Employee
Incentive Plan

STM MALTA

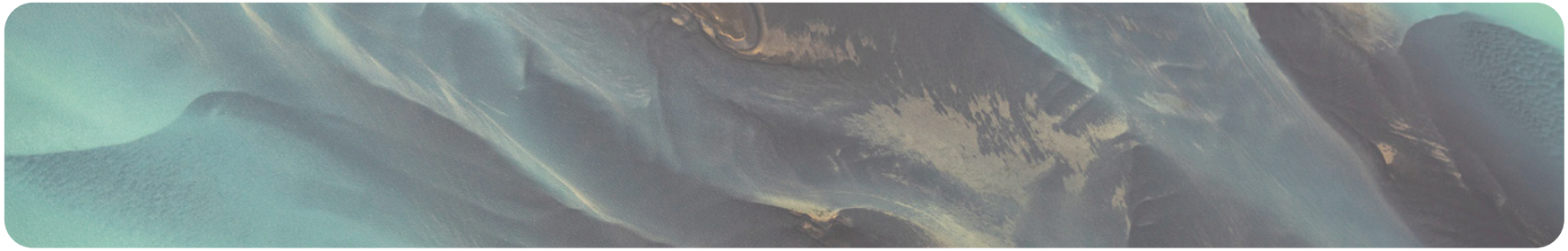
Implemented Via a
Malta Employee Benefit Trust (EBT)

Overview

- **What it is:** a retention-led Employee Incentive Plan implemented via a Malta Employee Benefit Trust (EBT), holding assets with an independent trustee.
- **Who it is for:** employers seeking to retain key staff and align employees with long-term business objectives; can be offered internationally.
- **How it retains:** service conditions, milestone awards, and vesting designs; plus the Trust rule that employee contributions may be refunded if an employee leaves before the vesting period (set as per Trust rules which would usually be 3 - 5 years).
- **Portability:** where multiple employers participate, employees moving between participating employers may remain within the same Plan arrangement (subject to eligibility and local constraints).
- **Tax:** cross-border outcomes depend on the employee's location and any applicable double taxation treaty; independent advice is required.

Item	Quick detail
Key retention rule	If an employee leaves before the vesting period, employee contributions may be refunded (per Trust rules)
International offering	Plan can be offered internationally; local payroll/tax/legal treatment may vary

Note: This document is for information purposes and does not constitute tax, legal or investment advice. The Plan design and outcomes depend on the Trust documentation, employer policy, and applicable law in each jurisdiction.



The Employee Incentive Plan (the Plan) is a retention-led, flexible arrangement that allows an employer to set aside assets for employees and pay benefits at a future time once defined conditions are met (such as continued service and/or performance criteria). The Plan is implemented using an underlying Employee Benefit Trust (EBT) established in Malta and offered internationally, with assets held by an independent trustee separate from the employer's working capital. Where applicable, Malta's double taxation treaty network may provide incentives that help manage cross-border tax outcomes (subject to local rules and individual circumstances), so tax advice should be taken in each relevant jurisdiction.

The Plan is designed primarily as a retention-led employee benefit that employers can offer to key staff or wider employee groups across multiple countries, while being established and administered in Malta via the underlying EBT. It can be structured to support service-based outcomes (for example, enhanced employee benefits for longer tenure), while still allowing members to build value through contributions and investment growth over time.

Examples of retention-led benefit design (illustrative)

- **Service milestones:** employer top-ups at year 3 / 5 / 10, or one-off "loyalty awards".
- **Graded vesting:** employer-funded portions vest gradually (e.g., 20% per year) to encourage longer tenure.
- **Cliff vesting:** employer-funded portions vest only after a minimum service period (e.g., 2 years), aligning with the Trust's leavers rule.
- **Tiered contributions:** higher employer contribution rates for critical roles, seniority bands, or sustained performance.
- **Good-leaver / bad-leaver outcomes:** different treatment of employer-funded benefits depending on the reason for leaving, where permitted and documented.

Plan Design Options
(Using the Underlying EBT)

The Plan can be tailored to an employer's objectives by using the underlying EBT to create a segregated pool of assets that is set aside for employees and held by an independent trustee, separate from the employer's working capital. Benefits can then be paid to employees at a future time once the relevant conditions (such as continued service and/or performance criteria) have been fulfilled.

Flexibility - example incentive designs (illustrative)

- **End of service plan (good leavers):** the employer sets aside an amount to pay an end-of-service bonus for "good leavers", with payment conditional on staying with the employer for a minimum period.
- **Deferred bonus with conditions / clawback:** a bonus accrued in one year can be structured so that payment is deferred and remains conditional on continued good performance, with the ability to reduce or claw back part or all of the bonus if future conditions are not met.
- **Share-based incentives:** the employer may place shares (or share-linked investments) into the Trust so that benefits are aligned to company value metrics and long-term performance.

