



Republic Corporate Tax Incentive Savings Plan



Introduction

As a business owner, you make a lot of important decisions for the future of your business and your employees. One of the often overlooked tasks is the creation of a company retirement plan. It's understandable because when you and your staff are engaged in driving the business forward, retiring may be a distant thought.

Starting a retirement plan early, however, can ensure that your employees have peace of mind in their golden years along with the financial security they deserve.

Let us help you get started on a retirement plan to assist your company's future growth and provide financial security for your employees.



Why Start A Retirement Plan?

A retirement plan has benefits for the employer, the business, and all employees. It allows you to start investing for your own retirement and your employees can do the same. The contributions will also be eligible for special tax reductions, so you can expect to see a higher payout, upon maturity.

Achieve Your Goals:

Investing in long-term planning for your business and your golden years set you on the right track for retirement and helps those you employ get there.

Enjoy Tax Savings:

As an employer, you can benefit from tax-deductible employer contributions.

Watch Money Grow:

In addition to your plan contributions, the compounding of interest, dividends, and capital gains allow your account to generate the maximum growth.

Boost Employee Morale:

Get a competitive advantage by offering a retirement plan to help gain and keep employees and improve overall satisfaction.



A Corporate Tax Incentive Savings Plan Made Simple

We can offer businesses of any size the option of two corporate retirement plans:

- Republic Corporate TISP (CTISP)
- Republic Corporate Equity TISP (CETISP)

CTISP

This comprises fixed income (bonds) instruments and seeks to provide you with a stable return over the holding period.

CETISP

Is made up of equities/shares and aims to give you exposure to local, regional, and international equity markets.

How Does it Work?

- 1 Provisions in the Income Tax Act allow for employee earnings, to be paid by you, TAX-FREE, directly into the plan for the purpose of generating a retirement benefit for your employee.
- 2 The CTISP/CETISP is a Deposit Plan that allows for the accumulation and growth of contributions that will be utilised, at the stipulated maturity date, to secure an Annuity (monthly payments) for life, for your employee.
- 3 You can contribute directly into the plan on behalf of your employees, tax-free, up to 33.33% of chargeable Income or 20% of emolument income. [All employer contributions are Tax Deductible.](#)
- 4 Your employees cannot contribute to the Corporate TISP suite, but an employee can open a personal TISP (RTISP or ETISP) to accommodate their additional contributions. This will allow your employee to achieve additional tax benefits of up to \$60,000, less NIS claims.



A Plan That Works for Both Employees and Employers

CTISP/CETISP will each offer unique benefits tailored to your retirement goals. The flexibility of your plan gives you the ability to determine the amount and frequency of contributions and to nominate the number of beneficiaries on the plan or change it at any time.

The contributions you make will be tax-free and the lower fee structures will enable your employees to gain the most out of their earnings.



The Benefits to You, The Employer:

Manage Cash Flow

Employers can provide smaller monthly payments instead of a large lumpsum payout as a gratuity, so upon employee retirement, no additional cash payouts are required.

Tax Savings

Employers are allowed to contribute directly into the plan, tax-free, on behalf of their employees, up to 33.33% of employees' chargeable income or 20% of emolument income.

No Administrative Burden

We integrate the plan into your payroll. This eases your administrative burden and the cost associated with a traditional pension plan.

No Additional Fees

All administration fees are already absorbed by the plan, to ensure that you get the most out of your investments and that your money can start working for you.

We take care of the hassle so you can enjoy easy, accurate retirement plan management with our expert investment management services.

- Issue participating certificates
- Provide annual statements
- Notice of impending maturities
- Process all contributions
- Provide any information pertaining to the plan
- Assistance with the Tax Computation form for submission to BIR



The Benefits to Your Employee

Prepare your employees for their retirement by choosing the right benefit plan.

CTISP/CETISP can help provide a pension or supplemental income for life at retirement among other benefits, including flexible maturity, and in some cases, significant tax breaks.

