



## End of Service Gratuity Trust

*Your staff are your greatest asset, so protect your employees with the benefits they need to feel secure*

End of Service Gratuity (EOSG) is statutory severance pay across many Middle Eastern jurisdictions and is comparative with a retirement savings scheme or pension scheme. The obligation by a company in the UAE to pay EOSG is well known and frequently talked about.

The majority of companies in the UAE do not separate cash to cover their employees' EOSG liabilities from their working capital. So while employers accrue this obligation within their balance sheet, this is typically not ring-fenced and circumstances such as a large claim or an unanticipated number of leavers at any one time can adversely impact on cash flow for a business. Likewise, this could result in unease for employees who are worried that their gratuity may be under threat in the event of an adverse action against the company.

Equiom understands that all employers have different needs and budgets and has sought to provide bespoke solutions to corporations in the UAE for a number of years. Equiom can provide dedicated, offshore trustee services to employers. This can bring comfort to both the company, whose obligation it is to pay, and to the employee that their entitlement is professionally managed by an independent trustee.

The establishment of the trust is quite straight forward – the employing company will create a trust and make an initial contribution, (either for the full amount of the accrued gratuities or a lesser amount) with the intention that funds will be added when cash flow allows. The trustee, who is fully licenced and operating under common law trust regulations, will hold the funds either in a deposit account or in a low risk investment vehicle and will discuss various options with the employing company. The employing company will advise the trustee as and when an obligation arises and the trustee will undertake the necessary steps to release the funds due on behalf of the employing company.

### Benefits to the employing company

- Ring-fences balance sheet funds to cover future EOSG liabilities
- Demonstrates an employer's commitment to its employees and encourages staff retention
- Centralises management of funds for EOSG
- Improves corporate governance

### Benefits to the employee

- Increased security in relation to employer's ability to meet obligations as they arise
- Risk of non-payment due to failure of company is mitigated

## Why choose Equiom?

Equiom is a global business with over 40 years' experience in the trust industry and 20 years within the UAE markets supporting corporations and high-net-worth individuals with their fiduciary and related support-service needs. As an independent, management-owned business, we focus on strategic thinking, flawless administration and efficient responses to our clients' requirements.

## Equiom in the UAE



Within the UAE, Equiom has a significant presence via its Links Group business, which was first established in 2002. Links Group partners, protects and enables foreign companies to operate in the UAE while safeguarding their status as business owners. By combining business acumen with robust legal counsel, Links Group ensures its clients are protected at all times and guarantees 100% owner control for its clients.

## Our dedicated team

### Nina Johnston, Director - Corporate & Real Estate Services



Nina is the high-level point of contact for a number of Equiom's key corporate clients and she also plays a leading role in Equiom's Middle Eastern client service offering. Nina has extensive fiduciary expertise, managing trust assets on behalf of UAE based corporations in excess of \$1bn. In addition Nina heads up Equiom's Real Estate business line and her experience includes structuring of commercial and residential property, refinancing of large commercial developments and securing financing for residential and commercial property.

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### Gary Hales, Head of Equiom, Dubai



Gary has almost 30 years' experience in financial services and has previously worked in the GCC, Africa, Russia and the Caribbean as well as the UK and Europe. As Equiom's key contact in Dubai, his role entails working with clients and companies in the Middle East providing wealth structuring and asset management solutions via Equiom's global network.

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