

GIBRALTAR

# Prosperity

## Personal Pension Plan

Abacus Pension  
Trustees Limited

[WWW.ABACUS.GI](http://WWW.ABACUS.GI)

 **ABACUS**  
FINANCIAL SERVICES • EST. 1974



# Looking forward to retirement

Retirement sounds so much better if you know you are likely to have some money behind you to help you visualise your work free days doing what you want, when you want. A sound financial plan, together with the determination and commitment to commence a flexible, long term savings strategy can make this happen.

Our aim is to simplify your retirement planning options and decisions by applying our expertise and know-how to the design of a personal pension scheme that will work for you.

## THE GOALS OF OUR PROSPERITY PENSION PLAN ARE TO KEEP IT:

- ▼ **SIMPLE**
- ▼ **EFFECTIVE**
- ▼ **TAX EFFICIENT**
- ▼ **FLEXIBLE**
- ▼ **AFFORDABLE**

Our Prosperity Personal Pension Plan is a tax efficient, flexible and low cost retirement plan designed to help you build and grow your pension fund, with freedom of choice over your pension investments, so you may enjoy the benefits later on in life.

## THE ABACUS GROUP

Abacus is an independent, privately owned group of companies, established in Gibraltar 50 years ago. We provide comprehensive financial solutions and services to both private and corporate clients worldwide. Five decades of expertise in wealth management, corporate structuring, international pensions, tax, fund administration and accounting services help us create and deliver professional solutions that are simple, effective and bespoke. Clients that choose to work with us will benefit from a broad range of integrated services that will be personally selected to suit their needs and implemented to our highest service standards.

Expert Wealth  
Management &  
Financial Solutions



## Are you eligible?

Our Prosperity Personal Pension Plan is a scheme that has been approved by the Commissioner of Income Tax in Gibraltar. It is set up under a master trust deed, where individual members join via a deed of adherence, and individual pension assets are ring-fenced. It has been designed for individuals who are eligible to pay tax in Gibraltar.

### WHEN YOU STOP LIVING AT WORK AND START WORKING AT LIVING – RETIREMENT

## You may benefit from this if you meet one of the following criteria:

- ▶ You are resident in Gibraltar and pay income tax in Gibraltar, deriving from either non-pensionable employment or self-employment earnings.
- ▶ You are resident in Spain and pay income tax in Gibraltar, deriving from either non-pensionable employment or self-employment earnings.
- ▶ You are employed in Gibraltar and you are a member of your employer's pension scheme, and you wish to make further provision for retirement to supplement this.
- ▶ You are employed by a Gibraltar based company and your employer wishes to contribute to this scheme on your behalf.
- ▶ You are a Gibraltar tax resident and wish to transfer in an existing Gibraltar or eligible Channel Islands registered pension scheme.
- ▶ You are resident in Gibraltar or Spain and although not currently in employment or self-employed you have an alternative form of income or deferred pension.
- ▶ You are aged 18 to 74.
- ▶ You are an international client looking for an international pension plan.



# How does my pension work?

## PAYMENT STAGE

Contributions will be paid into your pension over the course of your working life, typically at any point between ages 18 to 74. This may attract tax relief.

## GROWTH STAGE

The contributions are invested into a wide range of investment options on an ongoing basis over many years to build up your pension fund. The returns generated by the investments will also be accumulated in your pension fund to help it grow further. The pension trustees, together with the appointed Independent Financial Adviser, have the responsibility of looking after this money on your behalf whilst the funds are held in your pension.



## BENEFITS STAGE

As from age 55 or above, retired or not, you can start to enjoy the benefits of your pension. This can be either in the form of regular income payments, a lump sum, or a combination of both. The larger the amount of contributions made, or the longer number of years you have paid into your pension scheme, together with the investment performance, the greater the benefits at retirement are likely to be. These benefits are in addition to any pension income benefits you may be eligible to receive from the Government of Gibraltar.

## DEATH BENEFITS

The value of your pension fund will be paid out as a lump sum to your nominated beneficiaries in the event of your death either before or after retirement.



