

NILGOSC

AVC WITH PRUDENTIAL

**ANNUAL REVIEW OF ADDITIONAL VOLUNTARY
CONTRIBUTIONS (AVC)**

1 APRIL 2018 - 31 MARCH 2019



WELCOME TO THE ANNUAL REVIEW OF ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC) WITH PRUDENTIAL

In consultation with its investment advisers, Aon Hewitt Limited (Aon), NILGOSC has completed its annual review of the Scheme's AVC arrangement with Prudential. The outcome of the review is summarised in this report and details the following information:

- Prudential's financial strength
- Views on the investment options with Prudential
- A performance report for all funds offered by Prudential (Pages 14 - 20)
- Recent developments and other useful information

Overall, there are no material concerns with the existing AVC arrangements and Prudential continues to be regarded as an appropriate provider. The performance of each fund is measured by comparing returns to a relevant stock market index or average for the relevant sector where no index is available. This index is referred to as the benchmark throughout this report. If you are unsure of the funds in which you are invested, then please refer to your last Prudential Statement.

CONTENTS



PRUDENTIAL'S FINANCIAL STRENGTH 4

VIEWS ON THE INVESTMENT OPTIONS 5 - 9

- Performance and Fees
- Prudential With-Profits Fund
- Prudential Deposit Fund
- Prudential Cash Fund
- Prudential UK Property Fund
- Unit Linked Funds

LIFESTYLE OPTIONS 10 - 13

- Global Equity Encashment Target Lifestyle
- Previous Lifestyle Option
- Legacy Lifestyle Options

SUMMARY OF PERFORMANCE AND CHARGES 14 - 20

RECENT DEVELOPMENTS AND OTHER INFORMATION 21 - 24

- Changes to funds
- M&G Prudential Demerger

EXIT CHARGES 24

USING YOUR AVC 25 - 26

SCAM AWARENESS 27

ADVICE AND GUIDANCE 28 - 29

FURTHER INFORMATION 30 - 31

CONTACT DETAILS 32

PRUDENTIAL'S FINANCIAL STRENGTH

Financial strength ratings describe the financial security characteristics of a company and its ability to meet its financial commitments. Prudential holds an 'A+' financial strength rating from the credit rating agency, Standard and Poors, which is described as 'exhibiting strong financial security characteristics'. The rating was downgraded from 'AA' on 15 March 2018 following the announcement that Prudential plc will demerge M&G Prudential resulting in two separately listed companies, M&G Prudential and Prudential plc.

AKG Consultants and Actuaries Ltd (AKG), a specialist in the provision of ratings information and market assistance to the financial services industry applies an 'A' rating for Prudential's overall financial strength. This is the highest rating available and is defined as 'Superior' in terms of assessment of capital base, parental strength and typical fund performance achievements.

Prudential AVC members are protected by the Financial Services Compensation Scheme (FSCS) for 100% of the value of their investment should there be a default by Prudential. In the case that a pension provider collapses, a claim would need to be made with the FSCS. The FSCS aim to decide within three months, but this process can take longer if it is a complicated case.



VIEWS ON THE INVESTMENT OPTIONS

The Prudential AVC arrangement currently has 14 funds available to new members and a lifestyle option. There are also a number of legacy funds that existing members can continue to invest in, but which are closed to new investors. The fund range consists of equity, multi-asset, property, bond, cash, with-profits, religious and ethical funds and includes both actively and passively managed funds. Our investment adviser believes that the existing fund range should satisfy the needs of the majority of members.

PERFORMANCE AND FEES

A summary of the performance data and fees on all the available funds within NILGOSC's AVC Scheme is set out on pages 14 - 20. For each fund there is an Annual Management Charge (AMC) applied by Prudential. This charge is calculated as a percentage of the values of units and varies according to the fund(s) selected. Those funds which are higher risk, i.e. those seeking returns above the benchmark, have a higher cost. For example, if you saved £1,000 into a fund with an AMC of 0.75%, this would cost £7.50 on an annual basis.

Aon's views of each investment option within NILGOSC's AVC Scheme are set out below. Further information on performance and fee data, together with the longer term performance of funds within the current range of funds, is provided on pages 19 - 20.

PRUDENTIAL WITH-PROFITS FUND

The Prudential With-Profits Fund is invested in a diversified portfolio of UK and overseas shares, bonds, property and cash. A significant proportion of the fund is invested in shares and property, which can be expected to produce attractive long-term returns, but the return on these assets can be volatile over the short-term and so the fund is actively managed to optimise the returns while controlling risk.

