

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. These are as at July 2023. Prudential reserve the right to amend the terms of business from time to time. This is in addition to Prudential's existing Terms and Conditions for AVC schemes.

1. Employer Responsibilities and Obligations

The Employer must:

- 1.1 Notify their Administering Authority of their intent to set up a SS SC AVC arrangement at least 3 months before the employer proposes that the SS SC AVC arrangement is to go live
- 1.2 Ensure that they have registered with Prudential, including registration of any new employer or employer name change, prior to proceeding with SS SC AVC's or submitting any payroll files
- 1.3 Provide an information pack to their employees that explains the SS SC AVC arrangement
- 1.4 Be responsible for employee eligibility for the SS SC AVC arrangement under their scheme
- 1.5 Ensure that no SS SC AVC contributions or payroll files are submitted before the date that Prudential advise that the employer may start applying SS SC AVC contributions
- 1.6 Ensure any employee application to make or change their contributions to the SS SC AVC arrangement is submitted directly to Prudential before any contributions are sent for that employee
- 1.7 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
- 1.8 Ensure employees are aware that Prudential will refer to the facility as a Salary Sacrifice Shared Cost AVC
- 1.9 Implement the SS SC AVC arrangement following HMRC scheme review
- 1.10 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
- 1.11 Ensure that any third party that carries out administration on behalf of the employer is made aware of and adheres to Prudential's SS SC AVC processes at all times
- 1.12 Ensure the payroll file and payment sent to Prudential match the listing provided by Prudential. Data from other sources should not be used

Employer requirements for new joiners:

- 1.13 Explain that any new applications to join the SS SC AVC must be submitted directly to Prudential by employees and not through a third party
- 1.14 Allow employees initially to join the SS SC AVC (not limited to the employer's benefits window)
- 1.15 Any SS SC AVCs that are to be paid as a percentage of pensionable pay will be calculated on notional (pre sacrificed) pay
- 1.16 Manage the opt-in/opt-out of employees in line with HMRC rules

Employer requirements for existing members moving to SS SC AVC:

- 1.17 Explain the SS SC AVC and impacts on members' existing AVC plan via an employee information pack
- 1.18 Explain to members that any application to make or change contributions to an SS SC AVC arrangement must be submitted directly to Prudential and not through a third party

- 1.19 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
- 1.20 Explain to members that existing plans will be automatically combined with the new plan unless the member opts out. (This is known as benefits aggregation)
- 1.21 Explain that existing AVC Proposition Terms and Conditions will apply for the following:
- Minimum Bonus Guarantees
 - Existing investment selections (including the lifestyle target date)
 - Selected retirement date
 - Contribution level. Please note where a 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.

Employer requirements for contributions:

- 1.22 Ensure that employee contributions will be a minimum of £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
- 1.23 Support Life Cover deductions from the employer contribution, where there are also investment contributions
- 1.24 SS SC AVC cannot facilitate Life Cover only contributions which can be made on a standard AVC basis
- 1.25 Submit contributions to Prudential in the required format (employer/employee split) via the contribution schedule
- 1.26 Employers to facilitate variation of contributions

- 1.27 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
- 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 Implement/setup the SS SC AVC arrangement based on an agreed implementation timeline
- 2.4 Notify the employer of the date that Prudential can first accept SS SC AVC contributions or payroll files
- 2.5 Refer to SS SC AVC in all its literature and communication with employers and members
- 2.6 Return any contributions in respect of an individual if these are received before an application has been submitted to Prudential and the policy has not been set up
- 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, we reserve the right to charge for any re-work as a result of employer error

3. Prudential will not:

- 3.1 Advise or provide guidance on the suitability or effectiveness of the employer scheme, or suitability of the SS SC AVC for an individual member