

Prudential In-House AVCs

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Introduction

At the National LGPS Technical Group meeting of 10 December 2020, concerns were raised about the poor performance of Prudential in administering LGPS in-house AVCs. It was agreed feedback would be obtained from each regional pension officer group.

Additionally, opinion is sought as to whether to recommend a change to the regulations to either:

- remove the requirement for LGPS administering authorities to provide an in-house AVC scheme, making the provision of in-house AVCs discretionary, or
- provide for a single in-house AVC scheme across the LGPS in England and Wales.

This report is a collation of feedback on both points.

Role of the National LGPS Technical Group

The role of the National LGPS Technical Group includes advising LGPS administering authorities on the interpretation of legislation and representing their views at a national level. Further information about the group's role can be found in the [terms of reference](#).

LGPS administrator feedback on Prudential performance

Feedback received on Prudential's performance was in a similar vein from all those who responded. This has been summarised into the key points set out below:

- Reports of long delays on disinvesting members AVC pots (leavers in 2020 still outstanding) to allow administering authorities to process and pay AVC benefits.
- Serious delays in tracking contribution payments from employers and investing member contributions on time.
- Major delays in processing benefits, updating records and in at least one instance incorrect data sent to a scheme member and the administering authority.
- Multiple compensation payments made by Prudential to the same customer.
- Some administering authorities have experienced difficulties logging into the re-launched website.
- Poor communications regarding the new portal.
- Reports of member telephone support withdrawn, replaced by way of an on-line provision only.

- No member communication from Prudential to advise of delays, this is left to LGPS administering authorities.
- No client meetings to address dissatisfaction face to face.

LGPS administrator feedback on changes to the LGPS regulations

Only three members provided feedback from their regional pension officer group in this area, as set out below:

Pension officer group one

- Group one did not have any strong feelings over the suggestion for a single in-house AVC provider across the LGPS in England and Wales.
- Although one administering authority liked the idea of making the provision of an in-house AVC scheme discretionary, four administering authorities were against it. Reasoning, the LGPS is one scheme and having some administering authorities without an in-house AVC scheme would result in problems with members transferring between authorities if there is no consistency.

Pension officer group two

- Group two were against the idea of changing the regulations to make the provision of an in-house AVC scheme discretionary. They are of the opinion that in doing so would remove the ability to take up to 100 per cent cash. Also, to make the provision discretionary would provide inequities across administering authorities, and ultimately there are benefits to members.

Pension officer group three

- Group three agreed that the provision of an in-house AVC scheme should be at least discretionary or remain compulsory. However, the group did acknowledge that in making the provision discretionary could result in difficulties where AVC paying members move between administering authorities and wish to continue paying AVCs, but their new administering authority does not provide such a provision. The group also commented that this could create difficulties for member communications.
- Group three would prefer to have a single in-house AVC scheme for the LGPS or a framework of providers with a willingness to provide more dedicated LGPS support. Though they recognise the reducing number of providers who offer this provision will make it increasingly difficult to do so.