Consistent with 2018, Prudential declared a bonus rate of 1.25% for 2019 with bonuses added from 1 April 2019. The gross return on the underlying fund during 2018 was -2.8%, which is a decrease from 10.3% in the previous year.

A final bonus is also payable, which makes up the difference between guaranteed benefits and the overall smoothed value of the AVC plan. The final bonus may vary and is not guaranteed.

AKG rated the financial strength and future performance prospects of the Prudential With-Profits Fund as 'Excellent', as at December 2018. Aon views it as a very strong with-profits fund and has no major concerns. Older policies contain valuable guarantees but newer members without these guarantees should consider whether their investment remains appropriate for their needs.

PRUDENTIAL DEPOSIT FUND

The Prudential Deposit Fund is not a straightforward cash deposit fund. It invests in the underlying assets held within the Prudential With-Profits Fund, with a variable rate of interest being declared each month based on the Bank of England base rate. Once added, interest cannot be taken away. Prudential can alter the basis of its interest rate declarations at any time, although it has not done so in the past. Capital held in the Deposit Fund will not decrease.

Effective from 31 May 2017 Prudential closed the Prudential Deposit Fund as a direct investment choice for new investors. Regulations covering how a with-profits fund should run state that the new business should have no adverse impact on existing policyholders. The deposit fund is backed by assets held with Prudential's With-Profits Fund. The charging structure on the Deposit Fund was creating an adverse effect on with-profits policyholders, so to look after the best interests of all its customers, they decided to close the Deposit Fund to new investors.



The Prudential Deposit Fund has no explicit charge applied to it and aims to return bank base rates, which it has done consistently. Over recent years this level of net return has made this fund a good option for cash investors, given the effect of charges on returns. Any existing members that currently invest in the Prudential Deposit Fund can remain in the Fund and can continue to make ongoing contributions as well as increasing future contributions. If they switch all their existing investment out of the Deposit Fund, they will not be able to switch back into it. Lifestyle options that included the Prudential Deposit Fund continued to be available to new and existing members until 26 August 2019.

PRUDENTIAL CASH FUND

As the Prudential Deposit Fund has closed to new entrants, to make sure that members still have access to a minimal investment risk fund, Prudential made the Prudential Cash Fund available to all plans from 31 May 2017, with a reduced annual management charge of 0.55% from that date. The Cash fund is low risk and caters for members intending to use all or part of their investment for cash. Although this is a reduced charge for members, which is good news, it is still an explicit charge that is levied. Based on levels of return that the Prudential Cash Fund has generated over recent years, even this lower charge would result in negative net performance. In addition, the cash fund itself could produce negative performance. Returns remain low and while this investment continues to provide capital protection, returns are below inflation and therefore any investment is losing value in real terms.



PRUDENTIAL UK PROPERTY FUND

The Prudential UK Property Fund invests in direct UK property assets and Real Estate Investment Trusts offering an alternative source of growth to equities.

Performance was positive up to the end of 2018 but stalled during the first quarter of 2019, having made a slight loss. Despite this, the Fund has performed in line with the benchmark on a net basis over the last year. The retail sector continues to struggle, which is having impact on the Fund while it reduces the exposure. The Fund is also having to dispose of assets to meet redemptions, which resulted in Prudential delaying withdrawals by up to six months, effective from 3 June 2019, other than for claims due to retirement, death, critical illness or pension sharing on divorce. On 15 July 2019 Prudential announced that they were also not accepting any further contributions or switches into the fund and that any contributions made from 3 June 2019 would be redirected to the Cash Fund. This restriction could last for up to 6 months. Aon confirmed that this restriction is due to several large redemptions that have affected the liquidity of the fund, but that this is normal for this type of fund and is explained clearly in the fund literature. Aon confirmed that they still view the UK Property Fund as suitable for members.

The Fund continues to underperform over the longer term and is significantly behind its objective to outperform the benchmark by 1.05% p.a. gross of charges over rolling three year periods. This is primarily due to performance following the Brexit vote, which caused a significant decline in value.