PLAN YOUR RETIREMENT WITH THE PEACE  
OF MIND THAT YOUR PENSION FUNDS WILL  
BE PROFESSIONALLY INVESTED UNDER  
THE SUPERVISION OF A REGULATED  
CORPORATE TRUSTEE

## Features and benefits

### Investment options

You can select where your pension funds are invested from a wide range of approved investment choices, with the help of an independent financial adviser, or you can opt for one of our model portfolios that we have designed with the aim of offering investment growth and diversification across a wide spectrum of asset classes and a range of risk profiles.

### Tax efficiency

Pension contributions are eligible for tax relief as per the rules and regulations set out by the Gibraltar Income Tax Office. As from age 55, you may start taking your pension benefits in a tax efficient manner. Your full pension fund, or a partial amount, may be taken from age 55 as a tax free cash lump sum. Pension income may also be taken tax free as from the age of 60. Your pension fund investments can also benefit from growth in a tax free environment.

### Flexibility

With minimum contributions allowed from as little as £100 per month, you can stop, restart or change payments at no additional charge. You can pay your regular contributions monthly, quarterly, half yearly or yearly, and can amend the payment frequency to suit your circumstances at no additional cost. You can also pay in ad hoc single premiums as from £1,000 into your pension plan as often as you wish, either on a stand-alone basis or in addition to your regular contributions. You also have the flexibility to change your investment options at any time.

### Pension consolidation

You may also wish to keep things simple by transferring other Gibraltar or Channel Island pensions you may have into your Prosperity Personal Pension Plan to consolidate all your retirement investments into one "pension pot" where eligible to do so.

### Keeping track of your pension

We will send you an annual pension statement, so you may keep track of exactly how your pension is performing, and you can contact us should you wish to obtain any information on your pension in the interim. You will have access to your own online pension portal where you can view your quarterly pension statements.

### Lifestyle switching option

Lifestyle switching involves switching your pension fund from your existing investment portfolio and making future contributions into a lower risk investment portfolio at a pre-determined time as you get closer to retirement age.

Many of those paying into a pension prefer to take a higher risk approach in the early years, as they aim to make their pension contributions work as hard as possible for them, and aim for potentially higher capital growth. As they approach their selected retirement age, and are closer to start taking pension benefits, they may wish to reduce the risk exposure on their investments. Although this could reduce the future growth of your pension plan, it also means that the underlying value of your pension investments will be likely to fluctuate less in the years prior to retirement.

This is normally done five to ten years before retirement. This lifestyle switch is available to you to help you plan your retirement income with the peace of mind that you will be less likely to see a substantial drop in your pension fund when you need the money. Under our model portfolios we can arrange for this to take place automatically so you do not have to remember to instruct us further down the line. You have the option to select a lifestyle switch at the application stage or at any stage thereafter. There is no additional charge for this service.



