



AVC Wise

A new way for staff and employers to save money
on AVCs into the Local Government Pension Scheme



Do you.....

1. Employ staff who pay into the Local Government Pension Scheme?



2. Operate an existing AVC scheme or want to start one?



3. Want to offer staff a valuable benefit whilst making large savings for your organisation?



AVC Wise is for you

Introducing AVC Wise

Positive news in tough times

Public Sector organisations have faced **many years of austerity** and funding cuts **impacting directly on staff**

It is **very difficult** for any employer to find **cost effective staff benefit solutions**

AVC Wise is already helping both **employers and employees by maximising savings** through a Shared Cost AVC (SCAVC) Salary Sacrifice Scheme

AVC Wise offer the only Fully Managed Solution in the market that:

- **is compliant with all legislative requirements**
- **maximises National Insurance savings**
- **manages all employee engagement**
- **significantly reduces administration**

Why do shared cost AVCs exist?

New Regulations - Local Government

Pensions Committee Bulletin 147 – July 2016



Salary Sacrifice and Shared cost AVCs – England and Wales

1. Where an employee opts to pay Additional Voluntary Contributions (AVCs) under regulation 17 of the Local Government Pension Scheme (LGPS) Regulations 2013 (the 2013 Regulations), an employer can decide to also contribute to that employee's AVC arrangement. This is known as a shared cost AVC (SCAVC).
2. This could be done under a salary sacrifice arrangement.



Salary Sacrifice and Shared cost AVCs - Scotland

1. Where an employee opts to pay Additional Voluntary Contributions (AVCs) under regulation 17 of the Local Government Pension Scheme (LGPS) (Scotland) Regulations 2014 (the 2014 Regulations), an employer can decide to also contribute to that employee's AVC arrangement. This is known as a shared cost AVC (SCAVC).
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Who are we?

PSTAX and AVC Wise

- AVC Wise has been set up by PSTAX, **specialist tax advisors** to the Public Sector
- Background working with **HMRC / Local Authorities / big 4**
- Over **190 Local Authority customers**
- **Experts** in Salary Sacrifice and Tax
- Created and developed a **fully compliant** SCAVC Scheme
- **Approved supplier** on the ESPO Supplier Framework
- Saved employers over **£2M** in the last 5 years

How does it work?

Going from AVC to SCAVC

- SCAVCs attract **tax relief AND National Insurance relief** where standard AVCs only attract tax relief
- The SCAVC arrangement is effective when both the **employee and employer** make a contribution
- **Employer** makes their contribution through a **salary sacrifice arrangement** with the employee
- **Employee** makes their contribution through a **monthly £1 payment**
- LGPS regulations permit SCAVCs and there is **no impact** on the main pension benefits of the employee



Joe

Salary: £30,000

Regular AVC: £250 per month (£3,000 each year)

	Without AVC	With Standard AVC	With AVC Wise
Gross monthly pay (before main scheme contributions)	£2,500	£2,500	£2,251
Joe's LGPS contribution	£162.50	£162.50	£162.50
Joe's AVC contribution	£0	£250	£1
Employer AVC contribution	£0	n/a	£249
Total AVC contribution	n/a	£250	£250
Joe's Income Tax	£275.83	£225.83	£225.83
Joe's National Insurance	£218.36	£218.36	£188.48
Joe's monthly pay after tax	£1,843.31	£1,643.31	£1,673.19

All figures provided are for illustrative purposes only and are not guaranteed.





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The Fully Managed Solution

Leave it to the experts

End to End Project Management and support



Full Marketing and Advertising service to employees



Employee 'Self Service'



Management platform for the Employer



Co-ordination with AVC fund providers



Complete Compliance



Payroll administration



Auto transfer of existing AVC members



Employee Customer Service Centre



'Anytime' Reporting



GDPR accountability and audit trails



EMPLOYER CONSIDERATIONS: Provide input and support the communications plan, approve AVC Wise applications, run payroll reports and pay the AVC Fund provider.

The Savings

Employers and Employees benefit

- Employers save **14.3%** of the value of the salary sacrifice (13.8% National Insurance and 0.5% Apprentice Levy)
- Employees save **12%** or **2%** on the value of the salary sacrifice (on top of the existing tax benefit)
- Employees have an efficient way of taking a cash lump sum, **tax and NI free** at retirement
- **Employers saving Illustration**



Microsoft Excel
Worksheet

The Savings

Employee Saving Comparison

Employee earning £25,000 p.a currently contributing £100 a month to an AVC

	Existing AVC	AVC Wise	
	Tax Free	Salary Sacrifice Tax and NI Free	Tax Free
Monthly Amount	£100.00	£99.00	£1.00
Tax Saving 20%	£20.00	£19.80	£0.20
NI Saving 12%		£11.88	
Net Cost from Take Home Pay	£80.00	£68.12	

Employee saves an additional **£11.88 every month** through AVC Wise so saves **£142.56 a year** just by switching to AVC Wise

Maximising take up

Using our marketing expertise

- Dedicated **Marketing Manager** to manage the Communications Plan and drive employee engagement
- Using a tried and trusted **full suite of marketing tools** and collateral to launch and promote AVC Wise
- Provide a **single platform** across all devices for employees to obtain information, make an application and manage their own AVC Wise plan
- Utilise our **expert team** to provide onsite presentations, roadshows and employee webinars

Customer Service

Assurance for all eventualities

- Our team takes care of **all the customer service** issues that could arise through AVC Wise
- The Customer Service team are the **first line for employees** to contact
- Employers have a **dedicated Account Manager** who is the first port of call for any employer enquiries
- The Account Manager escalates only relevant issues to the employer and provides a **full reporting service**
- Investment advice is managed through the **AVC fund provider**
- Employee Helpline (Mon-Fri, 0830 – 1730)

Fully Compliant

Backed by tax specialists – PS Tax

LGPS

- All aspects of the LGPS guidance on SCAVCs considered

GENERAL DATA PROTECTION REGULATION (GDPR)

- All data held securely in UK data centres
- Audit trail availability to ensure employer can track data access
- Employee given choices on messaging and communications being sent to them

HMRC

- Documentation library to support effective implementation of salary sacrifice
- Correspondence and liaison with HMRC to ensure approval

AVC FUND PROVIDERS

- AVC Wise works in partnership to ensure all regulatory requirements are met

What does it cost?

- Charges are based on the **total value of salary sacrifice** through AVC Wise
- **Fair and transparent** way of rewarding scheme success
- Standard charge of **4.5% of total salary sacrificed** under AVC Wise
- Based on our experience, successful implementation of our tried and tested AVC Wise model will result in **12% of LGPS staff taking part** after 3 years

Reasons to chose AVC Wise

- Employees and employers both **save money**
- Fully Managed Solution making it **easy to implement**
- Full marketing and communications service to employees included to **maximise take up**
- **Fully compliant** with LGPS, HMRC and GDPR
- AVC Wise works in partnership with **all AVC fund providers**
- AVC Wise platform makes it easy to manage – **low administration**
- Full employee and employer **support provided as standard**

QUESTIONS?



Next Steps

- Further **presentations** if necessary
- **Full proposal** detailing the service being provided
- **Board paper template** to present AVC Wise to the appropriate forum
- Standard **public sector contract** to address purchasing requirements

Thank You

Contact Us For More Information

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AVC WISE