UNIT LINKED FUNDS

Prudential offers a range of unit linked funds which are managed by different investment managers. Aon has expressed the following views:

- M&G was part of Prudential plc until the recent demerger. It manages the in-house Prudential funds. Aon regards M&G as a suitable manager of multi-asset, ethical, property, passive and money market funds and therefore has no major concerns about the funds managed by M&G that are available to members. However, Aon does not recommend M&G as an equity manager.
- Aon considers that BlackRock has a very strong culture of risk management combined with high quality systems and performance. The passive investment process is considered to be pragmatic and well-structured aiming to limit tracking error, but also add value when index changes occur. The investment team is experienced and dedicated to passive management. Overall, Aon continues to have a high regard for BlackRock's index-tracking capabilities.
- The HSBC Islamic Global Equity Index Fund is a passively managed Shariah compliant fund which continues to be the most prominent in the market. Aon remains confident in HSBC's investment management capabilities in this area.
- The MFS Meridian Global Equity Fund was closed on the 8 August 2018 with assets transferred to the BlackRock Aquila World ex-UK Index Fund, which is already part of NILGOSC's core fund range.

Specific information on each of the funds available can be accessed on the Prudential website at:
www.pru.co.uk/rz/localgov/northern-ireland/get_started.

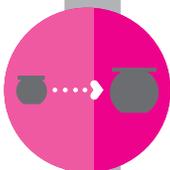
LIFESTYLE OPTIONS

Lifestyling aims to provide long-term growth with automatic switching of your money into specific funds as you get closer to retirement, which may help protect against changes in the cost of turning your pension fund into an income and lump sum benefits.

GLOBAL EQUITY ENCASHMENT TARGET LIFESTYLE

A new lifestyle option called the Global Equity Encashment Target Lifestyle was introduced during June 2019. All previous lifestyle options are now closed and the Global Equity Encashment Target Lifestyle is the only lifestyle option available to members.

This lifestyle option consists of two phases:



Growth Phase: This phase aims to grow the size of a member's AVC pot by investing in funds which aim to grow faster than inflation.

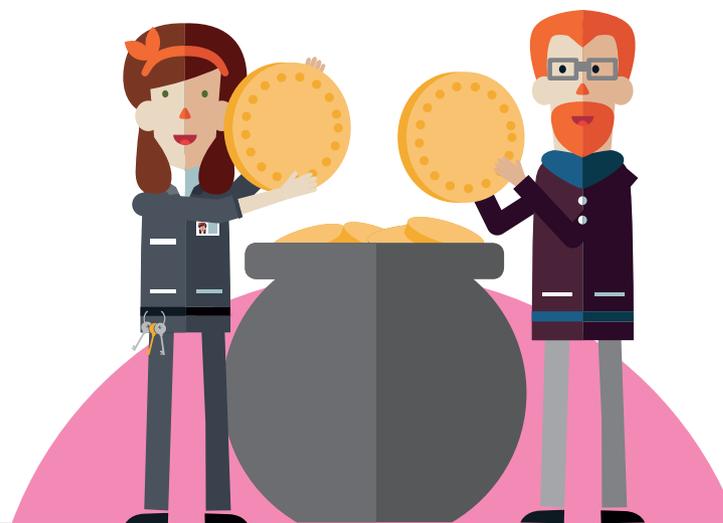


Defensive Phase: Investments are gradually switched into funds that could help reduce the risk of short-term falls in the value of pension savings for members in the approach to retirement. The switches happen automatically throughout the 15 years before the member's selected retirement date.

The transition phase between the growth and defensive phases is to provide added diversification and therefore reduce investment risk as members approach retirement.

The Global Equity Encashment Target Lifestyle initially invests 7.5% in the BlackRock Aquila UK Equity Index Fund, 82.5% in the BlackRock Aquila World ex-UK Equity Index Fund and 10% in the BlackRock Aquila Emerging Markets Equity Fund. The profile automatically commences switching fifteen years prior to a member's selected retirement date into the BlackRock Aquila Market Advantage Fund and finally, five years out, starts to switch into the Prudential Cash Fund.

The switches between funds are done automatically and are normally free of charge. However, there may be a cost to a member if the switch is from a fund where the generally lower selling price applies that day, to a fund where the generally higher buying price applies on the day the switch is completed. The funds within the lifestyle option may be subject to change in the future.