Taxation (Malta overview - indicative, not tax advice)

- Employer contributions: may be treated as a deductible expense for Malta tax purposes, subject to the employer's circumstances and applicable rules.
- Trust income/profits: may be treated as taxable income of the trust in Malta and taxed at the trustee level under applicable rules.
- Benefits to employees: are typically treated as employment income when paid, subject to applicable reliefs/credits and the employee's tax position.
- Surplus refunds: if the Trust ends up in surplus and amounts are refunded to the employer (for example, following a clawback), the refunded amounts may form part of the employer's taxable income.

These points reflect a high-level Malta overview and may not apply in all cases. The trustee/administrator does not provide tax advice; employers and employees should take independent advice in Malta and in each relevant jurisdiction.

Why Malta

Malta has an extensive network of double taxation treaties (more than 80 agreements worldwide) designed to help avoid the same income being taxed twice in cross-border situations, typically through agreed allocation of taxing rights and relief mechanisms (e.g., tax credits), subject to the specific treaty and local law.

Malta also provides domestic mechanisms for double taxation relief in certain circumstances, including where foreign tax has been suffered.

The underlying Employee Benefit Trust (EBT) is established under Malta's trust framework, and trustees are authorised and supervised by the Malta Financial Services Authority (MFSA).

Plan Benefits & use Cases (Retention-Led)

What are the benefits of the employee incentive plan?

Employer Benefits

- **Retention:** create a structured, long-term benefit that rewards tenure and helps retain key talent.
- **Recruitment:** strengthen your total reward proposition and position the employer as an employer of choice.
- **Built-in leavers rule:** if an employee leaves before the vesting period as per Trust Deed (usually between 3 - 5 years), employee contributions may be refunded in line with the Trust rules—supporting a clear retention mechanism.
- **Multi-employer portability:** employees moving between participating employers can remain within the same Trust arrangement (subject to eligibility), reducing friction and administration.
- **International consistency:** one core Trust structure that can be offered to employees across multiple countries (with local advice on tax and payroll treatment).
- **Flexibility:** tailor eligibility (e.g., all staff vs. key employees) and contribution design (fixed, graded by seniority, performance-linked, etc.).
- **Potential cross-border efficiencies:** where applicable, Malta's double taxation treaty network and domestic relief mechanisms may support tax-efficient outcomes, subject to each employee's circumstances and local rules.

Employee Benefits

- **Meaningful long-term value:** access to a benefit designed to reward staying with the employer, not just short-term perks.
- **Clarity on leaving:** if you leave before the vesting period as per Trust Deed (usually between 3 - 5 years), employee contributions may be refunded in line with the Trust rules.
- **Continuity:** if you move to another participating employer, you may be able to remain within the same Trust arrangement (subject to eligibility).
- **Transparency:** members receive a Statement of Account for their Trust benefits/savings.
- **Payroll convenience:** contributions can be deducted and paid through payroll (where applicable).
- **Investment growth potential:** contributions are invested and may grow over time (subject to market risk).
- **Optional retirement planning:** while retirement benefits may be one use case, the Trust is primarily positioned as an employee benefit and retention tool.

How the Plan Works (Key Features)

Structure and purpose

- The Plan is designed primarily as an employee benefit and retention arrangement, and may also support longer-term wealth accumulation depending on the benefit design.
- The Plan can be offered internationally via the underlying EBT, supporting globally mobile workforces (subject to local payroll, employment and tax considerations).

Eligibility and participation

- Eligibility can be defined by the employer (e.g., all employees or specific groups such as key staff).
- The arrangement is voluntary and can be positioned as part of a broader total reward policy.

Contributions and administration

- Contributions can be made by the employer, the employee, or both.
- Contribution levels can be the same for all employees or vary by grade, role, performance, tenure, or other employer-defined criteria.
- Additional contributions can be made at any time after commencement, in line with the Trust rules.
- Contributions can be reduced, paused, or stopped (subject to the Trust rules and any contractual commitments).
- Where applicable, contributions may be processed through payroll for operational simplicity.

Benefits and distributions

- Benefits can be designed to reward retention (e.g., employer contributions that accrue over time, service milestones, graded/cliff vesting of employer-funded portions, or eligibility triggers for key employees), subject to the Trust rules.
- Members receive periodic account information showing contributions and the value of their allocated benefits/savings.
- Investment performance may impact the value of benefits (as with any defined contribution-style arrangement).