To figure out which plan will work best for you and your business, start by considering your retirement goals, how much you want to save for your retirement and what you can contribute to the plan.

- Contributions made by the employer on behalf of the employee are not taxed, thus the full dollar value is applied to the plan.
- Returns are paid after fee deduction. The full contribution is used to generate a return.
- Flexible maturity date (50-70 years), which can also be defined by the company's pension policy.
- Plans can be extended up to a maximum of age 70.
- All extensions must be requested at least one (1) month before maturity.
- Transferability between plans.
- Allows employees to select allocation based on their risk and return preference, i.e., CTISP vs. CETISP.
- Portability across employers.
- Multiple Beneficiaries.
- Choice of Annuity Provider at Maturity.

CTISP/CETISP Maturity



You will receive your retirement plan distribution as an annuity. Based on your specific annuity, your pension income can be distributed monthly, quarterly, or annually.

The size of your payments is determined by a variety of factors, including the length of the payment period.

Examples of this are in the following charts:

CTISP Maturity Payout

Barry is 40 years old with 25 years until plan maturity. He is contributing \$12,000 annually and has a conservative plan return of 2%.

Let's take a look at his projections:

- Plan Value at Maturity = **\$390,000**
- Interest = **\$90,000**
- Contributions = **\$300,000**
- Maximum Tax Free Lump sum = \$90,000 (100% Interest) + \$75,000 (25% Contributions) = **\$165,000**
- Amount allocated to secure an Annuity = **\$225,000**
- The **\$225,000** will provide an Estimated Monthly Pension of **\$1,200** for the remainder of life.

CETISP Maturity Payout

Seema is also 40 years old with 25 years until plan maturity. She is contributing \$12,000 annually and has a conservative plan return of 2%.

Let's see her outlook:

- Plan Value at Maturity = Number of Units *NAV per unit = 126,624 units *\$3.08 = **\$390,000**
- Gain on Investment = **\$90,000**
- Contributions = **\$300,000**
- Maximum Tax Free Lump sum = \$90,000 (100% Interest) + \$75,000 (25% Contributions) = **\$165,000**
- Amount allocated to secure an Annuity = **\$225,000**
- The **\$225,000** will provide an Estimated Monthly Pension of **\$1,200** for the remainder of life.



Get to Know The Basics

- 1 Maximum tax-free cash lump sums up to 25% of contributions + 100% interest (Realised gain/loss for CETISP).
- 2 The remaining contributions are used to secure an annuity for the remainder of the employee's life.
- 3 When securing the annuity, the employee can select from the following options – 5, 10 and 15 years Guaranteed Periods, which ensure that the beneficiary receives the benefit of the annuity.

The beneficiary can also elect to receive a commuted value lumpsum in place of the annuity. In all scenarios the employee receives the annuity payments for their lifetime.
- 4 The employee can select multiple beneficiaries and indicate how the annuity payments should be split.
- 5 If the employee dies before maturity, the full plan value will be paid equally to the listed beneficiaries. If a beneficiary is under 18 years old, the funds will be held in Trust until their 18th birthday.



Future-Proof Your Business Now!

According to the latest financial literacy survey conducted in Trinidad and Tobago, 68% of people over 60 do not have a personal or occupational pension plan.

Transform your company and boost employee morale while also ensuring a financially secure future for everyone in your employ. Our specialists are happy to walk you through the process and provide any additional information to help you get started!

Get the Following Documents Ready:

- **New company onboarding documents will be required from you as the employer.**
- **Documents required from your employee include:**
 - Form of valid picture ID – national ID or passport.
 - Proof of address – utility bill, no older than 3 months.
 - Proof of income – most recent salary slip (dated within 3 months)
 - Proof of BIR number (include formats)
 - Copy of beneficiary's birth certificate/



Secure the future today, with Republic Corporate TISP!

Request a call from one of our Financial Advisors today to chat about our Corporate Tax Incentive Savings Plan.

www.republicwealthmanagement.com/tisp

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