



BAHRAIN OCCUPATIONAL SAVING SCHEMES

OVERVIEW

INTRODUCTION

Savings and pension schemes

Most individuals realise the need to make provision for retirement and to accumulate savings for personal and family benefit. Many businesses recognise their responsibility to assist their employees, either voluntarily or in accordance with compulsory government schemes, by setting aside contributions towards retirement and other events such as redundancy.

The range of pension and savings opportunities is very wide and many businesses and expatriate individuals have set up arrangements for contributions to be made to schemes administered in other jurisdictions.

The Central Bank of Bahrain (“CBB”) has now introduced an Occupation Savings Scheme (“OSS”) which allows arrangements to be set-up in Bahrain and in accordance with Bahraini law and regulations.

The essential features of the Bahrain OSS are

- An employer can set up an OSS for the benefit of its staff
- The OSS is registered with the CBB
- Contributions (from the employer and / or the staff) are made into the OSS which is administered independently from the company
- There are scheme rules that set out the parameters under which the scheme will operate
- The OSS must be constituted as a **Trust** under Bahrain Trust Law
- The **Trustee** of the Trust must have a presence in Bahrain.
- The beneficiaries of the Trust are the participating individual employees (the “**Members**”) of the OSS
- The OSS must have a written investment policy and this must be acceptable to the Members and the Trustee
- The OSS may not invest in the employer or in its business activities
- The OSS must be audited and is accountable to and must report to the Members

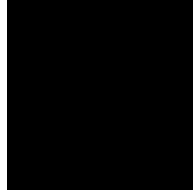


The advantages of a BAHRAIN OSS scheme include:

- For Members
 - A well regulated way to make regular contributions and ultimately accumulate savings
 - Management and administration **independent from the employer**
 - Assets of the OSS separate from the Company; they are **bankruptcy remote** (in case of failure of the employer, it will not affect the savings)
 - The Members can **influence the investment policy**
 - **Ability to access investments which might not normally be available to an independent investor**

- For Employers
 - By creating an OSS the employer effectively **outsources its pensions and benefits arrangements**
 - The employer can use the contributions it makes into an individual's saving scheme as a means of **incentivisation**
 - “Lock-in” periods in relation to the employer's contributions are an incentive to maintain **staff continuity and loyalty**
 - provisions made for staff (either under government regulations or voluntarily) for termination bonuses, etc.: can be **taken off balance sheet**.
 - Can be used as a tool when recruiting staff to attract the most talented personnel

Ohad Trust and the Carey Group can together provide the legal framework for a Bahrain OSS and the necessary administrative and internet based infrastructure for efficient and professional management.



Ohad Trust BSC (c) (“Ohad”):

- Was the **first licensed trust company** in Bahrain
- Has **experience** with the creation of trusts under Bahrain law
- Is majority owned by partners of Carey Olsen, the **largest law firm** in the Channel Islands, with **extensive trust and employee benefit scheme experience**
- Has access to lawyers with many years experience of pension schemes and trusts
- Has strong links with Carey Pension Administration Limited a Channel Island based company who have been administering pension and savings arrangements for many years
- Has Arabic language capabilities
- Is the market leader in administration, registrar and custody of Bahrain Trusts and Islamic – Sharia’a compliant – Collective Investment Undertakings

Carey Pension Administration Limited (“Carey Group”)

- Is a specialist pensions administrator who provides administration services to over 100 pension and saving schemes with members and employers located throughout the world, including Bahrain
- Has developed a **unique bespoke IT systems** for administering schemes
- Web-based **internet access** provides members and employers with the ability to access both general and personal scheme information including transaction data
- Already works with a number of groups in **Bahrain** and the Middle East providing administration of pension and savings schemes.

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