



PRUDENTIAL

Prudential Salary Sacrifice Shared Cost AVC Arrangement Terms of Business

Where an employer wants to establish a Salary Sacrifice Shared Cost AVC Arrangement (SS SC AVC) with Prudential, they need to comply with the terms of business set out below. This is in addition to Prudential's existing Terms and Conditions for AVC schemes.

1. Employer Responsibilities & Obligations

The Employer must:

- 1.1 Notify their Administering Authority of their intent to set up a SS SC AVC arrangement
- 1.2 Provide an information pack to their employees that explains the SS SC AVC arrangement
- 1.3 Be responsible for employee eligibility for the SS SC AVC arrangement under their scheme
- 1.4 Accept that an application to Prudential to join or opt out of the SS SC AVC arrangement will be an application to change the employee's contract
- 1.5 Ensure employees are aware that Prudential will refer to the facility as a Salary Sacrifice Shared Cost AVC
- 1.6 Implement the SS SC AVC arrangement following HMRC scheme review
- 1.7 Define and manage employee opt-in/opt-out of the SS SC AVC arrangement as a result of the annual benefits window or lifestyle change

Additional employer requirements for new joiners:

- 1.8 Allow employees to elect to initially join the SS SC AVC at any time (not limited to the employer's benefits window)
- 1.9 Any SS SC AVCs that are to be paid on a percentage basis, will be calculated on notional (pre sacrificed) pay
- 1.10 Manage the opt-in/opt-out of employees in line with HMRC rules

For existing members moving to SS SCAVC

- 1.11 Explain the SS SC AVC and impacts on members' existing AVC plan via an employee information pack
- 1.12 Notify Prudential of the existing members to be moved on a bulk basis to the SS SC AVC and agree the timescale and effective date with Prudential
- 1.13 Explain to members that existing plans will be automatically combined with the new plan unless the member opts out
- 1.14 Explain that existing AVC Proposition Terms and Conditions will apply for the following:
 - Minimum Bonus Guarantees
 - Exit Charge (if applicable)
 - Existing investment selections (including the lifestyle target date)
 - Selected retirement date
 - Contribution level. Please note where an existing member was paying percentage contributions prior to the move, these will continue to be calculated on notional pay following the switch to SS SC AVC

All other terms and conditions will be in line with the new plan status as set out in the Key Features Document.

Contributions

- 1.15 Ensure that Employee contributions will be fixed at £1 per pay period. The £1 will be included as part of the total contribution. For example if a member wishes to contribute £100, £1 will be paid by the employee and £99 will be paid by the employer via salary sacrifice.
- 1.16 Support Life Cover deductions from the employer contribution, where there are also investment contributions
- 1.17 SS SC AVC cannot facilitate Life Cover only contributions which can be made on a standard AVC basis
- 1.18 Submit contributions to Prudential in the required format (employer/employee split) via the contribution schedule
- 1.19 Employers to facilitate variation of premium
- 1.20 Notify Prudential via the contribution schedule of:
 - any employee who is changing their contribution method between Standard AVC and SS SC AVC or vice versa
 - if the employee is opting out of benefits aggregation

2. Prudential will:

- 2.1 Provide employees with generic information on the tax treatment of salary sacrifice pension contributions through work site activity
- 2.2 Provide employers with a brief overview to AVC impacts, however the employer retains responsibility for content and accuracy of member disclosures made
- 2.3 Not advise or provide guidance on the suitability or effectiveness of the employer scheme, or suitability of the SS SC AVC for an individual member
- 2.4 Implement/setup the SS SC AVC arrangement based on an agreed implementation timeline
- 2.5 Refer to SS SC AVC in all its literature and communication with employers and members
- 2.6 Not apply a Market Value Reduction or exit charge and there will be no out of market risk for moving existing members' money to the SS SC AVC
- 2.7 Reserve the right to cease administering SS SC AVC if these terms are not adhered to
- 2.8 Amend member plans (from Standard AVC to SS SC AVC and vice versa) based on the contributions outlined in the contribution schedule (on a benefits aggregation basis) unless notified otherwise
- 2.9 Facilitate the administration of the SS SC AVC arrangement free of charge, however, reserve the right to charge for any rework as a result of employer error



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