



Chorley & South Ribble

Thank you for inviting AVC Wise Ltd. to submit a proposal to assist **Chorley & South Ribble** in implementing a salary sacrifice Shared Cost Additional Voluntary Contributions scheme (Shared Cost AVCs) within the Local Government Pension Scheme (LGPS).

This proposal outlines the benefits and savings that are made possible by the AVC Wise fully managed solution for both you as the employer, and your employees.

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AVC WISE
The fully managed AVC solution from PSTAX

Salary Sacrifice scheme for Shared Cost Additional Voluntary Contributions

A Shared Cost AVC scheme enables both your organisation and your employees to make extra savings in National Insurance contributions (NICs) when compared to a standard Additional Voluntary Contribution scheme. With a standard AVC the employee only makes savings in Income Tax, and you as the employer make no savings.

The set up and on-going management of a Shared Cost AVC scheme can be a costly and time-consuming exercise, so our role is to make it as easy as possible for you.

Who are AVC Wise Limited?

Public sector tax experts PSTAX established a scheme branded 'AVC Wise' in 2018 which was implemented for several public sector organisations. Following the success of the launch of this scheme, AVC Wise Ltd. was founded as a joint venture between PSTAX and Benefit Platforms Ltd to greatly enhance our client offering.

The resulting product, AVC Wise, is provided as a fully-managed solution which includes a dedicated web platform bespoke to your organisation, employee marketing and communication services, administration support from beginning to end, a dedicated customer service team and more.

We would welcome the opportunity to work with Chorley & South Ribble and support your organisation with the implementation of our fully managed solution based on the proposal of our services and fee quotation below.

Proposed services

AVC Wise Ltd. will provide the following 'Partner Support' services for Chorley & South Ribble:

1. Your own Implementation Manager to cover:

- The initial launch and transition period of the scheme with a bespoke project plan including launch schedule and delivery timescales.
- A review of the existing standard AVC scheme documentation. These documents, once agreed with Chorley & South Ribble, will form the basis of the salary sacrifice arrangements, and will sit on the AVC Wise platform for employees to access
- Complete co-ordination with Prudential, your Pension Fund, and your internal IT department to enable a full understanding of current processes
- IT whitelisting documents will also be supplied to enable access to all necessary URLs from workplace IT systems
- Employer training on the AVC Wise platform so you can use the system effectively for payroll reports etc.
- Preparation and submission of scheme documents to HMRC to gain approval for your scheme.

2. Access to the AVC Wise platform bespoke for your organisation including:

- an administration facility to fully-manage employee applications and salary sacrifice data, removing the need for manual application processing
- functionalities to assist with the required compliance processes include in built calculators to allow you to efficiently review applications for National Living Wage/National Minimum Wage issues.
- integration with your AVC provider application processes and auto-creation of the monthly salary sacrifice reports for payroll and payment schedule for the AVC provider, in your case Prudential
- easy to use application process for your employees
- access to important scheme information for your employees

3. A bespoke employee communication service for Chorley & South Ribble and your staff communications, including:

- the design and delivery of a comprehensive and detailed employee communications plan including digital and printed materials for circulation
 - access to a number of webinars/presentations hosted by our expert team, built to educate your employees about both the Shared Cost AVC scheme and the main LGPS too. Our pensions experts each have over 20-years' experience with the LGPS and fully understand this most complex of areas.
 - activity and collateral to reach all staff members including the harder to reach employees, particularly school staff. We will agree with you the necessary pensions input to fully inform LGPS members of the opportunity and to maximise scheme take up
 - Access to our 'Knowledge Hub' including short, easy to understand explainer videos and our very own retirement projection calculator, allowing LGPS members to see the future estimated value of their Shared Cost AVC pot.
4. Access to a dedicated employee Customer Service support team, a service provided via a telephone helpline, live chat, and email. This ensures all employee queries about the scheme are dealt with by AVC Wise Ltd. minimising the work for you and your already busy teams.
5. Individual, 20 minute 1-2-1 meetings for your LGPS members with one of our LGPS experts. These are offered to certain employees at various stages, ensuring the meeting is effective and efficient for the right people at the right time.
6. Your own Account Manager to cover:
- A regular review and benchmarking service to ensure that the scheme is working effectively and attracting maximum participation
 - Working closely with the marketing team to ensure regular and bespoke communications are delivered in a timely manner
 - First port of call after implementation for any employer queries

