

Pensions changes in the UK 2015

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Re-thinking the Takaful model
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Background

- ▶ Pensions policy in the UK
- ▶ Implications of the changes
- ▶ Takaful / sharia law issues



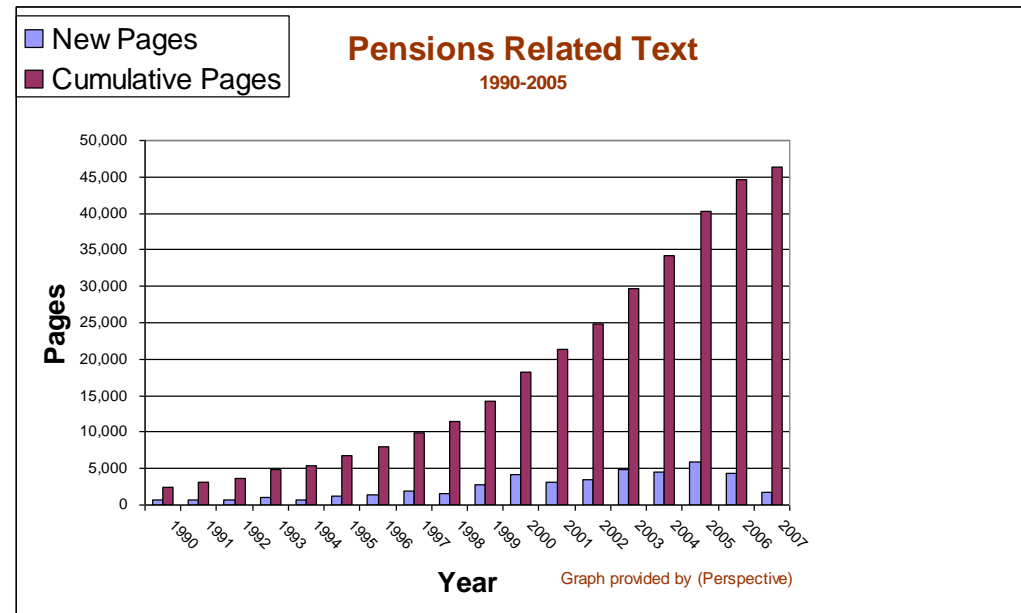
Pensions policy in the UK

- ▶ State pensions simplified
 - ▶ Basic state pension of £150 pw
 - ▶ No widow's pension
 - ▶ Semi-compulsory pensions saving through auto-enrolment
- ▶ Tax neutrality limited to £1.25M
 - ▶ = around £35,000 pa pension
- ▶ Double taxation on top
- ▶ Abolition of the annuity requirement
 - ▶ What is a person's greatest worry?



