

FAB End of Service Benefits Funds
Frequently Asked Questions
2024

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A. PRODUCT-RELATED QUESTIONS

What are end of service benefits?
End-of-service benefits are the final payments employers make to employees when their employment contracts end. This includes a lump sum payment and may extend to other benefits such as unused annual leave and allowances.

What are FAB End of Service Benefits Funds?
FAB End of Service Benefits Funds are being made available to UAE companies, giving employees an opportunity to grow their end of service benefits (EOSB) through the government's Alternative EOSB Savings Scheme (Savings Scheme).

Participating employers register and make monthly contributions to professionally managed FAB Asset Management funds, to increase and improve the benefits offered to employees at the end of their employment contracts.

Supporting the UAE government's ambition to foster a more competitive labour market, the Savings Scheme is a Ministry of Human Resources and Emiratisation (MOHRE) initiative that has been approved by the Securities and Commodities Authority (SCA).

What is FAB Asset Management?
Part of First Abu Dhabi Bank, FAB Asset Management is one of the largest MENA-focused managers, with over two decades of regional experience and investment expertise across various asset classes.

Its diverse client base includes sovereign wealth funds, pension funds, foundations, financial institutions, family offices, insurance companies and individuals.

What service providers are involved in FAB End of Service Benefits Funds?
The service providers for the funds are:

- Fund Manager – FAB Asset Management
- Custodian – Deutsche Securities and Services, Dubai Branch
- Fund Administrator and Transfer Agent – Apex Fund Services Limited, Abu Dhabi UAE
- Fund Auditor – PwC UAE
- Shari'ah Advisor – FAB Internal Shari'ah Supervisory Committee
- Legal Advisor – White & Case LLP

What investment options do FAB End-of-Service Benefits Funds offer?
- FAB End of Service Benefit Fund with Capital Protection: A money market open-ended fund
- FAB Islamic End of Service Benefit Fund with Capital Protection: A Shari'ah-compliant money market open-ended fund

The following share classes are available for unskilled and skilled workers:

Share classes	Description
Class A Units	Basic Subscription for Unskilled Workers
Class B Units	Basic Subscription for Skilled Workers
Class C Units	Voluntary Subscription for both Skilled Workers and Unskilled Workers

What is the Basic Subscription amount?
The *Basic Subscription* amount is the contribution employers pay every month to implement the alternative system.

The calculation for the Basic Subscription amount is as follows:

- Employers will pay 5.83% of the basic monthly salary of full-time employees who have been employed for less than five years.
- Employers will pay 8.33% of the basic monthly salary of full-time employees who have been employed for more than five years.

What is the difference between the Basic Subscription for Unskilled Workers, the Basic Subscription for Skilled Workers, and the Voluntary Subscription for both Skilled Workers and Unskilled Workers?

The three units differ as follows:

Units	Applicable for	Description of the end-of-service benefits subscriptions	Benefits from the special limited capital protection feature
Class A Units	Basic Subscription for **Unskilled Workers**	These are the basic subscriptions unskilled workers are entitled to **receive from their employer** at the end of service.	Yes
Class B Units	Basic Subscription for **Skilled workers**	These are the basic subscriptions skilled workers are entitled to **receive from their employer** at the end of service.	Yes
Class C Units	Voluntary Subscription for both **Skilled Workers and Unskilled Workers**	**Voluntary contributions** are made by skilled and unskilled workers over and above the minimum amount they are entitled to from their employer at the end of service. These contributions are made entirely at their discretion.	Yes

Who is considered an unskilled worker?
Unskilled workers are employees earning at least AED 4,000 per month.

Who is considered a skilled worker?
Skilled workers are employees earning at least AED 4,000 or more per month.

Do the investments include capital protection?
The Basic Subscriptions and Voluntary Contributions benefit from a capital protection funds via a special capital reserve and fee waiver mechanism.

While FAB believes that this mechanism offers strong protection for investors, it cannot guarantee that all capital will be returned in every case.

Since the units do not have an unconditional capital guarantee, investors may experience limited losses from their initial subscription if market conditions remain challenging for an extended period.

How does limited capital protection work?
The sub-fund will provision an amount up to 1% per annum of the Unit net asset value (NAV) which shall be paid into a reserve account (the “Capital Reserve”) and shall be used to cover any losses of the Basic Subscription amount and Voluntary Subscription amount of any redeeming unitholders as at the relevant redemption day.

Any redeeming unitholder shall be entitled to receive, in addition to its redemption amount, an amount equal to its pro rata portion of the Capital Reserve calculated by reference to its percentage interest as at the relevant redemption day.

The fund manager may, at its own discretion, waive the management fee payable to it in respect of any month (the “Fee Waiver”) to the extent that the Capital Reserve is not sufficient to fully cover any accumulative losses of the Basic Subscription and Voluntary Subscription amounts in respect of any redemptions during such month.

An amount equal to the Fee Waiver may become payable to the fund manager in any subsequent month in which the fund has sufficient net profits and there are no accumulative losses of Basic Subscription and Voluntary Subscription amounts in respect of any redemptions during such month.

What assets do FAB End of Service Benefits Funds invest in?

FAB End of Service Benefit Fund with Capital Protection:
The Fund will primarily invest in local bank deposits and money market transactions issued by UAE local banks. The Fund can also invest in debt instruments issued by local or federal government of the UAE and Monetary Bills issued by the Central Bank of the UAE.