How the Plan Works (Key features)

Flexibility in withdrawals after the vesting period

- After the vesting period, distributions can be structured to allow greater flexibility, subject to the Trust rules and the employer's Plan design.
- Because this is an incentive plan implemented via an underlying EBT, retirement-plan withdrawal restrictions do not apply in the same way.
- Any withdrawals remain subject to the Plan documentation, trustee/administrator processes.

Portability and ownership

- Each employee/member's Plan entitlement is tracked in accordance with the Trust rules.
- If an employee leaves before the vesting period as per Trust Deed (usually between 3 - 5 years), employee contributions may be refunded in accordance with the Trust rules (and the treatment of any employer contributions will also be determined by the Trust rules).
- Where the Plan is adopted by multiple employers, an employee moving between participating employers may be able to remain within the same Plan arrangement, subject to eligibility and local legal/tax considerations.

International tax and compliance note

- Because the underlying EBT is intended to be established in Malta and the Plan is offered internationally, the tax treatment of contributions and benefits may differ by employee location and by the relevant double taxation treaty (if any). Any incentives associated with Malta's treaty network depend on the specific treaty article and local law, so employers and employees should obtain tax and legal advice in each relevant jurisdiction before implementation.

Investment Strategy

- All contributions paid into the Plan are invested via the underlying EBT through the Investment Manager, using an approach that can be aligned to members' expected benefit horizon (including, where relevant, time to retirement).
- Environmental, Social and Governance (ESG) investing is an evolving investment factor. The Trust will only invest in companies or funds that make their ESG strategy and key results transparent and available through data providers such as Bloomberg or Morningstar.

The Investment Manager may invest assets held under the underlying EBT for the Plan in liquid instruments suitable for retail clients. These may include investment schemes such as UCITS or investments traded on the stock exchange. Different assets have different risks, and the Investment Manager seeks to ensure diversification to avoid an accumulation of risk within the portfolio. For members with shorter investment horizons, the Investment Manager will reduce exposure to more volatile assets. The Plan is intended to provide long-term employee benefits (and may include retirement-related benefits depending on the benefit design). As a defined contribution-style arrangement, the level of benefits is not fixed and is calculated by reference to the value of the assets held for members under the underlying EBT.

The questions and answers on the following page are provided for general guidance and illustrate common features and considerations. The exact tax treatment, portability and benefit options may vary depending on the Trust rules, the employer's benefit design, and the employee's country of residence. Professional advice should be obtained where appropriate.

Frequently Asked Questions

Why should I build up my own long-term savings pot?
For many people, relying solely on state benefits may not be sufficient to maintain their preferred lifestyle over the long term. Building additional savings through regular contributions over a working life can help create a meaningful financial buffer for future needs, including retirement, family goals, or other life events.

In the context of this Employee Incentive Plan, the primary purpose is to provide a structured employee benefit that supports recruitment and retention. Depending on the benefit design, it can also contribute to longer-term savings outcomes for employees.

Can the Plan be used for deferred bonuses or other incentive plans?
Yes. The Plan can be used to operate incentive arrangements where benefits are earned over time and paid only when conditions are met (for example, end-of-service awards for good leavers, deferred bonuses with performance conditions and clawback provisions, or share-based incentives). Assets can be set aside in a segregated pool held by an independent trustee under the underlying EBT, supporting transparency and the employer's retention objectives.

What tax incentives may apply?
Tax treatment depends on the Trust rules underpinning the Plan and the employee's country of residence. In some jurisdictions there may be incentives for employer and/or employee contributions or for long-term incentive arrangements. Where the underlying EBT is established in Malta and benefits are paid cross-border, double taxation treaties (where applicable) may influence which country taxes certain benefits. Employers and employees should obtain tax advice in each relevant jurisdiction.

Can I stop contributions?
Yes. Depending on the employer's Plan design and the Trust rules, contributions may be paused or stopped. Amounts already contributed will typically remain invested in line with the investment approach, and contributions may be restarted subject to the Trust rules and any eligibility conditions.

What benefits can I expect to receive?
Benefits under the Plan are linked to the contributions made for you (by you and/or your employer) and the performance of the underlying investments, as recorded in your member account. The timing and form of distributions (e.g., service-based benefit triggers, cash payments, or retirement-related benefits where included) depend on the Trust rules and the employer's Plan design.

Frequently Asked Questions

How will I receive benefits?
The form and timing of Plan benefit payments depend on the Trust rules and the employer's Plan design. Where benefits are payable as regular payments (for example, in a retirement-related design), payment frequency may be selected from available options. Any taxes due on distributions are determined by the applicable rules in the relevant jurisdiction.

How will the investments be managed?
The Investment Manager invests assets held under the underlying EBT for the Plan in diversified, liquid instruments suitable for the intended risk profile. The approach can be aligned to members' expected benefit horizons (including, where relevant, time to retirement), typically reducing exposure to more volatile assets as the horizon shortens. As with any investment, values can go up or down and past performance is not a reliable indicator of future results.

