

# End of Service Benefits

# Praxis in ADGM

## Overview

We have been committed to UAE since launching an office here in 2010. PraxisIFM Trust Limited (Praxis) was incorporated and licensed as the first trust company in the ADGM in 2016. During the same year, we acquired a local business that had been providing end of service and employee savings administration services to local corporate clients and trust companies for more than 15 years - adding to the domestic footprint of staff, experience and local knowledge. Growing alongside the Financial Centre, Praxis further expanded its license permissions in 2017 where it was authorised as one of ADGM's first Fund Administrators and in 2021, Praxis' trust licence was extended to include Corporate Service Provider (CSP) activity under a new framework introduced that year.

Praxis offers a range of private client and corporate trustee and fiduciary services to clients throughout the GCC and beyond, as well as regulated fund administration services to local and international funds.

## Corporate services overview

Forward looking and focused on strategic efficiency, we have the expertise and multi-jurisdictional capabilities to establish and administer thought-through, beneficial and compliant structures, providing the required level of substance for international corporate clients.

Our solutions derive from a deeper understanding of your requirements, knowledge built on a collaborative and innovative approach that generates the insight needed to develop precise, bespoke results with appropriate levels of governance across all structures.

Our team boasts extensive expertise and experience in the areas of administration, financial reporting, tax compliance, governance, treasury, and employee benefits, enabling us to provide a globally integrated service and a seamless client experience.

## Executive rewards and employee solutions

Praxis provides a variety of incentive arrangements for executives and globally mobile employees.

Schemes can be established with a single employer or several participating employers and they and the employees can be located in a number of different locations.

End of Service Benefit (EOSB) solutions are particularly important to employers in the Middle East. We work directly with companies and their advisers to provide a tailored solution, establishing a special-purpose trust designed around your specific requirements, with the aim of providing security and control with enhanced and flexible employee benefits.

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We work directly with you to  
provide a tailored solution.  
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# End of Service Benefits

## What is an End of Service Benefit?

Under current Gulf States' laws all your expat employees\* who have provided more than one year's continuous service are entitled to a lump sum payable at the end of their service.

The longer your employee remains at your company the more the liability grows, which can be compounded by salary increases.

Any employer reporting under the International Financial Reporting Standards (IFRS) or one that is arranging credit facilities with its bankers should be accounting for this growing liability.

## How is it calculated?

The size of an employee's individual gratuity payment is determined by their final salary and length of service.

Local labour law sets out the number of days salary the leaving employee is entitled to which varies throughout the Gulf states.

We have experience of running EOSBs for companies with employees in multiple countries throughout the region under one single plan.

## A trust-based solution

We help forward-thinking companies hold employee gratuities in trusts which are ring-fenced from the employer's operational assets and balance sheet.

Each plan is custom-built according to your company's requirements, guaranteeing better control of costs, investment mandates, funding programmes and employee communications.

## A structured approach

By undertaking a formal review of your company's payroll data and HR policies, we can provide a funding plan to help your company meet its gratuity liability.

Agreeing to such a plan sooner rather than later means the liability can be steadily absorbed by your company, making a funding commitment alongside appropriate investment management controls.

While we do not provide investment management services, we can however work with your company's existing preferred managers or we can introduce a panel of managers depending on the company's investment policies and appetite.



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\*There are some exceptions in certain freezones where alternative legislation applies.

# End of Service Benefits

## Employee reward and retention through enhanced benefits

Many employers also offer additional employee benefits over and above the statutory gratuity benefits. These types of arrangements can be incorporated into an overarching employee benefits plan that can cover the End of Service Gratuity and these additional components.

These benefits can be offered to all your employees or they can be tiered and offered to a select group of key employees to motivate, retain and reward.

The two most common types of benefits are employee savings plans and long term incentive plans.

Employee savings plans can run alongside the EOSB to enable your employees to have a secure and streamlined savings plan without additional third party costs. Your employees can elect to sacrifice a portion of their salary, which is contributed to their savings plan.

As the employer, you can fully or partially match, or even exceed an employee's contribution.

Alternatively, the savings plan can be offered to your employees as an additional employee benefit without any employer contributions. With this element of the plan, members can be offered greater investment flexibility on how their savings are invested, via our online portal.

