



WILTSHIRE  
PENSION FUND

# Additional Voluntary Contributions AVCs

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# Ways to enhance members' LGPS pensions

## ▶ Added Years/Additional Regular Contributions (ARCs)

- ▶ Historic facility - New Added years ended 31<sup>st</sup> March 2008 - Payment were a percentage of salary
- ▶ Historic facility - New ARCs ended 31<sup>st</sup> March 2014 - Payments were flat sums per pay period

## ▶ Additional Pension Contributions (APCs)

- ▶ New facility from 1<sup>st</sup> April 2014 - Members buy extra pension up to a current max of £6,822 p.a.
- ▶ Payment contracts are either via a one off contribution or regular payment plan
- ▶ Modellers can be used establish cost & APCs can be sponsored by employees, employers or both

## ▶ AVCs

- ▶ Have been offered by the Fund since July 1988 - Introduced in the Regs 1986
- ▶ Payment is a percentage of salary & the employee accepts the investment risk
- ▶ Prior to 1<sup>st</sup> April 2014 then was a 50% contribution limit, post 2014 you can potentially contribute 100% of pensionable pay.
- ▶ Tax free cash - 100% can be taken from your AVCs, subject to a 25% limit from your overall LGPS Pension

# The Fund's AVC Providers

## ▶ Prudential

- ▶ Only AVC arrangement open to new investors
- ▶ August 2018 - 410 Members - Total Valuation £3,220,000 - Start date Apr.2010
- ▶ Investment types - 10+ fund options & a lifestyle matrix

## ▶ Equitable Life

- ▶ April 2018 - 150 Members - Total Valuation £615,000 - Start date Aug.1988, Close date Dec.2000
- ▶ Investment types - With Profits & Unit Linked

## ▶ Clerical Medical

- ▶ April 2018 - 110 Members - Total Valuation £1,075,000 - Start date c2000, Close date c2010
- ▶ Investment types - With Profits & Unit Linked

## ▶ NPI

- ▶ April 2018 - 7 Members - Total Valuation £195,000 -Start date Feb.2001, Close date c2010
- ▶ Investment types - Managed Fund, With Profits, Unit Linked & Deposit

# Our relationship with AVC providers

## ▶ Policies & Endorsements

- ▶ No contracts or service standards, typically standard non-negotiable policy terms

## ▶ GDPR

- ▶ GDPR Agreements are separate to policies
- ▶ 3 class themselves as Data Controllers & Equitable Life as a Data Processor

## ▶ Administration arrangements

- ▶ Investment returns are free of tax, but subject to an Annual Management Charge
- ▶ Prudential provides on-line access to Fund officers & service reports
- ▶ Closed arrangements - Provide no service reports & require the Fund to support their admin.

## ▶ Equitable Life

- ▶ Being bought out by Reliance Life, a subsidiary of the Life Company Consolidation Group
- ▶ With-Profits members due a windfall circa December 2019 - Subject to court rulings
- ▶ Non guaranteed capital distribution is expected to be between 35% & 70%

# The Fund's responsibilities

## ▶ Annual review

- ▶ Treat assets with AVC Providers like any other Investment Manager
- ▶ Scope to include customer service & investment performance

## ▶ Other typical review considerations

- ▶ Do the terms of the provider's policy terms remain appropriate?
- ▶ Should a Trustees powers summary document be prepared?
- ▶ What is the Committee's view on the Fund supporting provider administration?
- ▶ What future improvements are providers introducing?
- ▶ Should Committee delegate reviews to officers or the ISC?

## ▶ Rationalisation exercises

- ▶ Previous exercise in c. October 2010

# AVC Wise

## ▶ What is AVC Wise?

- ▶ Shared cost savings scheme starting on 1<sup>st</sup> July 2018 & involving employees & employers
- ▶ Salary sacrifice enabling both tax relief & national insurance savings
- ▶ Supported by Wiltshire Council
- ▶ Advantage - increased employee savings & employer NIC savings

## ▶ Fund considerations

- ▶ Additional administration for staff
- ▶ Council HR / Prudential promoted, however Fund staff attend seminars
- ▶ Members must remain aware of the wider pension options open to them

## ▶ Independent Financial Advice

- ▶ Fund Forums & Annual Conference - Affinity connect
- ▶ [Unbiased.co.uk](http://Unbiased.co.uk) for members who wish to seek their own advice

# Officer recommendations

- ▶ Annual reviews to be managed by the Investment team
- ▶ Committee determines the scope of those reviews
- ▶ That only exceptional issues are brought to the Committee's attention, for example progress reports on the sale of Equitable Life
- ▶ Committee considers another 'rationalisation' exercise.