Pension Schemes

The dynamic pensions sector is spurring on Malta’s ambition to establish itself as a key European hub for pension schemes. Multinational corporations and individuals alike are increasingly turning their focus to the island in a bid to put their benefit plans on solid ground.

Retirement schemes have become an important element of investment planning and Malta provides the ideal solution for the setup of international pension pooling vehicles for high-net-worth individuals, international workers planning for retirement or international corporations seeking to establish and administer pension schemes for their staff.

While Malta has primarily been catering to the UK market so far, other European cross-border schemes are currently being established and rapid growth is expected. The creation of international pension plans became a possibility fairly recently, as pension provision has traditionally been considered from a purely domestic perspective. However, the increasing mobility of both people and companies has facilitated this paradigm shift.

Benefits of Pensions and Retirement Schemes in Malta

- Retirement schemes and their administrators are licensed and fully regulated by the Malta Financial Services Authority (MFSA).
- Fees for the administration and management of the scheme are comparatively lower than in other jurisdictions.
- A strong regulatory framework and the MFSA ensure the integrity of the plan and peace of mind for the scheme’s members.
- Legislation allows for a number of customised structures that suit the requirements of individuals or international businesses.
- Malta satisfies the current HMRC requirements, enabling Malta retirement schemes to self-certify in terms of the UK’s QROPS legalisation.
The British Connection
Malta’s growth as a financial service centre created a market for UK-linked pension products, following the UK’s launch of Qualifying Recognised Overseas Pension Schemes (QROPS) in 2006 to transfer pensions to UK pensioners living overseas. In 2009, the Malta Financial Services Authority (MFSA) procured confirmation from the British tax authorities that pension schemes established on the island, and regulated by the MFSA, are eligible for recognition as QROPS thus allowing the transfer of pension rights into the scheme without a UK tax charge. Interest in Malta as a QROPS jurisdiction has been on the increase ever since establishing the country as the main market for UK expats’ pensions.

The Rise of Occupational Pension Schemes
Today, the QROP scheme is well-established, with the addition of the Qualifying Non-UK Pension Scheme (QNUPS), and Malta is now making a name for itself in relation to Institutions for Occupational Retirement Provision (IORPs). In line with the EU’s single market, these schemes can be set up in Malta to be passported to other EU and EEA member states and are ideal for pan-European companies with branches and staff in many countries. By setting up an IORPS in Malta an international company can create a cost-effective depository for its pension investment. With IORPs, the EU is trying to establish a second pillar for a pan-European pension system, and the island’s professionals believe that Malta is the ideal base for operators of such schemes.

Evolving Sector
Around 90 per cent of pension schemes based on the island serve the UK market, but Malta is seeing increased interest from other countries too, as international pension operators are beginning to see it as an ideal base for vehicles. The country and its regulator are determined to develop its cost-effective and beneficial regime further and to attract more multinationals, European employers, high-net-worth individuals as well as wealthy expatriates to base their pension provisions in Malta.