

AMENDMENT TO PENSION DISCRETIONS POLICY - SHARED COST AVCs

1.0 EXECUTIVE SUMMARY

- 1.1 On 11 April the Strategic Management Team (SMT) approved the implementation of Shared Cost Additional Voluntary Contributions (AVCs) via AVC Wise. This will enhance our financial wellbeing offering to eligible employees further developing the employee benefit scheme which was successfully launched in 2021.
- 1.2 The Council already offers Additional Voluntary Contributions (AVCs) via Prudential. AVCs are a way to save for retirement. They provide an opportunity to supplement your Local Government Pension Scheme (LGPS) and build up an additional retirement fund. Employees can take this as a tax free lump sum or it can be helped to use them to retire early by increasing their monthly pension income.
- 1.3 The LGPS and HMRC regulations provide the necessary authority for employers to introduce a Shared Cost AVC scheme. The advantages of implementing this new Shared Cost AVC arrangement over the current standard AVC scheme is that in addition to the Income Tax relief that staff currently receive, they and the employer will also receive National Insurance contribution relief.
- 1.4 The Shared Cost Additional Voluntary Contributions are paid to the Council's current AVC provider – Prudential, so for employees who already pay AVCs that will not change.
- 1.5 As part of the implementation of Shared Cost Additional Voluntary Contributions, SMT approved the proposal to include a new discretion in the Council's LGPS Discretionary Pension Policy Statement to permit Local Government Pension Scheme (LGPS) members to participate in a Shared Cost AVC scheme.
- 1.6 Regulation 17(1) & Definition of SCAVC in RSch 1 of the Council's existing Pension Discretion Policy requires to be updated.
- 1.7 It is recommended that the Policy and Resources Committee approve the amendment to the Council's Pensions Discretion Policy to allow employees to

access this financial benefit if they so choose.

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2.0 INTRODUCTION

- 2.1 On 11 April SMT approved the implementation of Shared Cost Additional Voluntary Contributions (AVCs) via AVC Wise. This will enhance our financial wellbeing offering to eligible empl 4v8Q

4.9 The discretion would be amended to:

Regulation Discretion

- 6.5.2 Equalities – Protected Characteristics – benefits will be made available to all permanent employees who meet the appropriate qualifying conditions.
- 6.5.3 Socio Economic Duty – Strategic decision making in relation to enhancing and modernising employee benefits has taken into account how these changes and additions will benefit those who experience socio-economic disadvantage.
- 6.5.4 Islands – The provision of financial products and educational tools to employees on Islands will seek to ensure that they have access to a wide range of benefits via online provision.
- 6.6 Climate Change – The utilisation of online mediums for employee benefits has assisted in the reduction of postage and travel to access products and services.
- 6.7 Risk – Risks SS AVC's are manageable and the key will be to ensure employees are aware of their responsibilities through clear, effective and ongoing communication. To safeguard any future compliance issues, the Shared Cost AVC scheme will require HMRC approval prior to launch. Other