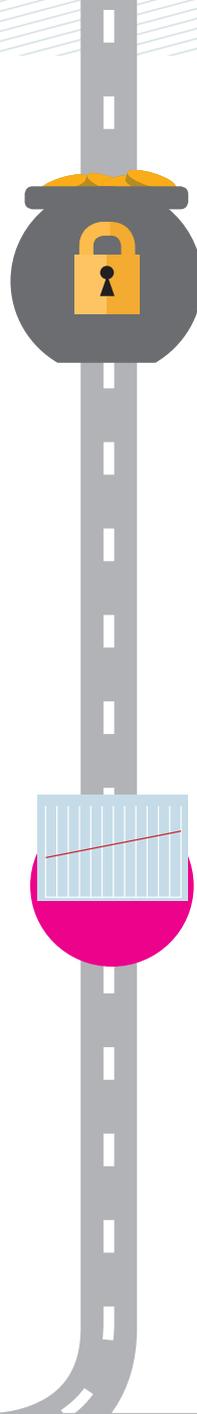


PREVIOUS LIFESTYLE OPTION

The only lifestyle option that was open to new members between July 2014 and August 2019 was a bespoke lifestyle fund known as the "Current Lifestyle Fund". It initially invested 90% in the BlackRock Aquila (50:50) Global Equity Index Fund and 10% in the BlackRock Aquila emerging Markets Equity Fund. The profile automatically commenced switching fifteen years prior to a member's selected retirement date into the BlackRock Aquila Market Advantage Fund and finally, five years prior to retirement, started to switch into the Prudential Deposit Fund. As noted in a letter to members in this fund on 1 July 2019, this fund closed on 27 August 2019, with all members automatically transferred to the Global Equity Encashment Target Lifestyle, unless they elected otherwise.

LEGACY LIFESTYLE OPTIONS

A small number of NILGOSC AVC members remained invested in historical lifestyle options (up to 27 August 2019) that were closed to new members. They were known as the "Old Lifestyle option" and "Legacy Lifestyle options (Optimiser Lifestyle)".



OLD LIFESTYLE OPTION

This option invested in the BlackRock Aquila (50:50) Global Equity Index Fund and commenced switching, 5 years prior to retirement, into the Prudential Deposit Fund so that 100% was invested in the latter at the member's selected retirement date. The higher exposure to equities in the approach to the selected retirement date and the associated volatility made this lifestyle option higher risk than necessary, which is one of the reasons it was closed.

LEGACY (OPTIMISER) LIFESTYLE OPTIONS

Some existing members remained invested in Prudential's standard lifestyle option known as "Legacy or Optimiser options", up to 27 August 2019. Within this there were three options which initially invested in the UK Equity Passive Fund and commenced switching to the Long Term Gilt passive fund six, eight and ten years prior to the member's selected retirement date, so that 100% was invested in the latter at the member's selected retirement date.

The higher exposure to equities in the approach to the selected retirement date, plus the concentrated nature of the equities only investing in the UK and the associated volatility, made this lifestyle option higher risk than necessary. In addition, performance of the Prudential Long Term Gilt Passive Fund used in the pre-retirement phase could be significantly impacted by Brexit if inflation and interest rates rise further.



SUMMARY OF PERFORMANCE AND CHARGES

The table below lists all the Prudential funds currently used in the NILGOSC Scheme (including those no longer open to new members) and details the annual management charge (AMC), 1 year investment return to 31 March 2019 and the performance relative to each fund's benchmark for the same period. Aon's view of each fund is also provided.

FUND	AMC (%) ¹	1 Year Return to 31 March 2019 (%) ²	Net Performance Relative to benchmark ³	Aon View
FUNDS OPEN TO NEW INVESTMENT AS AT 31 MARCH 2019				
PASSIVE FUNDS				
Prudential Index Linked Passive	0.55	5.7	0.0	A suitable passive manager.
BlackRock Aquila (50:50) Global Equity Index	0.65	7.3	0.2	We rate BlackRock highly as a passive manager.
BlackRock Aquila All Stocks Corporate Bond Index	0.65	3.7	0.0	We rate BlackRock highly as a passive manager.
BlackRock Aquila Emerging Markets Equity	0.80	-2.0	-0.2	We rate BlackRock highly as a passive manager.
BlackRock Aquila Over 15 Years UK Gilt Index	0.65	4.8	0.1	We rate BlackRock highly as a passive manager.
BlackRock Aquila UK Equity Index	0.65	6.4	0.0	We rate BlackRock highly as a passive manager.
BlackRock Aquila World ex-UK Index	0.65	12.4	0.3	We rate BlackRock highly as a passive manager.