Long term incentive plans are a more sophisticated method of retaining key members of staff for a period of time. It enables your company to design a reward structure that invests over a particular timeframe or on a particular event. Adding the long term incentive plan to the EOSB provides greater protection and transparency for your employee and a streamlined, cost efficient retention tool for you.

## Focus on wellbeing and financial planning

Financial stress can negatively impact an employee's productivity, attendance and loyalty. Ensuring that your staff are incentivised and financially stable helps to provide them with greater financial security and reduces the impact on their mental health and wellbeing. In an increasingly competitive marketplace for quality staff, providing your workforce with the tools to plan their financial future can make a big difference to their financial security as well as your company's recruitment costs and, ultimately, its bottom line.

## How does it work?

We have more than 50 years of experience in establishing and administering employee benefit plans. We help simplify what at first may seem a complex process, providing full transparency to ensure your company has a professionally-run scheme aligned to your employee benefits programme.



### Consult

We work directly with you and your advisers to design a tailored, suitable employee benefits programme.



### Provide and protect

A trust deed is drafted to provide for all of the company's potential obligations and rights and to protect both your company's and your employees' contributions and entitlement to the Trust assets.



### Establish

Your company establishes and funds the EOSB and we are appointed as the Trustee and Administrator.



### Invest

Investments can be made into a single investment fund or into the funds offered by a range of investment managers, providing a wide choice, as well as complete flexibility.



### Analyse

We provide ongoing analysis of the end of service gratuity element of the plan against your company's payroll data to ensure liabilities are met, or an appropriate funding plan is implemented.



### Maintain

We maintain all records of contributions, distributions and investments.



### Report

We will provide you with regular status reports.



### Encash and transfer

When we are notified of an employee's departure, we encash the relevant funds and transfer the proceeds back to your HR department for onward transfer to your employee or the funds can remain invested.

## Our role

### Trustee and administrator

We are appointed trustee and administrator of the employee benefit plans

At the time of engagement, one of our in-house teams will be introduced to your company's Legal and Human Resource departments

We will report to your company on its accrued liability and funding options

We will convene all scheme management meetings, attend meetings, prepare minutes and ensure your company is compliant with local laws and regulations

### Online transparency

To ensure full transparency, we provide an online portal allowing relevant parties to access real time valuations and plan information.

### Connection to investment managers

One of our key strengths lies in our connection to a wide range of professional investment managers and our ability to secure preferential rates.

We also provide risk management analysis and advice through our independent investment team.

## Consulting services

Enhancing employee benefits for the good of workforces and wider society is an important priority across the GCC. Praxis provides specialist consulting services to help organisations navigate the complexities of these arrangements and roll out effective schemes that lift their employer brands. With a defined methodology and a successful track record with local and international entities, we enable clients to design, implement and optimise tailored schemes both for use in-house and to deploy for third party distribution in their markets.

### Delivering tailored solutions for businesses

Our consultants work closely with your team to develop bespoke solutions that align with your objectives and regulatory requirements.

Our services include:

- > Pension plan design and optimisation: crafting sustainable and attractive schemes that benefit employers and employees.
- > End of service benefits management: ensuring compliance and efficiency in managing EOS gratuities and other benefits.
- > Share options scheme development: creating competitive, tailored share options plans to attract and retain talent.

### Supporting regulatory bodies

We provide comprehensive consulting services to help regulatory bodies develop and refine frameworks to effectively govern pensions and employee benefit solutions.

Our services include:

- > Policy development and review: assisting in creating and evaluating policies to ensure they meet international standards and best practices.
- > Regulatory impact assessments: analysing the potential effects of regulatory changes on businesses and employees.
- > Training and capacity building: offering training programs to enhance the capabilities of regulatory staff.



# Advantages

## Advantages to your company

End of service gratuity liabilities are ring-fenced from operational assets and balance sheet

Your company receives professional investment management returns on the EOSB

A formal plan can be put in place for your company to meet its liabilities, making it more appealing to investors, lenders and employees

Adheres with international accounting and reporting standards found in more highly-regulated jurisdictions

Provision of the trust can be used to attract talented staff, enhance employee loyalty and reward service

You can better manage cash flow

You can appoint your preferred investment manager (subject to due diligence) or work with one of our appointed managers and control the level of investment risk to fit the objectives of your company and plan members