# Contributions

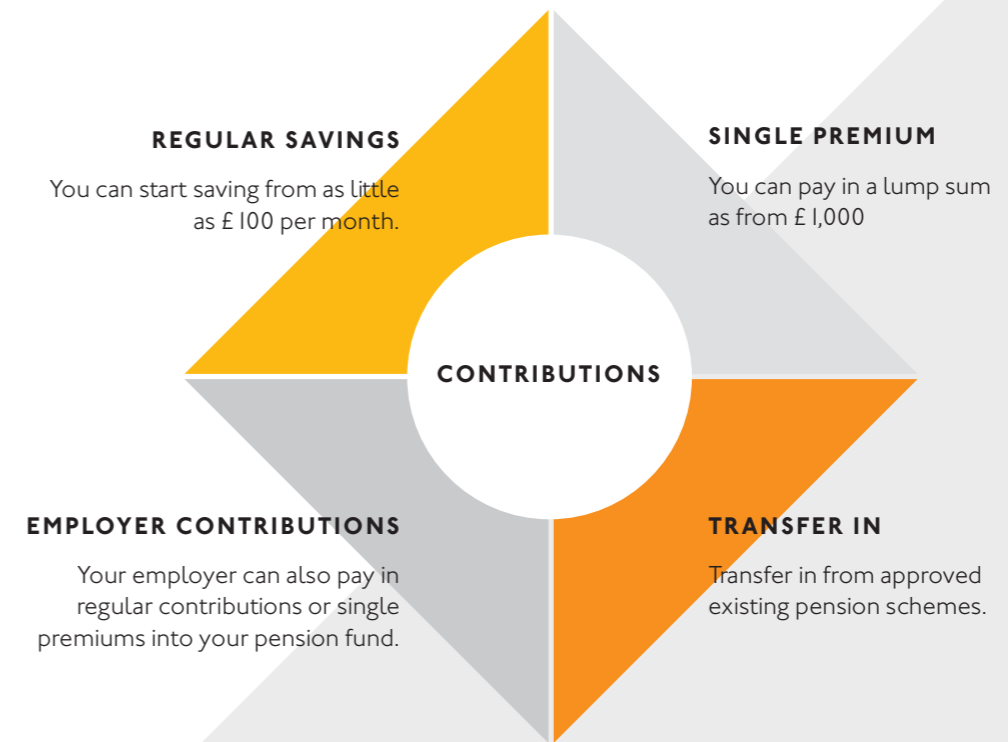
**There is no maximum level of contributions you can make into a personal pension in Gibraltar each tax year; although the amount on which you will receive tax relief is capped at certain levels. With our Prosperity Personal Pension Plan, you decide how you wish to fund your pension:**

## **BENEFIT FROM TAX RELIEF ON YOUR PENSION CONTRIBUTIONS**

If you earn income in Gibraltar you will pay income tax through either the Allowance Based System or the Gross Income Based System. Both systems will allow you to benefit from tax relief on your pension contributions.

Regular personal contributions are normally made from your net income and tax relief is then applied by the Gibraltar Income Tax Office through your Self-Assessment Tax Return or a PAYE coding change. Once you are accepted into our pension scheme you can present your pension policy schedule at the Gibraltar Income Tax Office to ensure your tax code is adjusted to reflect the tax relief eligibility. The Gibraltar tax year runs from 1st July to the following 30th June. The amount of tax relief you will benefit from will depend on which of the tax systems you are participating in for the specific tax year under assessment.

This reflects the current tax legislation in Gibraltar and may be subject to change in the future.



## Gibraltar tax relief

### **THE ALLOWANCE BASED SYSTEM (ABS)**

If you have chosen to be taxed under the Allowance Based System, pension contributions up to a maximum of the lesser of 20% of your total earned income, or £35,000 per annum, will be eligible for tax relief. This will apply whether you make regular contributions or single premiums in the relevant tax year. Pension transfers in do not qualify for tax relief. Gibraltar employers can also benefit from tax relief on pension contributions paid into a pension scheme for the benefit of their employees.

### **THE GROSS INCOME BASED SYSTEM (GIBS)**

Under the Gross Based Income System, pension contributions up to a maximum of £1,500 per annum will attract tax relief. This will apply whether you make regular contributions or single premiums in the relevant tax year. Pension transfers in do not qualify for tax relief. Gibraltar employers can also benefit from tax relief on pension contributions paid into a pension scheme for the benefit of their employees.





# Growing your pension

One of the highlights of saving for retirement is the long term nature of the timescale available in which to achieve your financial goals. This could be at any time between the ages of 18 to 74.

Whilst keeping cash in a savings or deposit account is ideal to meet your short term spending plans, when investing over a period longer than ten years, as is likely to be the case with your pension monies, it is important to consider a wider range of investment options. With pension investments, it is important to note that your capital will be exposed to market risk and is necessary in order to give your money the opportunity to grow over the long term

**The main limitations of holding cash for long term pension savings can be summarised as follows:**

- ▶ Cash deposit accounts normally offer poor rates of return over the long term when compared to other investment options, such as bonds and equities.
- ▶ Low returns on cash savings may mean that the real value of your money will be reduced over time by the impact of inflation. Over a long period of time, as the cost of living tends to increase, the accumulated rate of interest paid by cash savings accounts may not be sufficient to keep up with this, potentially resulting in a reduction to your purchasing power in retirement.