FUND	AMC (%) ¹	1 Year Return to 31 March 2019 (%) ²	Net Performance Relative to benchmark ³	Aon View
HSBC Islamic Global Equity Index	0.80	18.2	-1.1	We maintain our confidence in HSBC's investment management capabilities in this area. The Fund may underperform due to a difference in the structure relative to the benchmark.
ACTIVE FUNDS				
Prudential Cash	0.55	0.0	-0.5	A suitable manager of money market funds. An increase in the base rate has improved the net return but inflation is still a factor if invested long term.
Prudential Discretionary	0.65	4.6	-1.2	A suitable multi-asset manager. Despite recent under-performance, continues to achieve its long-term objective.
Prudential Ethical	0.65	8.9	0.7	A suitable ethical fund manager. A highly concentrated UK fund which can result in significant volatility and is not achieving its objective.
Prudential UK Property	0.65	4.8	0.0	A suitable UK property manager. Performance continues to recover following the issues around Brexit. The Fund is restructuring and is not achieving its objective.

FUND	AMC (%) ¹	1 Year Return to 31 March 2019 (%) ²	Net Performance Relative to benchmark ³	Aon View
BlackRock Aquila Market Advantage	0.85	3.1	2.4	BlackRock is an experienced specialist in active allocation strategies and risk management solutions which we rate highly.
Prudential With-Profits	Bonus declared net of charges	1.25 ⁴	N/A ⁵	Members should understand the type of fund they are investing in and the risks associated.

FUNDS CLOSED TO NEW INVESTMENT AS AT 31 MARCH 2019

PASSIVE FUNDS

Prudential Long Term Bond	0.55	4.9	0.1	We continue to rate M&G highly as a UK bond manager and as a suitable passive manager. The fund is a mix of passive and active management and therefore will be more volatile relative to its benchmark.
Prudential Long Term Gilt Passive	0.55	4.6	-0.1	A suitable passive manager.
Prudential Long Term Growth Passive	0.55	6.6	0.2	A suitable passive manager.
Prudential Overseas Equity Passive	0.55	6.5	0.2	A suitable passive manager.
Prudential UK Equity Passive	0.55	6.6	0.2	A suitable passive manager.
BlackRock Aquila (60:40) Global Equity Index	0.65	7.1	0.1	We rate BlackRock highly as a passive manager.

FUND	AMC (%) ¹	1 Year Return to 31 March 2019 (%) ²	Net Performance Relative to benchmark ³	Aon View
ACTIVE FUNDS				
Prudential Deposit	Interest rate declared net of charges	0.7	0.0	Aims to deliver a return in line with bank base rates which it continues to do. Invests in the With-Profits Fund therefore riskier than a standard deposit fund and is now closed to new members.
Prudential All Stocks Corporate Bond	0.65	3.0	-0.6	We continue to rate M&G highly as a UK bond manager.
Prudential Fixed Interest	0.65	3.0	-0.7	We continue to rate M&G highly as a UK bond manager. Has produced some outperformance but failed to achieve its objective.
Prudential Global Equity	0.65	4.9	-1.5	No major issues but we continue to not recommend M&G as an equity manager.
Prudential Index-Linked	0.65	5.3	-0.4	We continue to rate M&G highly as a UK bond manager. Has produced some outperformance but failed to achieve its objective.
Prudential International Equity	0.65	3.7	-2.6	No major issues but we continue to not recommend M&G as an equity manager. Longer term performance is better but still short of the objective.

FUND	AMC (%) ¹	1 Year Return to 31 March 2019 (%) ²	Net Performance Relative to benchmark ³	Aon View
M&G Recovery	0.65	2.3	-4.1	The Fund's investment strategy of investing in out-of-favour companies can lead to significant divergence from the benchmark which has caused significant underperformance recently and failure to meet its objective long-term. Members should continue to ensure they are comfortable with the investment strategy of the fund and associated volatility.
Prudential UK Equity	0.65	5.9	-0.5	No major issues but we would not recommend M&G as an equity manager. Has produced some outperformance but failed to achieve its objective.
Aberdeen Life Multi-Asset (ex Property)	0.75	9.2	1.8	We have some concerns around the manager's multi-asset capabilities due to negative asset flows. Recent performance has improved but it is not achieving its long-term objective.

¹ AMC – Annual Management Charge

² Performance is provided Gross of Fees for Passively managed funds and Net of Fees for Actively managed funds

³ The benchmark is the relevant index against which the performance of each fund is measured

⁴ Current bonus rate

⁵ Not applicable

LONGER-TERM FUND PERFORMANCE AS AT 31 MARCH 2019

The table below shows the annualised performance, including benchmark and relative performance, of the Deposit Fund and unit linked funds currently open to new members at 31 March 2019.

