in force.

International pension schemes form an important part of the Isle of Man market. The nature of business and employees of today is increasingly mobile and international. The Isle of Man has had legislation since 2001 to facilitate the creation of international pension schemes in the Isle of Man, which can be established by employers carrying on business outside the Isle of Man for the benefit of their non-Isle of Man resident employees. The employees can be located anywhere in the world (provided they are not resident in the Isle of Man), but the scheme can be centrally administered from one jurisdiction. This legislation has been extremely successful. Isle of Man international schemes have been established for companies all over the world, from household multinationals to smaller businesses with mobile and internationally based employees.

The Isle of Man as a jurisdiction is extremely stable, with a well-regulated pensions environment. International schemes must (unless in certain circumstances an exemption is available) be authorised by the IPA and have sufficiently experienced trustees and local schemes administrator.

For more information or advice about retirement benefit schemes on the Isle of Man, please contact acain@applebyglobal.com.

This article has been written by:

Alicia Cain

Associate

+44 (0)1624 647671

acain@applebyglobal.com

A copy of this column is available on the firm's web site at applebyglobal.com