Bearing this in mind, cash deposits do have an important role in retirement planning. As you approach your selected retirement age, it may be appropriate to start holding your investments in cash as you start thinking about taking your pension benefits in the near future.

## Initial receipt of pension contributions / transfers in

Payments into the Prosperity Personal Pension Plan will initially be placed in a bank account that we will operate on your behalf, and subsequently invested according to your selected and approved investment strategy, so your money may start working for you.

It is possible for regular contributions to be paid into the Prosperity Personal Pension Plan on a monthly basis, and your investment account will be credited quarterly, on a prespecified date, for ease of administration to allow us to maintain our fees as low as possible for your benefit.

IT IS IMPORTANT TO  
CONSIDER A WIDER RANGE OF  
INVESTMENT OPTIONS



# Investment options

Our Prosperity Personal Pension Plan offers two main investment strategies.

We understand that no two investors are the same and that a standardised solution may not suit all pension members. If you are a savvy investor who wants the freedom to take control of your pension investments and manage them in your own way, or appoint a financial adviser or investment manager to do so, we want to ensure we can offer you this flexibility. If, on the other hand, you have no desire to be involved in the investment strategy and wish to avoid having to make complex investment decisions, we have a simple and effective solution at hand, so you can leave that up to us.

## Option 1: Our bespoke service

This offers the most flexible option and can accommodate a wide range of retail investments, subject to trustee approval. This investment strategy provides you with whole of market access to investment options so you may tailor your investment selection to your specific needs and preferences. If you are an experienced investor you may be eligible to manage your own investments. If you are not an experienced investor, but still want a bespoke investment strategy, you can appoint an Independent Financial Adviser to advise you, or a Discretionary Fund Manager to act on your behalf.





## Option 2: Our model portfolios: A ready-made investment strategy

### OVERVIEW

Our model portfolios offer simple, low cost pension investment solutions. This is ideal if you do not have the time, appetite, investment research capabilities or investment experience to do this yourself.

Whether you are an experienced investor or not, our model portfolios allow you to select and participate in the investment strategy that is best aligned to your risk profile.

### THE MODEL PORTFOLIOS

Our four model portfolios, (Liquidity; Cautious; Balanced; Adventurous) consist of a range of risk-return profiles, with performance driven from a diversified investment strategy. The investment holdings are carefully selected by an investment expert and are professionally managed. For more detailed information on our model portfolios please refer to our Model Portfolio Service leaflet.

### THE INDEPENDENT FINANCIAL ADVISER

Our model portfolios allow you to proceed without taking financial advice, as the trustee has engaged an Independent Financial Adviser to look after the portfolios on a collective basis. This means that the cost of the financial advice is shared amongst all participants, via a fixed % fee paid from your pension fund, so you do not have to pay a Financial Adviser directly. Our recommendation is always to engage an independent financial adviser directly in order to benefit from personal financial advice and recommendations. However, we understand

that if you are considering a low level of regular contributions into your pension scheme, it may not be affordable to pay for financial advice at the outset. This option therefore provides an alternative solution. Should you apply to join our Model Portfolio Service, it is possible to appoint your own financial adviser further down the line and switch to our Bespoke Service in the future.

### THE PLATFORM PROVIDER

Zurich International Life is a subsidiary of Zurich Insurance Company Ltd and part of the Zurich Insurance Group. Zurich International Life is the platform provider for the Abacus Prosperity Personal Pension Plan. We provide access to a fully independent range of passive and actively managed funds covering all asset classes, the majority of sectors and geographical regions. Zurich International online (ZIO) and the ZIO Members App provides access to information about your savings quickly and easily 24 hours a day, 365 days a year.

Zurich International Life is located in the Isle of Man, recognised for its political stability, transparency and financial supervision, including strong regulatory controls and policyholder protection measures. All life assurance companies based on the island have to be authorised and are closely regulated by the Isle of Man Financial Services Authority, which imposes detailed reporting requirements.





