



The Surrey Local Pension Board 17 January 2019

The Additional Voluntary Contributions (AVC) Governance Review Exercise

Recommendations:

The Board is asked to **note** the content of this report and **make recommendations** to the Pension Fund Committee if appropriate.

Background

The Administering Authority is required to undertake periodic reviews to ensure that the in-house AVC provider is complying with governance requirements, providing good service / value and offering suitable funds that are aligned with Surrey's investment policies and values. It is also a good opportunity to compare the incumbent with their peers in order to determine whether they are the best fit for Surrey in terms of performance and ethos.

Where we are now

After an open competition between the four main actuarial firms operating in local government, we instructed Barnett Waddingham to undertake the AVC review for us.

We gave them a general specification and asked them to expand on it as they see fit. I have set out a summary of the areas that have asked them to investigate immediately below;

Data gathering of AVC contributors

- Members mainly with Prudential - but a few with Equitable Life.
- Analyse member data.
- Summarise AVC take up and usage.

Overview of current providers and potential competitors (very few)

- Assess current provider (Prudential) and the two main competitors (Standard Life and Clerical Medical) and determine whether they meet the governance requirements.

- Identify whether there any other viable providers and, if so, whether they meet the governance requirements.
- Evaluate service standards and charges.
- Appraise optional policy features.

Investment options

- Ensure suitability of investment options.
- Should we include with-profits and life-styling?
- Competitiveness and choice.
- Objectives, structure and alignment with SCCs investment philosophy and values.
- Select investment funds that that complement the default fund.

The implications of Reliance taking over Equitable Life.

- Brief report.

Report conclusions and recommendations.

We will share Barnett Waddingham's recommendations with the Local Pension Board at April's meeting.

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Sources/background papers:

Annexes: None