

STM MALTA

Information Booklet - Employer

STM GROUP

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1. Overview of the Teachers' Employee Benefit Trust (EBT)

The Teachers' EBT is a **Master Trust arrangement** designed to enable schools globally to provide a structured, employer-funded long-term benefit plan for employees, particularly peripatetic teaching staff.

It is primarily intended to facilitate:

- End-of-service benefits
- Long-term savings structures
- Additional flexibility for incentive-based or emergency payments

The arrangement is jurisdiction-neutral, allowing participation by international schools worldwide.

2. Key Features

- **Employer-funded contributions** made monthly via payroll
- Optional **employee top-up contributions**
- **Individual sub-funds** maintained for each employee
- Flexible benefit design (retirement, performance, or contingency events)

Employers adopt a **standard scheme structure**, ensuring consistency across participating entities.

3. Employer Responsibilities

Employers are responsible for:

- Setting and notifying **contribution levels** to the Trustee
- Enrolling eligible employees
- Ensuring payroll deduction processes
- Working with the Financial Adviser on scheme design and monitoring

Once contributions are made, **investment decisions are fully delegated**, with no control retained by the Employer or Employees.

4. Governance Structure

The EBT operates with a clear governance framework:

Trustee

- STM Malta Pension Services Limited acts as Trustee and is **regulated in Malta** for trustee services.

Investment Management

- A **discretionary Investment Manager** is appointed by the Trustee
- Oversight provided by an **Investment Committee** (Trustee, Adviser, Employer)

Financial Adviser

- Advises Employer on setup and ongoing performance
- Communicates updates to employees via digital platform

5. Employee Eligibility & Plan Design

- Employees generally eligible after **6 months of service**
- Employer contributions subject to **vesting period (e.g. 3 years)**
- Flexibility on:
  - » Withdrawal rules
  - » Good vs bad leaver provisions
  - » Termination conditions

The structure allows **portability**, enabling employees to move between participating schools while retaining benefits.

6. Investment Framework

- Assets are typically invested in **market-based portfolios**
- Cash-based options may be available
- **No guaranteed returns** – benefits depend on performance

7. Benefits to Employers

- Enhances **talent attraction and retention**
- Provides a **structured, portable benefit** for international staff
- Offers flexibility compared to traditional pension schemes
- Differentiates employer offering in competitive markets

8. Tax & Regulatory Position

- The Trust is **tax-exempt in Malta**
- No Maltese tax on trust income or gains
- Benefits not taxable in Malta

However:

- Tax implications for Employers and Employees depend on **local jurisdiction**

The EBT:

- Is **not a pension scheme**
- Is **not a regulated investment product**, although the Trustee is regulated

Independent tax advice is strongly recommended.

9. Risk Considerations

- Investment risk borne by beneficiaries
- No capital or return guarantees
- Tax outcomes are jurisdiction-specific
- Regulatory classification differs from pension structures

Frequently Asked Questions (FAQ)

1. What is the primary objective of the Teachers' EBT?

The EBT is designed to provide a **flexible, employer-funded long-term benefit structure**, primarily for end-of-service benefits, while also supporting incentives and emergency payments.

2. Is this a pension scheme?

No. The arrangement is **not a pension scheme** and is not regulated as such in Malta. It is a trust-based structure administered by a regulated trustee.

3. Who controls the investments?

Investment decisions are made by a **discretionary Investment Manager** appointed by the Trustee.

Neither the Employer nor Employees have direct control once contributions are made.

4. Can contribution levels be tailored?

Yes. Employers determine contribution levels for their employees and notify the Trustee accordingly.

5. Are employee contributions mandatory?

No. Employee contributions are optional and can be made at the employee's discretion.

6. What flexibility does the scheme offer?

The EBT allows flexibility in:

- Vesting periods
- Withdrawal rules
- Benefit triggers (e.g. performance, emergencies)
- Treatment on termination (good/bad leavers)

7. Can employees retain benefits if they move between schools?

Yes. The structure is designed to allow **portability of member funds**, supporting employees who move between participating schools.

8. What are the tax implications for employers?

The trust itself is **tax-exempt in Malta**, but the tax treatment for employers depends on the jurisdiction in which they operate.

Independent tax advice should always be sought.

9. Is the scheme regulated?

- The **Trustee is regulated in Malta**
- The EBT itself is **not a regulated investment product**

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Frequently Asked Questions (FAQ)

10. What are the key risks?

- Investment performance risk (no guaranteed returns)
- Jurisdiction-specific tax uncertainties
- Vesting and benefit design risks
- Reputational considerations depending on implementation

11. Who are the key parties involved?

The structure includes:

- Trustee
- Employer
- Financial Adviser
- Investment Manager
- Administration Platform

12. How does this benefit employers competitively?

The EBT enhances:

- **Employee retention and attraction**
- Flexibility versus traditional pension structures
- Global workforce mobility solutions

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STM Malta Pension Services Limited is registered as a Retirement Scheme Administrator with the Malta Financial Services Authority. It is also authorised to act as trustee or co-trustee to provide fiduciary services in terms of the Trusts and Trustees Act.

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