



LOCAL PENSION BOARD

8 DECEMBER 2016

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

ADDITIONAL VOLUNTARY CONTRIBUTIONS

Purpose of the Report

1. The purpose of this report is to introduce the Board to the Leicestershire Local Government Pension Fund Additional Voluntary Contribution (AVC) provider, the Prudential.

Background

2. The Local Government Pension Scheme regulations require each Fund to offer additional voluntary contributions (AVCs). The regulations also allow for members to pay additional pension contributions (APCs) through the main scheme, not via the Prudential.
3. Paying extra contributions provides the opportunity for active contributors to increase their future retirement income.
4. The Leicestershire Fund AVC provider is the Prudential. The Prudential are the largest AVC provider in the public sector, covering the Teachers' scheme, NHS, Judicial and also provides AVCs for 73 of the 99 Local Government Pension Funds.
5. Within the Leicestershire Fund there are currently 1,192 active contributors with Prudential AVCs, a further 359 preserved and 1,511 pensioners who have benefited from paying them.
6. AVCs attract tax relief at source and can be used to increase a member's tax free lump sum at retirement, providing an effective saving platform.
7. The Pension Section works closely with the Prudential and recently reviewed the investment choices available for scheme members. A report was presented to the Local Pension Board on the 16 June 2016 about changes to the fund choices. The Pension Section and the Prudential provide various communications to members about AVCs through the Fund's website, newsletters and face to face employer presentations.

8. The Prudential follows clear administrative processes that are agreed with the Pension Fund for all aspects of the AVC administration.
9. The Prudential have been invited to attend the meeting to provide a presentation to the Local Pension Board, covering the following aspects.
 - The relationship between The Pension Section and the Prudential
 - The benefits of paying extra
 - AVC Fund Choices
 - Governance
 - Communications
10. A copy of the presentation is attached as an appendix.

Recommendation

11. It is recommended that the Board notes the report.

Equalities and Human Rights Implications

12. None specific

Background Paper

13. Report to the Local Pension Board - 16 June 2016 – Additional Voluntary Contributions

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1122&MId=4712&Ver=4>

Appendix

14. Presentation of the Additional Voluntary Contributions provider – The Prudential

Officers to Contact

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