FUND	1 Year (% P.A.)	3 Years (% P.A.)	5 Years (%P.A.)
Prudential Cash	0.0	-0.2	-0.1
Benchmark	0.5	0.3	0.3
Relative Performance	-0.5	-0.5	-0.4
Prudential Discretionary	4.6	10.4	7.8
Benchmark	5.8	9.0	7.0
Relative Performance	-1.2	1.4	0.8
Prudential Ethical	8.9	8.7	5.7
Benchmark	8.2	10.0	6.4
Relative Performance	0.7	-1.3	-0.7
Prudential Index-Linked Passive	5.7	9.0	9.9
Benchmark	5.7	9.1	9.9
Relative Performance	0.0	-0.1	0.0
Prudential UK Property	4.8	3.1	8.1
Benchmark	4.8	6.1	9.1
Relative Performance	0.0	-3.0	-1.0
BlackRock Aquila (50:50) Global Equity Index	7.3	11.8	8.8
Benchmark	7.1	12.0	8.7
Relative Performance	0.2	-0.2	0.1

FUND	1 Year (% P.A.)	3 Years (% P.A.)	5 Years (%P.A.)
BlackRock Aquila All Stocks Corporate Bond Index	3.7	4.7	5.5
Benchmark	3.7	4.7	5.4
Relative Performance	0.0	0.0	0.1
BlackRock Aquila Emerging Markets Equity	-2.0	14.1	8.8
Benchmark	-1.8	14.1	8.7
Relative Performance	-0.2	0.0	0.1
BlackRock Aquila Market Advantage	3.1	4.5	4.0
Benchmark	0.7	0.4	0.4
Relative Performance	2.4	4.1	3.6
BlackRock Aquila Over 15 Years UK Gilt Index	4.8	6.4	9.8
Benchmark	4.7	6.3	9.7
Relative Performance	0.1	0.1	0.1
BlackRock Aquila UK Equity Index	6.4	9.5	6.1
Benchmark	6.4	9.5	6.1
Relative Performance	0.0	0.0	0.0
BlackRock Aquila World ex UK Index	12.4	15.4	13.3
Benchmark	12.1	15.3	13.3
Relative Performance	0.3	0.1	0.0
HSBC Islamic Global Equity Index	18.2	16.1	14.3
Benchmark	19.3	17.1	15.3
Relative Performance	-1.1	-1.0	-1.0

Note 1: Performance is provided Gross of Fees for passive funds and Net of Fees for active funds

RECENT DEVELOPMENTS AND OTHER INFORMATION

CHANGES TO FUNDS

MFS MERIDIAN GLOBAL EQUITY FUND

Prudential closed the MFS Meridian Global Equity Fund on 8 August 2018, with it having underperformed its benchmark leading up to this date. Members' investments and future contributions were automatically switched to the BlackRock Aquila World ex-UK Index Fund, unless members elected otherwise.

PRUDENTIAL GLOBAL EQUITY FUND

Prudential changed the investment strategy of its Global Equity Fund from 1 January 2019. The new investment strategy of the fund is to purchase units in the M&G PP Global Equity Fund. That fund provides an all-equity approach to investment, holding 60% UK equity and 40% overseas company shares. (The old fund objective was providing an all-equity approach to investment, holding a 70% UK equity and 30% mix of overseas company shares.) For the overseas shares, the fund is actively managed against an internal composite benchmark asset allocation set by the Prudential Portfolio Management Group. It is a "fund of funds" where both active stock selection within the underlying sector funds and asset allocation decisions are used to add value. This fund is closed to new members.

WITH-PROFITS FUND

Prudential has reviewed charges within the With-Profits Fund. One of the features of the With-Profits fund is that any member who invests in the With-Profits fund has a guarantee that a Market Value Reduction (MVR) will not be applied to the value of their plan in certain circumstances, for example, on their death or if they take their benefits at normal pension age. Following a review of the cost of providing this guarantee, Prudential has decided to make changes as outlined below. For all new applications received by Prudential on or after 15 March 2019, the guarantee charge Prudential will apply over the lifetime of the member's plan is currently no more than 4% of any payment from their With-Profits fund. For applications received by Prudential before 15 March 2019, the guarantee charge Prudential applies is currently no more than 2%. The above charges may vary if, for example, the long term mix or type of assets held within the With-Profits Fund is changed. The cost of providing the guarantee has increased due to the low interest rate environment. The rules for With-Profits funds state that new applicants should have no adverse effect on existing investors. This change enables Prudential to charge a fair amount to each group.



