

Additional Voluntary Contributions Leicestershire Local Pension Board 8 December 2016

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Important Information

Where this presentation contains some forward thinking statements, these should not be taken as fact. Where applicable, the information given is based on our current understanding, as at November 2016, of current taxation, legislation and HMRC practice, all of which are liable to change.

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What will I cover?

- Provision of AVCs in the public sector
- What are AVCs?
- Administration, communication and investment
- What does good governance look like?
- Future developments for AVCs

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Provision of AVCs in the Public Sector

- AVC provider to 73 of the 99 Local Government Pension Schemes
- Over 60,000 active AVC payers
 - LCC – 1192 payers
- Over £600m funds under management
 - LCC - £14.2M (31st August 2016)
- Dedicated public sector client management team and support
 - Work closely with LCC Pension Fund
 - User Groups
- Also AVC provider to Teachers' Pension Scheme and NHS

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What are AVCs?

- "Money Purchase" top-up option
- LGPS Regulations
- "Voluntary" Contributions
 - Deducted from pay
 - Tax relief
 - Investment choice
 - Annual statements / online account access
 - Stop / start / increase / decrease
 - Lifetime and Annual Allowances
 - Options at retirement
 - Pension Freedoms

Investment Choice

- Attitude to risk
- Member support
- Default fund
- Lifestyle
- Fund performance
- Fund charges
- Fund review / "Fit for purpose"
- Member communication exercise

Investment choice at Leicestershire

Leicestershire Governance Report to 31st August 2016.pdf (SECURED) - Adobe Reader

File Edit View Window Help

6 / 13 70.4%

Comment

Funds Under Management

Funds under management as at 31/08/2016

Fund Name	Total Units at 01/01/2016	Unit Price at 01/01/2016	Fund Value at 01/01/2016	Total Units at 31/08/2016	Unit Price at 31/08/2016	Fund Value at 31/08/2016	% Total Fund Value	3yrs annualised as at 31/08/2016
Prudential Deposit Fund	0.00		1,163,575.93	0.00		1,045,231.51	7.35	0.50
Prudential Cash	56,710.60	152.50	86,483.66	31,793.07	152.90	48,611.60	0.34	0.40
Prudential Discretionary	180,964.51	250.90	454,039.95	202,200.43	283.00	572,227.22	4.03	7.60
Prudential UK Equity Passive	197,366.06	216.00	426,310.70	204,238.54	236.70	483,432.63	3.40	5.70
Prudential UK Equity	91,429.39	229.10	209,464.73	86,575.09	247.70	214,446.49	1.51	5.50
Prudential Fixed Interest	47,667.03	232.20	110,682.84	50,831.43	272.20	138,363.16	0.97	8.50
Prudential Global Equity	105,032.05	243.50	255,753.04	119,697.57	270.20	323,422.84	2.28	6.60
Prudential Index-Linked	48,226.49	302.40	145,836.92	58,207.02	403.90	235,098.15	1.65	13.00
Prudential International Equity	88,506.65	269.50	238,525.42	82,766.82	318.20	263,364.01	1.85	10.20
Prudential UK Property	96,599.86	268.10	258,984.24	100,356.78	253.40	254,304.09	1.79	14.60
Prudential Long-Term Gilt Passive	124,106.10	254.30	315,601.82	155,088.67	336.40	521,718.29	3.67	14.90
Prudential Ethical	123,706.57	175.40	216,981.33	75,569.74	189.60	143,280.23	1.01	6.80
Prudential With Profits Cash Accumulation Fund	0.00		10,168,830.09	0.00		9,972,874.81	70.15	
	1,160,315.32		14,051,070.66	1,167,325.17		14,216,375.03	100.00	

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Investment Choice

https://www.pru.co.uk/pdf/L/... pru.co.uk

Prudential Dynamic Growth IV Lifestyle – targeting 100% Cash

Years to Retirement	Prudential Dynamic Growth IV Fund (%)	Prudential Dynamic Growth II Fund (%)	Prudential Cash Fund (%)
10	100	0	0
9	90	10	0
8	80	20	0
7	70	30	0
6	60	40	0
5	50	50	0
4	40	40	20
3	30	30	40
2	20	20	60
1	10	10	80
0	0	0	100

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Please note that the funds change automatically and monthly throughout the year to achieve the pre-set proportions.

The graph above shows you what funds are included in the lifestyle option, where you are initially invested and how the proportions invested in each fund move year on year to retirement. You will find more information on Lifestyling in the 'How does Lifestyling work?' section.

Risk rating	Charges per year
Prudential Dynamic Growth IV Fund – Medium	Charges will depend on which funds your money is invested in and

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Administration

- Regular review of service performance
- 5 day service standard
- On-line account access for members and administrators
- Direct contact with employers – contributions and remittances
- Late / non payer reports each month
- Annual statements

Member Communication

- Group presentations / Regional Workplace Consultant role
- Individual meetings
- Dedicated telephony team
- www.pru.co.uk/localgov
- Email, newsletters, letters
- Development of online
 - Annual statements
 - Link with main scheme
- Working in partnership with scheme

Good Governance

- TPR Code of Practice
- Investment
 - Fund performance
 - "Fit for Purpose"
- Administration
 - Remittance of contributions
 - Reporting of late or non payments
 - Service standards / payment of benefits
- Member communication
 - "Duty of care"

Summary

- Prudential commitment to public sector AVCs
- Administration, investment, communication
- Regulations, future changes and other external factors
- Questions