**We always recommend you take independent final advice when considering your retirement planning needs.**

Your retirement years could represent a third of your life. This captures the importance of making adequate financial provision for your retirement, and is, of course, best left to the experts.

Together with your financial adviser, you can choose which sort of funds your pension is invested in.

An independent financial adviser (IFA) is a regulated, qualified and experienced professional who will review your personal and financial circumstances and make the best recommendations suitable for your circumstances, financial goals and aspirations.

**AN INDEPENDENT FINANCIAL ADVISER CAN:**

- ▶ Help you explore your retirement needs.
- ▶ Review your affordability of retirement solutions and prioritise your needs.
- ▶ Review any existing pensions or assets that may be available to enhance your retirement.
- ▶ Guide you on the level of income you may need in retirement.
- ▶ Help you determine how much you need to save into a pension on a regular basis to generate your required level of pension income in retirement.
- ▶ Recommend the best product and provider to help you save for retirement.
- ▶ Help you identify your dependants' requirements.
- ▶ Assess your attitude to investment risk and recommend investment solutions to meet your goals.
- ▶ Help you figure out your target retirement age and how realistic this is.

An IFA will review your needs and will then help you decide on the most suitable investment options to grow your pension fund and achieve your retirement goals. They will work with you to conduct an assessment of your attitude and tolerance for risk and design an investment portfolio that matches your risk profile. They offer to look after your pension fund and monitor it on an ongoing basis, making any changes to the investments as may be required.

An IFA will charge a fee for this service. It is always worth paying for good advice, as it will provide solutions and recommendations that are personal to you and your retirement aspirations.

At Abacus Pension Trustees, we do not provide financial or investment advice and can work with an IFA of your choice, or if you do not have one, and would like to receive financial advice, we can introduce you to one of the IFAs on our panel, who we work closely with.

Although strongly recommended, it is not compulsory for you to engage an IFA if you select from our model portfolio service.

However, all applications for transfers in from a defined benefit occupational scheme (final salary scheme) should be accompanied by a suitable recommendation report from a suitably qualified IFA.

## The role of an independent financial adviser



## Your options at retirement

Your Prosperity Personal Pension Plan is designed to offer you flexibility so you may choose the option that is best suited to your lifestyle at your selected retirement age. You need to instruct us on how you would like to take your pension benefits before reaching before reaching your desired retirement age.

### ▶ Pension benefits as a lump sum

As from age 55 you may take your whole pension fund as a tax free cash lump sum, subject to approval from the Gibraltar Income Tax Office. Alternatively, you may also opt to take a partial lump sum as required at retirement age and subsequent tax free cash lump sums further down the line.

### ▶ Pension benefits as a regular income

You also have the option of drawing a regular income from your pension fund as from age 55. Payments can be arranged on a monthly, quarterly, half yearly or annual basis. Any pension income you may receive from age 55 to age 60 may be subject to income tax in Gibraltar at your applicable rate at the time. Should you not be a Gibraltar tax resident at this time, you should obtain independent tax advice to provide you with further guidance on this matter. Any income received from this pension plan as from age 60 will not be subject to income tax in Gibraltar.

### ▶ Combination of both

It is also possible to take your retirement benefits as a combination of both, a tax free lump sum and a regular pension income after the age of 55.

### ▶ Purchase an annuity

Although a less popular option, it is still possible to use your pension lump sum at retirement to purchase an annuity to provide you with an income for life.

### ▶ Death benefits

In the event of your death, we will pay out the value of your pension fund in full to your nominated beneficiary or beneficiaries. The current tax regulations in Gibraltar allow these funds to be paid out free of tax in the event of death.



OUR PROSPERITY PENSION PLAN BENEFITS FROM THE EXPERIENCE AND KNOW-HOW OF THE ABACUS GROUP BUILT UP OVER 40 YEARS OF PROFESSIONAL LIFE

## Understanding the risks

**We always recommend you take independent final advice when considering your retirement planning needs.**

Pensions are a long term investment. The retirement benefits you receive from your pension plan will depend on a number of factors, including the following:

- ▶ The level and frequency of contributions made into your plan.
- ▶ The number of years your pension plan has been active for.
- ▶ The value of your fund when you decide to take your benefits which isn't guaranteed.
- ▶ The performance of your investments.
- ▶ The fees and charges paid over the term of your pension plan.

