INTERNATIONAL ADVISER

SEPTEMBER 2011

For Distributors of International Fund, Life and Banking Products www.international-adviser.com

NEWS

FEIFA launches service for Europe-bound IFAs

BY SIMON DANAHER

Rising numbers of advisers relocating from Asia and the Middle East to Europe have prompted the Federation of European IFAs (FEIFA) to form a partnership with Sterling Associates, a firm which specialises in the global placement of financial services workers.

According to Joe Meade, the principle of Sterling Associates, the trend has gathered pace over the past year and has been driven by increasing living and working costs in Asia and the Middle East.

During this period, rising prices in both regions, particularly Asia, have hit the headlines.

In January, international property adviser Savills said that financial hub Hong Kong had become the most expensive city internationally in which to buy property, after properties doubled in value in the previous five years.

Asian economies have also struggled with rising prices more generally, and China's year-on-year inflation is running at more than 6%, according to data published last month.

Meanwhile in Dubai, while the property market has had a disinflationary impact on the economy, food, non-alcoholic beverage and transport costs have risen at an annual rate of almost 7%.

Meade, whose company has been sourcing and placing advisers to and from Asia, the Middle East and Australia for more than ten years, said: "Europe has never been more attractive."

FEIFA's partnership with Sterling Associates allows advisers using the service to advertise jobs to those based in Asia or the Middle East, and who are looking to come back to Europe, while IFAs in those regions can use it to find work.

'Next gen' life settlement fund unveiled

BY HELEN BURGGRAF

An established life settlements fund provider this month is participating in the launch of a new fund that it says will benefit from the life settlement industry's growing sophistication and skill, as well as from the currently soft market for second-hand life insurance policies.

Life Fund is being promoted to international private and institutional investors, and has already received a number of inquiries, according to Andrew Walters, a director of the fund, who is also finance director of Policy Selection, the new fund's adviser.

The fund has already attracted $10m and is aiming to raise $50m to $100m of investment by August 2012, with a targeted annual return to investors of 12% a year, Walters said.

It is expected to sell particularly well among investors in South America, he added, where the appetite for life settlement products is strong.

IA FUND FACTS

Min investment: $25,000

Annual charge: 1.25% (institutional share class)

Launch date: 1 Oct '11

Manager: Ironshore Group

Target: yield of 12% pa

Australia, NZ, Guernsey top QROPS market: HMRC data

Around eight out of every ten pensions transferred out of the UK into QROPS have gone to Australia, New Zealand or Guernsey, according to never-before-seen HMRC data obtained by the Concept Group and revealed exclusively by *International Adviser*.

Until now, the pensions industry has been in total darkness about which countries were receiving the bulk of UK pension transfers.

This information, obtained via a Freedom of Information Act request, is therefore expected to cause a sensation, even if it largely confirms some experts' suspicions.

The figures show Australia is the market that has received the most transfers of any jurisdiction since 2007, the first year for which the HMRC provided data.

According to the data, it has received 47% of the transfers, as measured by number, more than twice as many as its nearest rival, New Zealand, with 23%, which in turn took more than twice as many as the third-placed jurisdiction, Guernsey (10%).

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Steven Levin The newly appointed CEO of Skandia International explains how determination helps him get results

Ipac Hong Kong-based Ipac offers its clients more than dim sum with its holistic brand of lifestyle financial planning

Cyprus After a volatile year of power outages and protests, the island remains a top destination for retiring expats

Boal unveils new spousal bypass trust to mitigate IHT

BY WILL JACKSON

Boal & Co has launched a spousal bypass trust, which aims to improve the inheritance tax (IHT) efficiency of Trinity and its other Qualifying Recognised Overseas Pension Schemes (QROPS).

QROPS assets are exempt from IHT on a scheme member's death. However, when death benefits are paid to a member's spouse, they can create additional IHT liability on the eventual death of the spouse, if their assets exceed the combined IHT threshold.

By using a spousal bypass trust, a member can ensure QROPS death benefits are paid to the trust and kept outside the spouse's estate. Boal's Trinity scheme is able to pay members a retirement lump sum above the 30% level to which other QROPS are restricted, and the same spousal bypass trust can also be used for this benefit.

"The result can be highly tax-efficient in many cases, as it reduces future income tax liability on pension payments," said Boal sales director Paul Forman.

"For any Trinity clients concerned about their future IHT situation, the use of the spousal bypass trust allows them to pay not just their death benefits but also some or all of their retirement lump sum benefit into the bypass trust, so keeping it outside of the IHT net as well," he added.