FAB Islamic End of Service Fund with Capital Protection:
The Fund will primarily invest in local bank Islamic deposits and Islamic money market transactions issued by UAE local banks. The Fund can also invest in Islamic debt instruments issued by local or federal government of the UAE including sukuk and Islamic Monetary Bills issued by the Central Bank of the UAE, subject to an approval of each instrument and its documentation by the Internal Shari'ah Supervision Committee.

What is the historical performance of FAB End of Service Benefits Funds?
FAB End of Service Benefits Funds are part of the UAE government's new Alternative EOSB Savings Scheme. The scheme was recently launched, so the investment funds do not have any historical performance data yet. FAB Asset Management will provide performance insights as soon as the sub-funds are launched, and this is expected to be as early as within one month of trading. Detailed performance information will then be shared through investment fund factsheets, which will be available to every employee via the app.

What is the expected return of FAB End of Service Benefits Funds?
FAB End of Service Benefits Funds, before deducting operational fees and excluding the Capital Reserve Amount, are expected to closely match the typical returns of short-term, low-risk investments available in the market.

What are the fees associated with investing in FAB End of Service Benefits Funds?
Please refer to the funds' supplement regarding the fees associated with investing in FAB End of Service Benefits Funds. The supplement is available upon request.

Are dividends and distributions paid out to investors?
No dividends or distributions are paid until an employee receives their end-of-service benefits following the end of their employment contract. Throughout the duration of the scheme, all income generated by the underlying securities are reinvested back into the FAB End of Service Benefits Funds.

How much can an employee contribute to FAB End of Service Benefits Funds?
In the case of a monthly payment, the voluntary subscription percentage cannot exceed 25 percent of the total salary, while in the case of a lump sum payment, it cannot exceed the same percentage annually.

B. ACCOUNT-RELATED QUESTIONS

What is the process for employers to register for FAB End of Service Benefits Funds?

Note: Only employers can register for the FAB End of Service Benefits Funds on behalf of their employees.

For more information, please review the subscription guide.
Here are the steps:

1. **Contact FAB:** Call +971 (02) 499 6333 or email: fabeosb@bankfab.com
2. **Sign up for participation:** Sign the FAB EOSB Employer Agreement
3. **Register on the admin portal:** Log on to the portal upon receiving an invitation.
4. **Provide company details:** Upload employee data and provide required company information for verification.
5. **Define participation details:** Select investment funds, subscription amount and start date.
6. **Start contributing:** Start making contributions to selected investment funds, ensuring employees benefit from the scheme.

What is the process for employees to exit or redeem their investment in FAB End of Service Benefits Funds?

Here are the steps:

1. **Employee end of service:** MOHRE notifies FAB about end of service decision and date via the admin portal. Funds are automatically transferred to voluntary share class, until the employee makes a redemption request.
2. **Redemption request:** Employee verifies end of service and makes redemption request via the employee app.
3. **Provide the necessary information:** Employee provides requested information and bank account details.
4. **Redemption validation:** End of service details are confirmed, and redemption is validated.
5. **Funds transferred:** Funds are transferred within 14 days to requested employee bank account.

Basic Unskilled Units (Class A) and Basic Skilled Units (Class B) – Redemption of these units is permitted on termination of an employee's employment. Early exit by redemption of Basic Unskilled Units (Class A) and Basic Skilled Units (Class B) while an employee is continuing employment is not permitted. If an employee's employment has ended and they wish to withdraw their entitlement, this will be processed and paid out within 14 calendar days from MoHRE notification.

Voluntary Contribution Units (Class C) – These units, which represent voluntary top-ups by skilled and unskilled workers, can be redeemed at any time by the employee. The employee may initiate a redemption request directly to the FAB, as fund manager, through the approved channel. A redemption of Voluntary Contribution Units (Class C) does not entitle an employee to exit (redeem) his or her Basic Units unless entitled to do so as a result of the end of employment.

What is the authorised channel for employees to submit a redemption request for their voluntary contributions?

Permitted redemption requests for voluntary contributions can be submitted via the employee app or through any other method as notified by your employer.

Are there any penalties associated with withdrawals?

There are no penalties for withdrawals from the FAB End of Service Benefits Funds. However, withdrawals are only permitted in the circumstances mentioned above.

Can an employer deposit the end-of-service benefit without obtaining the employee's consent?

For basic subscriptions in respect of skilled and unskilled workers, the decision to enrol in the FAB End of Service Benefits Funds is solely at the employer's discretion.

What documents are required to open an account?

The documentation employers must submit to enrol in the FAB End of Service Benefits Funds is required to meet UAE's Know Your Customer (KYC) and anti-money laundering (AML) laws and regulations. These are standard documents, but specific requirements may differ from company to company. The required documents are listed in the admin portal at registration.

How can an employer or employee see their statements?

Employer account statements will be available in real-time through the admin portal, while employees can view and track their investments via the employee app.

C. GENERAL ENQUIRIES

How can I contact customer support?

The customer support channels are:
Call: +971 (02) 499 6333
Email: FABEOSB@bankfab.com

For more information about EOSB:
Click here (English)
Click here (Arabic)

What are the operating hours of the contact centre?

The FAB End of Service Benefits Funds contact centre is available from 9:00 am to 5:00 pm (UAE time / GMT+4) on business days.

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