AVC Wise Fully Managed Solution Fees

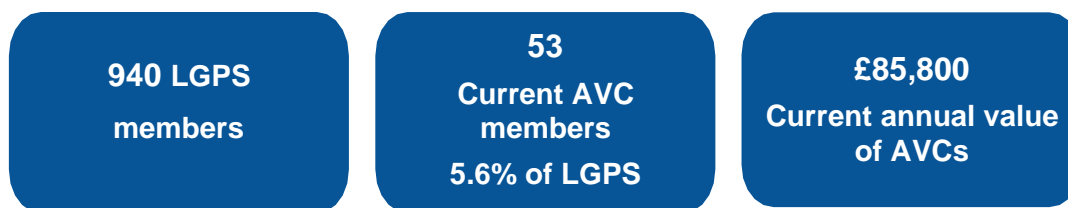
As is common with employee benefits offered via a specialist platform through salary sacrifice, our charges are based on a percentage of the amount of salary sacrificed in the respective invoicing period. The percentage applicable to this fee proposal is **4.5%** (plus VAT). Given our investment in creating the specialist platform, we require your agreement to a minimum 36-month contract period. Thereafter, the professional fee costs will continue to apply whilst you have use of the AVC Wise fully managed solution, with a minimum three-month notice period applying. We would be happy to let you see a draft version of our AVC Wise contract terms if this would be helpful.

This cost covers all the previously outlined support offered by AVC Wise Ltd. as shown above. We believe that use of this fee structure is a fair and transparent way of rewarding scheme success. We will effectively partner with **Prudential** to ensure that the scheme is as successful as possible, and that employer savings are maximised.

We would invoice the agreed fee on a monthly basis starting from the end of the first month after scheme launch. As the total employer NIC and apprenticeship levy saving is currently 14.3% of the salary sacrificed, the cost of introducing, implementing, and administering the Shared Cost AVC scheme facilitated by AVC Wise can be met comfortably from these savings, leaving **Chorley & South Ribble** with a net saving.

Employer Savings Estimate

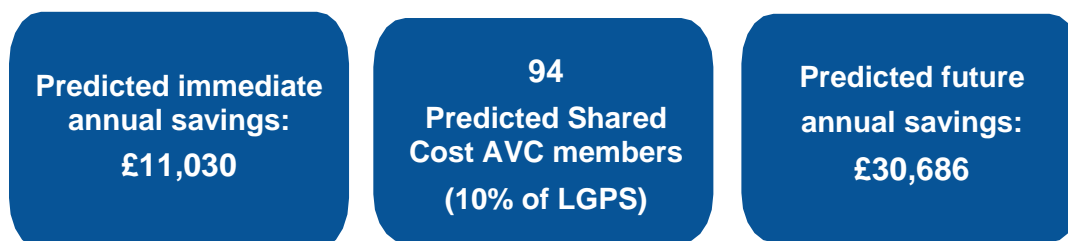
Based on the information you have provided we have estimated the following Employer savings as a result of introducing the Shared Cost AVC scheme with the help of AVC Wise's fully managed solution.



If we assume 90% of the current AVC members (**48**) transfer to the salary sacrifice Shared Cost AVC arrangement, **Chorley & South Ribble** can expect to achieve immediate annual savings of around **£11,030**, based on 14.3% employer saving.

In addition to these savings, with the support of the AVC Wise fully managed service, our easy to use platform and our concerted marketing and staff communication plans, we confidently expect the take-up to increase to a minimum of **10%** (**94** members). If we apply **£250** per month as the average Shared Cost AVC value (based on our experience) and use **10%** of take up, **Chorley & South Ribble** could achieve annual savings of around **£30,686**.

This savings figure would be our ultimate three-year target to achieve working together with **Chorley & South Ribble**.



Timings

We would be available to start the project as soon as **Chorley & South Ribble** is ready to do so. We will require written confirmation of your intention to go ahead before progressing further. Our suggested implementation timeline is 10 weeks.

Next steps

We would appreciate receiving written confirmation that your organisation wishes to proceed with the implementation of a Shared Cost AVC scheme facilitated by AVC Wise

1. Once you are happy to proceed on agreed terms, we will ask you to sign a contractual agreement between AVC Wise and **Chorley & South Ribble**. This can be made available to you and/or your Procurement teams on request.
2. Thereafter, your AVC Wise Implementation Manager will be in touch to begin the process and help your organisation on the way to making substantial savings for you and your employees!

If you have any queries, please do not hesitate to contact me using the below details:

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