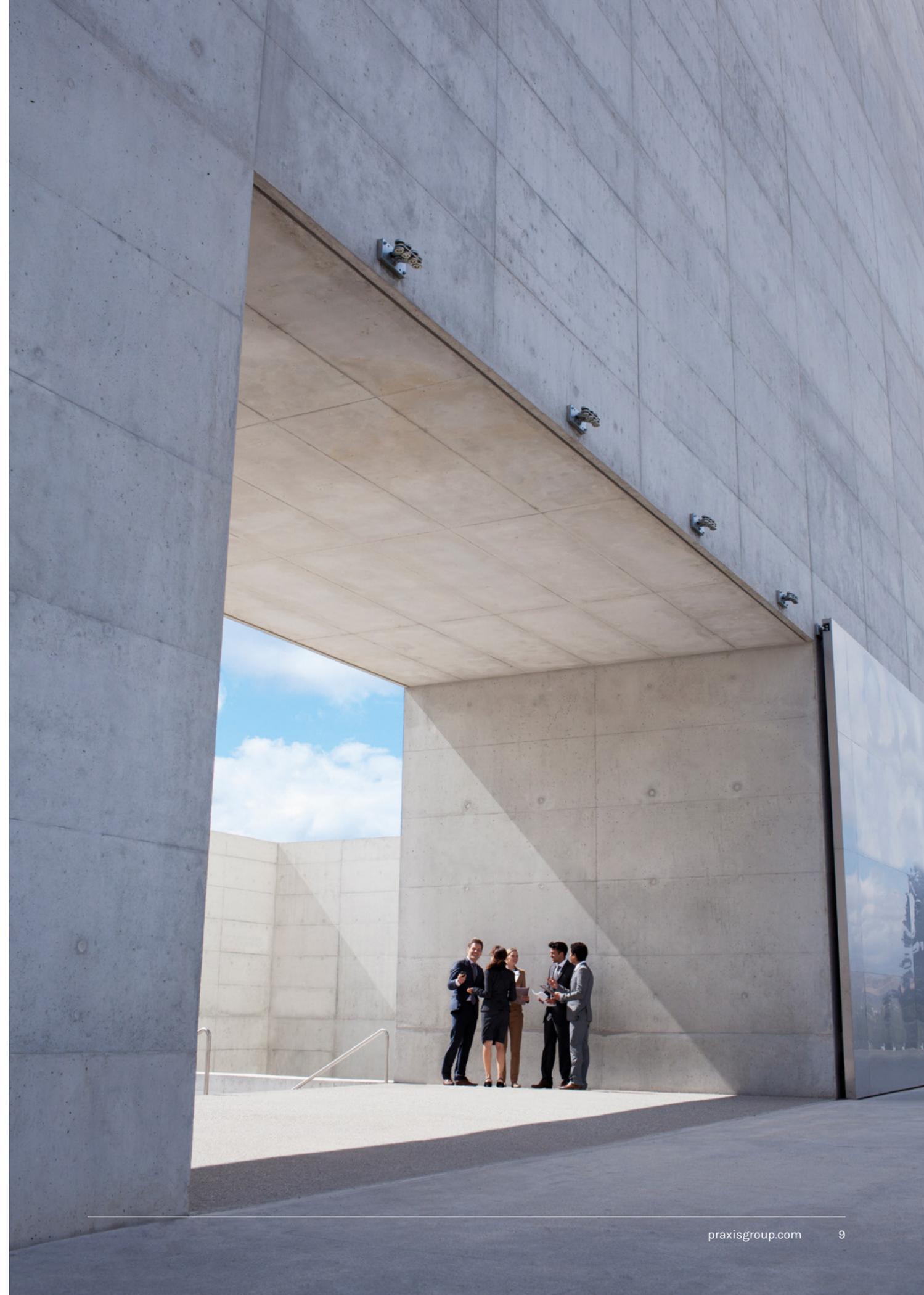
You can choose which additional benefits to offer your employees

The final design of benefits and incentives can be tailored to your specific requirements

## Advantages to your employees

Your employee can see your company has segregated the assets from its balance sheet in order to meet its liabilities

If the additional member contributions or long term incentive plans are offered, upon leaving service these sums can remain invested or be paid to them as a cash lump sum in any major currency, or as a transfer into an investment account in their own name, making the plan truly portable





## Case study 1: Sovereign Wealth Fund

### Situation

Sovereign Wealth Fund has approximately 100 staff, all with a requirement for benefit

