FATCA guide is expected in Q1, says Withers

Financial firms with US clients or assets held in the country will receive guidance on the Foreign Account Tax Compliance Act (FATCA) – a new and, according to some, heavy-handed tax reporting regime – by the end of the first quarter of 2011, said law firm Withers.

FATCA comes into force in January 2013. It is expected to impose what many financial services companies and lawyers believe are extremely onerous reporting requirements on so-called 'foreign financial institutions' (FFIs) that have US accountholders.

Any financial firm offering deposit-taking and custodianship services, as well holding financial assets for US citizens or companies, such as mutual funds, fall under FATCA's scope.

Reporting requirements include names and addresses of US clients, account numbers, account balances, gross payments and withdrawals. Beneficial owners will need to be identified in the case of corporate accounts.

The scope of the act has reportedly led many financial companies to turn away new US clients and even get rid of existing US customers, rather than open up their books to the IRS.

Withers said a US Department of Treasury official had indicated proposed regulations would be issued by the end of next March to allow FFIs to "start the process of adjusting their systems to the FATCA regime".

QROPS sector says impact of UK reforms is negligible

BY DANIEL JUDGE

Claims that the QROPS market has been dealt a severe blow by UK pension reforms have been rejected by the sector.

John Lawson, head of pension policy for Standard Life, has argued that a flexible drawdown regime in which people with retirement incomes in excess of £20,000 a year can withdraw any additional assets in a lump sum now gives the UK "one of the most flexible pension benefits regimes in the world".

He added the QROPS market would shrink as a result, noting: "QROPS are typically expensive products and people would have balanced their higher costs with benefits not available in UK pensions."

Berry: little impact on market

QROPS are intended to be used by people moving overseas. One of their main attractions has been the higher tax-free lump sums available in various jurisdictions other than the UK. The Isle of Man, for instance, offers 30% tax-free lump sums, while it is possible to obtain 100% in New Zealand, compared to the UK's 25%. But QROPS advisers and providers believe there will be little impact on the market as a result of the UK changes.

Roger Berry, managing director of Guernsey QROPS firm Concept Group, said not many people had pension pots large enough to provide a £20,000 annual income and still have much left to take as a significant lump sum.

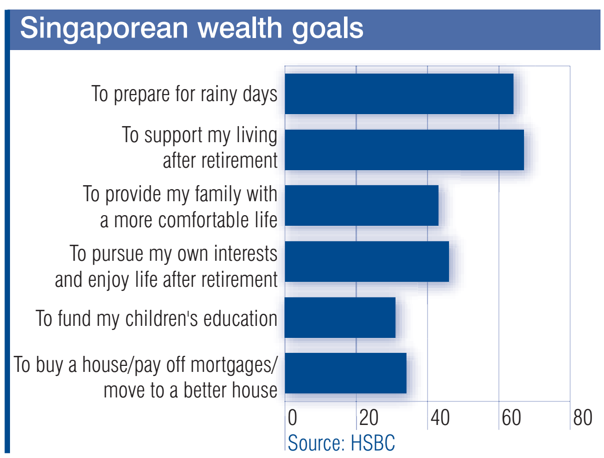
"Let's say to buy such a lifetime annuity requires a fund of £350,000. That does not leave any significant proportion of UK pensioners who would have much other pension planning left to take advantage of the flexible drawdown."

Retirement is top priority in Singapore

Retirement was the top savings goal for Singaporeans in 2010, according to the latest report of the HSBC Asian Insurance Monitor.

It overtook 'emergencies', which was the main priority in 2009 and had been attributed to the ongoing economic and financial repercussions of the global downturn that took root in 2007-08. Retirement was the top response for 67% of people in Singapore who took part in the survey of almost 3,600 people from across Asia.

Almost half of Singaporean respondents – unsurprisingly – said they "aspired to a meaningful and enjoyable life" after retirement, while 31% said they planned to retire early.



But these plans could be hampered by failing to save enough for retirement, which was a concern for 42% of Singaporeans. The biggest "threats" though, were unexpected medical expenses (66%), and becoming unemployed (47%).

Savings plans, a state retirement scheme (CPF) and retirement income products were cited as the most popular methods of saving for retirement.

Henderson: fund set to close

JPMAM closes £2.3bn Natural Resources Fund to new business

BY SIMON DANAHER

JPMorgan Asset Management has soft closed its flagship £2.3bn Global Natural Resources Fund on fears it is growing too big.

The Luxembourg-domiciled Sicav, managed by veteran commodities manager Ian Henderson, was closed to new investors on 10 Dec, although existing investors will still be able to invest.

In a statement, JPMAM said the fund had attracted a "large amount of assets under management" and, "the fund is not at a point where it can no longer pursue its stated investment strategy, [but] the portfolio management team have noted that, if it continues to grow, that may be the case".

JPMAM added that in order for the fund to continue to meet its objectives and protect the interest of existing investors, it had taken the decision to soft close the fund. According to TrustNet, the fund has returned 46% and 39% over one and three years respectively, compared with an IMA specialist sector average of 16% and 14%.

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