PRUDENTIAL ETHICAL FUND

NILGOSC has removed the Prudential Ethical fund as it was concentrated within the UK market and therefore did not benefit from the diversification that a global equity fund would provide. The fund closed on 22 July 2019 and NILGOSC members had their investment and future contributions switched to the LGIM Ethical Global Equity Index fund, which is a new fund that is available to NILGOSC members, unless they elected otherwise. The LGIM Ethical Global Equity Index fund has been identified by NILGOSC as the most suitable Ethical Fund as it provides members with access to an ethical global equity fund without the concentration risk of the previous UK Ethical fund. The fund aims to track the sterling total returns of the FTSE4Good Global Equity Index. The LGIM Ethical Global Equity Index fund has an Annual Management Charge (AMC) of 0.85% which is higher than the 0.65% AMC for the previous UK ethical fund however this should be considered in context of the better diversification in the global fund.

M&G PRUDENTIAL DEMERGER

In March 2018, Prudential announced their intention to demerge their UK and European business, M&G Prudential, resulting in two separately listed companies with distinct investment prospects, M&G Prudential and Prudential plc.

- M&G Prudential is one of the leading retirement and savings businesses in the UK & Europe, offering compelling product propositions through its range of investment solutions, and will be an independent, capital-efficient business, headquartered and premium-listed in London. **Member's AVC investments will be with M&G Prudential.**

- Prudential plc will combine the exciting growth potential of their Asian, US and African markets, representing a leading international insurance and asset management group focused on the markets that offer the most attractive growth opportunities globally. They will also remain headquartered and premium-listed in London.

In August 2019 M&G Prudential announced that it will change its name to M&G plc in preparation for the listing, providing a single corporate identity while retaining its two customer facing brands of Prudential and M&G Investments. There will be no impact on members and members will not see any name change. Prudential views this demerger as positive for both businesses and expects that it will complete in the fourth quarter of 2019.

The news release with further detail is available on Prudential's website at: www.prudential.co.uk/news/mandgprudential-demerger.

EXIT CHARGES

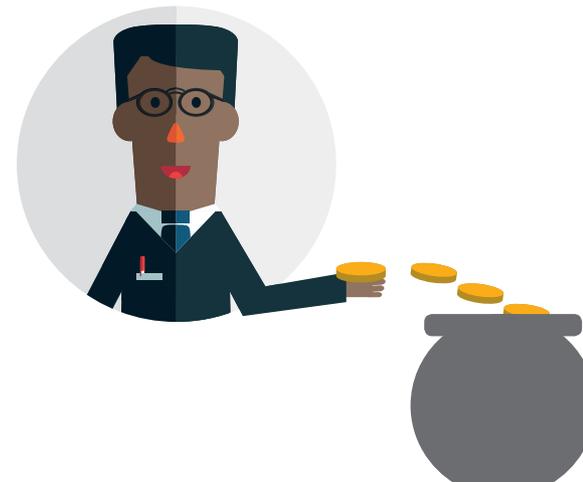
Until 2 December 2018 Prudential applied an exit charge to members who took their benefits, or transferred out, within 3 years of making their first AVC contribution. Exit charges were stopped for all members from 3 December 2018.



USING YOUR AVC

You can use your NILGOSC AVC fund at retirement in one of three ways:

- You can use some or all of your AVC plan to buy a top-up pension through the LGPS (NI). The amount of extra pension you buy with your AVC plan will depend on your age and whether you are retiring on ill-health grounds. The pension income you receive is taxable and the rate of tax you pay will depend on your overall income. The NILGOSC Pensions Administration team can provide a personal quotation to members who are interested in this option in the approach to their retirement.
- You can take up to 100% of your AVC fund as tax-free cash, subject to HMRC limits.
- You can buy an annuity from an insurance company, bank or building society of your choice at the same time as drawing your main Scheme benefits.



You can transfer your AVC fund to another pension scheme or arrangement, even if you are still an active member of the main Scheme. However, you must have stopped making AVC contributions and you cannot already have drawn some AVC benefits from that Fund, for example through flexible retirement.

Different pension providers offer different options in relation to what you can do with your AVC, including the option to buy regular income (an annuity). By transferring out to one or more different pension arrangements you may be able to access options that are not available under the Scheme rules, such as:

- take several lump sums at different stages – usually the first 25% of each cash withdrawal from your pot will be tax-free with the rest subject to tax
- take the entire pot as cash in one go – usually the first 25% will be tax-free with the rest subject to tax. Remember, it is possible to take all your LGPS (NI) AVC plan as a tax-free lump sum, subject to certain conditions, if you leave it in the Scheme and take it at the same time as your main Scheme benefits.
- to provide a flexible retirement income – this is known as flexiaccess drawdown. You are normally allowed to take a tax-free lump sum of up to 25% and then set aside the rest to provide taxable lump sums as and when, or a regular taxable income.

