

IMPORTANT INFORMATION FOR LGPS EMPLOYERS

Shared Cost AVCs / Salary Sacrifice

A number of employers have expressed an interest in setting up a Shared Cost AVC arrangement for their staff so that they can offer AVCs on a salary sacrifice basis.

Whilst Prudential is supportive of employers' wishes to offer AVC contributions through salary sacrifice schemes, implementing this as a "Shared Cost" arrangement under The Local Government Pension Scheme Regulations 2013, means that any such arrangement is not solely a matter to be agreed under the individual's Contract of Employment. It must also comply with Scheme Regulations and applicable pensions legislation. Prudential does not currently facilitate such salary sacrifice arrangements in respect of AVC contributions but we are reviewing this and will update you with further information in this regard as soon as we have determined whether and how we can support such arrangements.

These Scheme Regulations and pensions law requirements affect both the employer and the AVC provider. Before any such new salary sacrifice arrangements can be implemented in respect of AVC contributions, Prudential must agree to the new arrangements as the AVC provider.

To the extent that Prudential discharges regulatory duties on behalf of LGPS pension funds, it is also essential that we are appropriately notified of and agree to any salary sacrifice arrangements so that we do not inadvertently cause them to be non-compliant with their legal duties.

We regret that Prudential cannot be held responsible for any breaches, liabilities, errors, tax consequences or complaints if salary sacrifice arrangements have been implemented without our agreement.

If, as an employer you have already implemented a shared salary sacrifice shared cost AVC arrangement which we may be unaware of, please email corporate.pension.enquiries@prudential.co.uk who will ensure that your arrangement is brought in scope of the changes currently being considered.

Thank you for your patience and co-operation.

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