Boal launched Trinity, a QROPS approved under the Isle of Man's 50c legislation, last November. According to the firm, it is a trustee or administrator to more than £400m ($652m) of offshore pension scheme assets.

Further details of the spousal bypass trust are available at www.trinity.im.

UK and Switzerland agree 'historic' deal on taxation

BY HELEN BURGGRAF

A deal whereby Switzerland will tax, on behalf of the UK, undeclared accounts held in its banks by UK citizens – while keeping their identities a secret – has been agreed.

Sources said the agreement could mean as much as £6bn more annually in revenue coming in to HM Revenue & Customs.

The deal was unveiled on 24 Aug, fewer than ten days after a similar accord was struck between Switzerland and Germany, and will take effect in 2013.

Some accounting industry sources said the agreement, which the Treasury called "historic", was short on the detail as to how the process would work in practice, which they suggested might have been intentional, ahead of its formal ratification.

Under the terms of the agreement, existing funds held by UK taxpayers in Switzerland will be subject to what the Treasury says will be "a significant" one-off deduction of between 19% and 34% to settle past tax liabilities, leaving those who have already paid their taxes unaffected.

In addition, the banks will make an up-front payment to the UK of CHF500m ($629.1m), which the Treasury described as "a gesture of good faith" on their part.

Convoy rebuffs accusations over its IPP takeover

Convoy Financial Services last month sought to reassure investors that its proposed takeover of IPP Financial Services does not contravene Singaporean law.

The firm published a clarification statement on the news website of Hong Kong Exchanges and Clearing, in response to accusations reported by the *Apple Daily* newspaper.

As *International Adviser* reported in July, Hong Kong-based Convoy's acquisition of IPP is expected to create one of the largest financial advisory firms in Asia.

Convoy has over 1,000 IFAs, while IPP, founded in 1983, has more than 400 employees.

According to the statement, allegations concerning the deal were made in "anonymous letters". Convoy said it denied the accusations and that all necessary legal and regulatory approvals had been obtained.

It added: "Entering into of the sale and purchase agreement by the purchaser did not violate Singapore laws, and the company has made and would make disclosure(s) and announcement(s) in relation to the transaction(s) in compliance with the listing rules."

Top destinations for transfers into QROPS

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A look at the transfers that were made in the first part of this year, however, shows a different picture, with Guernsey in the lead with 32% of the total, followed by New Zealand (28%), Australia (20%) and Isle of Man (5%).

Importantly, Guernsey differs from Australia, and in part from New Zealand, in that it is primarily a "third-country" QROPS destination, meaning that most of the QROPS transferred there are for people who have left the UK to live elsewhere, such as in Europe or Asia.

Roger Berry, managing director of Guernsey-based QROPS specialist Concept Group, said by comparison, "Australia's QROPS market is [comprised] almost totally of people going to Australia to live, while New Zealand is more of a mixture of both" third-country QROPS and those of people moving there permanently from the UK.

Berry added that the data showed that "prudent jurisdictions are the winning business model and should continue to thrive".

For more on the Concept Group data, and Berry's analysis, see page 8 of the QROPS supplement contained in this issue of *International Adviser*.

Transfers out of the UK into QROPS

Jurisdiction	% total transfers* '07 to 31 Jun '11	% total transfers* first part of '11
Australia	47%	20%
New Zealand	23%	28%
Guernsey	10%	32%
Isle of Man	2%	5%
Hong Kong	1%	<1%
Malta	<1%	<1%
Others combined	17%	15%

* By numbers transferred. Percentages add up to slightly more than 100% due to rounding.
Source: HMRC, via FOI Act request by Concept Group.

NEWS IN BRIEF

Frankland named for MetLife Jersey role

MetLife, the New York-based insurance giant, is to start selling its range of UK pension and life products in Jersey, and has appointed Paul Frankland to head the initiative. The first product will be unveiled this month and is expected to be a guaranteed bond.

FPI strengthens its Global Term product

Friends Provident International has strengthened Global Term, an insurance product it offers exclusively in Singapore. The product now offers protection for family, mortgages, loans and businesses from the consequences of death, terminal illness, critical illness or disability.

Clarification

The lead story on the front page of last month's *International Adviser* – 'Overseas pensions face compensation jeopardy' – contained an inaccuracy. The article stated that the Guernsey depositor compensation scheme does not cover deposits on behalf of trusts or retirement schemes. This was incorrect – Guernsey QROPS are covered by the Guernsey Banking Deposit Compensation Scheme. But the maximum compensation payable is £50,000 ($81,473) per scheme, not per individual scheme member.