

Open Report on behalf of Pete Moore, Executive Director of Finance and Public Protection

Report to:	Pensions Committee
Date:	11 January 2018
Subject:	Lincolnshire Pension Fund AVC Provider – Prudential Presentation

Summary:

This report introduces a presentation from Prudential, the Fund's AVC provider.

Recommendation(s):

That the Committee notes the report.

Background

- 1 Every LGPS pension fund must offer scheme members the facility to pay additional voluntary contributions with an AVC provider. Whilst it is the responsibility of the administering authority to put these arrangements in place, this is not a service that the administering authority pays for – the costs of administering the AVC arrangements are met from management charges deducted by the AVC provider from the funds of the individual AVC holder (pension scheme member).
- 2 The Lincolnshire Fund appointed Prudential to provide this service in 1988, when an 'in house' AVC facility first became a requirement of the LGPS regulations. Prior to this date a member could pay an AVC but this would be a free standing arrangement with higher fees and charges and less flexibility in terms of options at the time of retirement. An in house AVC with the Prudential offers members greater retirement choice ranging from converting AVC pots into LGPS membership, buying an annuity both in scheme or on the open market and perhaps the most popular option taking the AVC fund as tax free cash, subject to HMRC limits.
- 3 There are a limited number of AVC providers in the LGPS market, with Prudential covering approximately 2/3rds of all funds.
- 4 Andrew Smith, the Prudential Client Manager for the Lincolnshire Fund, will present to this Committee covering the topics below:

- Lincolnshire Pension Fund update
 - LGPS and Prudential - in partnership since 1988
 - AVC plan update (Key statistics i.e. number of members, Funds Under Management)
- Prudential AVC proposition update
 - What have we delivered in 2017
 - What are we developing and delivering in 2018
- Working together in 2018
 - How can we help communicate the key aspects the LGPS and connected methods to boost pension provision
 - Onsite
 - Online
 - On the phone

Conclusion

5 Lincolnshire has worked with Prudential as its AVC provider since 1988. All aspects of the relationship are satisfactory.

Consultation

a) Have Risks and Impact Analysis been carried out?

Yes

b) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the author of this report.

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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