What happens if I move country or leave Malta?
If you move to another country, your entitlement under the Plan remains tracked in line with the Trust rules. If your new employer is also a participating employer, you may be able to continue within the same Plan arrangement (subject to eligibility). Otherwise, depending on the Plan design, you may be able to keep your benefit invested, receive a distribution when eligible, or transfer value where this is permitted and practical.

The taxation of any future distributions will depend on your country of residence and any applicable double taxation treaty, so advice should be taken.

Who is the Trust administrator and trustee?
The Trust administrator and trustee are responsible for receiving and allocating contributions, appointing and overseeing the investment manager and custodian, ensuring benefits are paid in accordance with the Trust rules, and providing periodic reporting to members and regulators (as applicable). Where a specific provider has been appointed (e.g., STM Malta Pension Services Limited), that entity will carry out these functions in line with its regulatory permissions.

Who else is involved?
- **Investment Manager:** manages the Trust investments in line with the agreed strategy and risk controls.
- **Custodian:** responsible for the safekeeping of assets and oversight of asset movements.
- **Auditor (where applicable):** independent annual audit of the Trust's accounts and controls.

What about the Trust's ESG credentials?
ESG considerations may be taken into account within the investment policy. The Trust aims to invest in companies or funds that make their ESG strategy and key results transparent and available through established data providers, while recognising that ESG metrics and methodologies continue to evolve.

Frequently Asked Question

How can the Plan be used as a retention tool?
Employers can use the Plan to create a structured, long-term benefit that rewards tenure. Common retention-led designs include service milestone awards, graded or cliff vesting of employer-funded benefits, and tiered employer contributions for key roles. In this Plan, the rule that employee contributions may be refunded if an employee leaves before the vesting period as per Trust Deed (usually between 3 - 5 years) can also support retention, while the treatment of employer-funded portions can be aligned to the employer's retention objectives (as set out in the Trust documentation and Plan design).

What happens if I stop working for my employer?
Your options depend on the Trust rules and your employer's Plan design. If you leave employment before the vesting period as per Trust Deed (usually between 3 - 5 years), employee contributions may be refunded in line with the Trust rules (and the treatment of any employer contributions will also follow the Trust rules). If the Plan is adopted by multiple employers, and you move to another participating employer, you may be able to remain within the same Plan arrangement, subject to eligibility and any local legal/tax requirements.

What happens if I become too ill to work?
Depending on the Trust rules and any insurance/benefit features included, there may be provisions for early access or benefit payments on ill-health grounds. Any eligibility requirements and the form of payment would be set out in the Trust documentation.

What happens to my benefit when I die?
The Trust rules will set out how death benefits are handled, including how beneficiaries or dependants may be nominated and how payments may be made. In some trust structures, trustees may have discretion (within the rules) over the timing and recipients of payments.

How do I sign up?
Participation is arranged through your employer. Once your employer has adopted the Plan design under the underlying EBT, eligible employees who wish to participate will be enrolled through the employer's HR/payroll process, in line with the Trust rules.

How do I contribute?
Contributions are typically made via payroll deduction (where applicable). Your employer may deduct your chosen amount each month, add any employer contribution, and remit amounts into the Plan via the underlying EBT. The administrator allocates contributions to your member account and arranges investment in line with the investment approach.

Glossary of Key Terms

TERM	MEANING (IN THIS DOCUMENT)
Employee Incentive Plan (the Plan)	A retention-led arrangement to set aside assets for employees and pay benefits when defined conditions are met (e.g., service and/or performance).
Employee Benefit Trust (EBT)	The underlying legal trust structure established in Malta through which the Plan is implemented and assets are held.
Trustee	The independent party responsible for holding Trust assets and administering payments in accordance with the Trust rules.
Trust rules / Trust documentation	The governing documents that define eligibility, contributions, benefit conditions, leaver provisions, and how benefits are paid.
Member account / Statement of Account	The record showing contributions and the value of the member's allocated entitlement/benefit within the Plan.
Vesting	Rules determining when employer-funded amounts become payable/earned by the employee (e.g., graded or cliff vesting based on service).
Good leaver / Bad leaver	Common plan design concepts that can affect entitlement depending on the reason for leaving, as defined in the Trust rules.
Clawback	A feature that can reduce or reverse previously accrued bonuses/ benefits if specified conditions are not met.
Double Taxation Treaty (DTT)	A treaty between countries that may influence how cross-border income/benefits are taxed and how double taxation is relieved.
Custodian	The party responsible for safekeeping assets and oversight of asset movements, where appointed.

How to
Contact us

For more information, please contact:

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