The company is in a position to fund its entire end of service gratuity liability from the day it was launched

Employees included nationals of UAE, five further GCC countries plus non-GCC nationals

### Solution

An employee gratuity and savings plan established

Sovereign Wealth Fund met all its obligations under the labour laws of each respective country

The employee gratuity was funded from the day it was launched

24/7 secure online access was provided to all Sovereign Wealth Fund employees, so they could monitor the value of their gratuity plus any additional saving contributions made

The addition of the savings plan allowed all employees to participate irrespective of their number of years of service. It also enabled them to benefit from access to a wide range of investment products at institutional rates

### Outcome

Sovereign Wealth Fund segregated sufficient cash reserves to meet its obligation and removed considerable liability from its balance sheet, allowing senior management to focus on deployable capital and growth objectives

Its employees gained comfort in the knowledge their gratuity had been provided for and cash made available to meet the employer's obligation

Employees also benefited from a wide range of investment and savings products at rates that would not normally be available to them, helping to provide for their families financial futures

Sovereign Wealth Fund was provided with a mechanism to reward its employees through employer contributions on a matched and unmatched basis

Sovereign Wealth Fund had minimal implementation and ongoing management costs, yet it created increased staff engagement, satisfaction and loyalty

## Case study 2: Corporate entity (Healthcare sector)

### Situation

The company has over 3,000 employees, all with a requirement to benefit

It is able to fund 50% of gratuity liability on the day of implementation

The company's employees include GCC nationals and non-nationals resident in UAE

The company's main objective was to reward staff loyalty and give them peace of mind that their gratuity is safeguarded

### Solution

We established an employee gratuity and savings plan

Terms of the plan ensured the employer met its obligations under relevant labour laws

We agreed with the company a plan to meet its total gratuity liability over a number of years ensuring the company's cash flow impact is manageable

We appointed an independent investment adviser to assist both us as the Trustee and the employer in implementing a steady growth investment strategy to help meet a shortfall in liability over a number of years

### Outcome

Employer removed 50% of the gratuity liability from its balance sheet on the day of implementation

The appointment of an experienced independent investment adviser meant the employer was able to implement a steady growth investment strategy, ensuring returns are maximised while being mindful of risk appetite and overall purpose of the plan

This growth strategy assisted in funding the liability shortfall in addition to meeting the continued operating costs of the plan, allowing the employer's contribution for the gratuity alone to reduce over time

Increased employee engagement and loyalty and longevity as employer recognised its responsibility to its employees



# Praxis at a glance

## About us

We are an independent, leading provider of bespoke private wealth, corporate administration, pensions and employer solutions, and yacht services to companies, individuals and families across the world.

Our clients' interests are at the forefront of everything we do. We are focused on delivering excellence in client service at every opportunity. A consistent quality of thinking that has shaped our reputation for innovation and proven delivery for over 50 years.

Our expertise and experience is generated by recruiting and retaining the brightest and best, and creating a culture that allows talented people to thrive.

We have always taken the long-term view, believing that the future of our business rests on the trust we build through the lasting quality of our relationships.

## Open ideas

'Open ideas' is an invitation to explore forward thinking ideas leading to more effective administrative solutions.

Ours is a bespoke, personal service, one that pursues all avenues to engineer solutions that are highly efficient today and flexible for tomorrow.

With 50 years' experience behind us, we understand the uncertain nature of the world. So, we use our experience and expertise to plan ahead.

Our aim is to build a deeper understanding of your specific requirements, one that enables us to equip you with the tools to stay agile, ready to react.

Creating the kind of solutions that generate both long-term value and enduring relationships.

We inspire, we listen, we trust, we succeed together.

# Our global network

1972

Established

400

People

12

Offices

£74b\*

AUA

\*As at September 2025



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### **praxisgroup.com**

Praxis is the brand name for PraxisIFM Group Limited and all its subsidiaries and associated companies.

PraxisIFM Trust Limited is authorised and regulated by the Financial Services Regulatory Authority.

Risk Factors: The value of the assets of an EOSB Plan may be insufficient to pay the benefits.

Case studies are provided for illustrative purposes only, should not be construed as advice or guidance and should not be relied on. The information in these case studies is solely to provide an example of Praxis' process and methodology, and is not, unless otherwise stated, a reference to any specific projects carried out by Praxis.

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