

# **LGPS AVCs – “Where are we now?”**

## **London Borough of Hackney Pension Fund Employers’ Meeting**

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**Robert Stormonth**

**National Account Manager, Prudential**

[Robert.stormonth@prudential.co.uk](mailto:Robert.stormonth@prudential.co.uk) / 07711 043672

# Where are we now?

- **Scheme Update**
- **Changes impacting upon AVCs**
- **Budget “Freedoms”**
- **Support from Prudential**
- **Summary**

# Scheme Update

- **Scheme membership**
- **Members with AVCs**
  - **533**
  - **424 retired members**
- **Annual contributions**
  - **£185k**
- **Funds under management**
  - **£5.2m**

# Changes impacting on AVCs

- **April 2006 – pension simplification!**
- **April 2008 – new LGPS (1/60ths & no auto lump sum)**
- **April 2014 – new LGPS (CARE)**
- **April 2015 – LGA announcement**
- **April 2015 – Budget “Freedoms”**
- **Summer 2016 – Consultation on amendment regulations**

# Changes impacting on AVCs - April 2014

- **Intention to restrict tax free cash**
- **Regulations did not reflect the intention**
- **Impact on new applicants only**
- **Protection for pre 1<sup>st</sup> April 2014 applicants**
- **Change to contribution rate for new applicants**

# Changes impacting on AVCs - April 2015

- **LGA guidance note**
- **Restriction removed pending review of regulations**
- **Post 1<sup>st</sup> April applicants retain tax free cash option, plus 100% contribution**
- **Regulations under review**
- **DCLG “intent”**

# Budget “Freedoms” - Impact on Members

- **Greater flexibility since April 2015**
- **100% tax free cash still available**
  - *(as long as taken at same time as main scheme and within 25% of combined capital value)*
- **Additional “flexible” options available to access benefits from age 55**
  - *(member must currently transfer their AVC to an approved pension arrangement that permits access)*
- **Tax relief still available on contributions**
- **Trigger of Money Purchase Annual Allowance**

# Support from Prudential

- **Workplace activity**
  - **Regional Workplace Consultant – Jonathan Kempson**
  - **Presentations**
  - **Staff / Management Teams**
  - **Individual meetings**
  - **Telephone service**
- **Online support**
  - **Updated website**
  - **New facility to start / increase AVCs online**
  - [www.pru.co.uk/localgov](http://www.pru.co.uk/localgov)



# Summary

- **Never a dull moment in pensions!**
- **AVCs – more flexibility?**
- **Thank you for your support**
- **Final questions**

## **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 February 2017, of current taxation, legislation and HMRC practice, all of which are liable to change.**

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