Please note that investments are subject to market risk and their value is not guaranteed. They will fluctuate and their value will go down as well as up over the investment term, and may fall below the amount you put in.

You should also be aware that there is a relationship between risk and return. In general terms, the greater the potential return on your investment, the greater the risk that its value may fall. In the same manner, choosing to invest your pension plan in a very low risk investment over the long term may lead to low returns.

You need to be aware that no cancellation period is available with this product once funds have been received and accepted into your scheme, and although you may stop your regular contributions at any time, you may not withdraw any funds you may have paid in until at least age 55. Exceptions may be made at the trustee's discretion, for instance in the event of

taking your pension benefits early due to serious ill health. You may transfer your pension funds to another eligible pension scheme provider, although a transfer out fee may be applicable.

Abacus Pension Trustees does not provide financial, tax or legal advice and we recommend that you procure this independently in order to best determine the suitability of this product for you.

## The next steps

Before submitting your application for your Prosperity Personal Pension Plan, you should ensure that you have received, read and understood the following documents:

### ▶ TERMS

### ▶ TRUST DEED & RULES

### ▶ KEY FEATURE DOCUMENT

### ▶ FEE SCHEDULE

### ▶ GENERIC ILLUSTRATION\*

\*) If you are applying for our model portfolio service we can provide a more tailored illustration upon request. If you are applying for our bespoke service, your financial adviser should be able to provide this for you.

If you have any questions on our Prosperity Personal Pension Plan, please contact us. We are here to offer you support and help you make your retirement plans happen.



# Safeguarding your money

IN 2009 THE GIBRALTAR ASSOCIATION OF PENSION ADMINISTRATORS WAS FORMED TO PROVIDE GUIDANCE TO THE INDUSTRY AND HAS PRODUCED A CODE OF PRACTICE TO ENSURE THE HIGHEST STANDARDS OF PROFESSIONAL COMPLIANCE

## GIBRALTAR: A STABLE FINANCIAL CENTRE

Gibraltar is a British overseas territory that enjoys independence in most of its political and economic affairs. It is a common law jurisdiction, is considered a member of the EU for financial matters and holds a solid reputation as one of the most highly regulated financial centres in the world. It is highly respected as a jurisdiction with a sound financial system and an international low risk profile in terms of financial, political and economic stability. In 2009, the Gibraltar Association of Pension Administrators was formed to provide guidance to the industry and has produced a code of practice to ensure the highest standards of professional compliance.

## THE ROLE OF THE TRUSTEE

The trustee of the Prosperity Personal Pension Plan is Abacus Pension Trustees Limited, a subsidiary company of Abacus Financial Services Limited, supervised and authorised by the Financial Services Commission. Abacus is also the administrator for the scheme. The pension trustee legally holds the assets of the pension scheme on your behalf, and is responsible for ensuring that the pension scheme is run properly and that members' benefits are adequately protected.

## SEGREGATION OF PENSION ASSETS

In order to enhance pension member protection, all pension assets are accounted for separately, making your "pension pot" easily identifiable.

## REGULATED BUSINESS PARTNERS

We only work with regulated business partners, such as custodians and independent financial advisers. Their accountability to the Regulator provides us with the peace of mind that your pension plan will be dealt with in the most robust manner for your maximum protection.

Gibraltar

TRUSTED TO DELIVER VALUE

## Expert Wealth Management & Financial Solutions

The Abacus Group

5-9 Main Street, Gibraltar GX II 1AA

T: +350 200 78777 Ext. 530

E: [pension.services@abacus.gi](mailto:pension.services@abacus.gi)

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## Contact Us



Joanne  
Rodriguez

GIBRALTAR



[WWW.ABACUS.GI](http://WWW.ABACUS.GI)

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