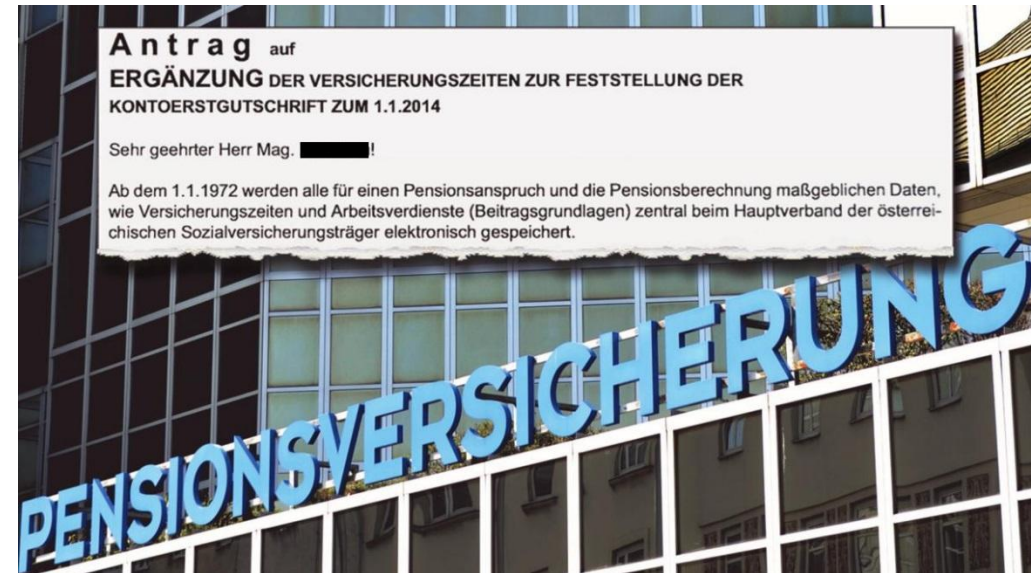
Longer term issues

- ▶ Will there be fiscal neutrality after the election?
- ▶ Will there ever be simplification of the law?
 - ▶ 80,000 pages of rules and regulations
- ▶ What will people do?



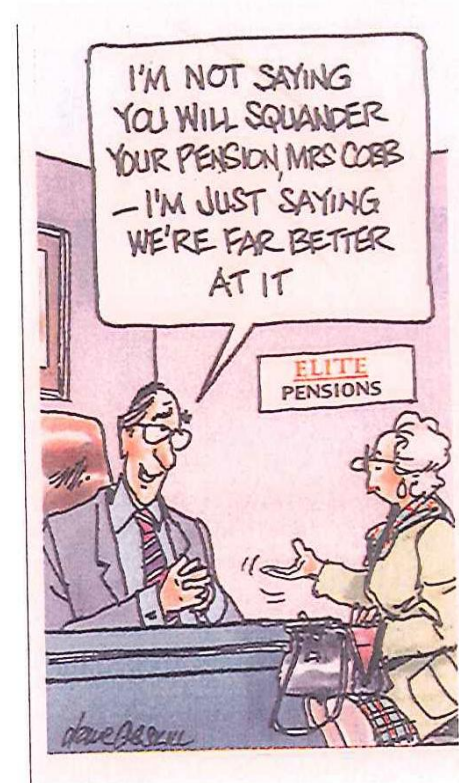
Pensions and takaful

- ▶ Conventional pensions and the challenge of compliance
 - ▶ Al-Gharar (uncertainty)
 - ▶ Al-Maisir (gambling)
 - ▶ Riba (usury/interest)
- ▶ Takaful solutions?
 - ▶ Mudharabah
 - ▶ Wakala
 - ▶ Al Waqf
 - ▶ Non-conventional pensions



Challenges and opportunities in sharia

- ▶ Abolition of compulsory annuity
- ▶ Investment/interest issues
 - ▶ Sharia compliant investments available
- ▶ Cross-border opportunities
 - ▶ UK is now a pensions haven generally
 - ▶ UK is now a sharia-compliant haven?
- ▶ Alternatives to conventional pensions
 - ▶ Book reserve schemes



Conclusions

- ▶ Sharia compliant pensions may be available in two forms
 - ▶ Conventional pensions
 - ▶ Book reserve systems
- ▶ UK freedoms from April 2015 likely to make sharia-compliant pensions attractive throughout the EU



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Recent publications

Pensions for you and your business, Crimson Publishing, £14.95, 1st edition, published April 2013, ISBN 978 1 85458 678 0

Pension fund investment law, Bloomsbury Professional, £423.50, 1st edition, published 1 September 2008, ISBN 978 1 84766 2484 / 978 1 84766 248 4 (Hardback and CD ROM)

Pensionspedia, Pinsent Masons, 2011, (gratis on request, on USB stick)

The Pension Trustees Handbook, Thorogood, 7th edition, ISBN 9 7818 5418 7116

Pensions Law and Practice with Precedents, Sweet & Maxwell, looseleaf, ISBN 9 7804 2179 1909, £994.40

Halsbury's Laws of England (vol 80: Pensions), Butterworths, £9,360