There may be tax implications associated with accessing your benefits in the ways described above. The income from a pension is taxable; the rate of tax you pay depends on the amount of income that you receive from a pension and from other sources. The different options mentioned above have different features, different rates of payment, different charges and different tax implications.



SCAM AWARENESS

Pension scams can be hard to spot. Scammers can be articulate and financially knowledgeable, with credible-looking websites, testimonials and materials that are hard to distinguish from the real thing.

Scammers usually contact people out of the blue via phone, email or text, or even advertise online. They may also be introduced to you by a friend or family member who is also unknowingly being scammed. Scammers will make false claims to gain your trust.

For example:

- claiming they are authorised by the FCA or that they don't have to be FCA authorised because they aren't providing the advice themselves
- claiming to be acting on the behalf of the FCA or a government service

Scammers design attractive offers to persuade you to transfer your pension pot to them or to release funds from it. It is then often invested in unusual and high-risk investments like overseas property, renewable energy bonds, forestry, storage units, or simply stolen outright.

You can find more information on the Pensions Regulator website at: www.thepensionsregulator.gov.uk/pension-scams or on the Financial Conduct Authority website at: www.fca.org.uk/scamsmart/how-avoid-pension-scams.

ADVICE AND GUIDANCE

As with any choice of investment, no one can predict with certainty which fund will offer the best return. When you compare Prudential's funds, you need to decide which investment is most suitable for your needs. Often this will depend upon the level of risk you wish to take and how far you are from retirement.

Prudential has produced a 'Guide to Fund Options' document, specific to the NILGOSC AVC Scheme. This Guide will provide you with full details of the funds available, their objectives, Prudential's risk rating of these funds and charges to help you select funds most suitable for your needs. This is available on the Prudential website at www.pru.co.uk/pdf/AVCK0512.pdf.

Any investment decision is a personal one, reflecting your financial circumstances, approach to investment and attitude to risk. Please note that NILGOSC and its professional advisers are not authorised to give you financial advice. If you are in any doubt about your investment decisions or how to use your AVCs, then we recommend that you get guidance and/or independent financial advice to help you decide which option is most suitable for you.

Pension Wise is a free, impartial service offered by the Government to provide guidance, once you reach age 50, to help you understand your defined contribution pension options (e.g. AVCs). You can find out more at www.pensionwise.gov.uk/en or by calling **0800 138 3944** to book a phone or face-to-face appointment.

The Money Advice Service offers free and impartial money advice, including pensions and retirement information and help with finding an independent financial adviser. Contact details are set out below:

Website: www.moneyadvice.service.org.uk/en
Telephone: **0800 138 7777** (Calls are free)

The Financial Conduct Authority (FCA) is the regulatory body for independent financial advisers (IFAs). The FCA maintains a register of authorised IFAs. Details can be found on the FCA website at www.fca.org.uk/ or by telephoning the FCA on **0800 111 6768**.

Unbiased is a website listing regulated and independent financial advisers, mortgage brokers, solicitors and accountants. It checks that everyone is registered with the Financial Conduct Authority (FCA). You can find an IFA in your area by typing your postcode into the 'Find an IFA' search tool on the website www.unbiased.co.uk/.



FURTHER INFORMATION

NILGOSC WEBSITE

Further information on the AVC Scheme, including the investment performance of funds in the approved AVC fund range, can be found on the Members' section of the NILGOSC website at: www.nilgosc.org.uk/additional-voluntary-contribution



PRUDENTIAL WEBSITE

Prudential has a dedicated website that provides a wealth of information on AVC arrangements, which is accessible at: www.pru.co.uk/rz/localgov. The website has been updated recently as a single site for all Local Government Pension Schemes and is now more user friendly and mobile optimised. Prudential can also be contacted by phone on 0800 151 3948.

All members invested in AVCs are encouraged to read the 'Key Features' document on this website, which provides important information, including the key risks and benefits of investing in the AVC Scheme. This should be read in conjunction with the 'Guide to Fund Options' document referred to above. Factsheets on all the funds available within the NILGOSC AVC Scheme can be found in the 'View your Funds' section of the website at: www.pru.co.uk/rz/localgov/northern-ireland/get_started.

PRURETIRE

Prudential also provides its AVC members with a user friendly website that gives online access to details of their AVC funds. The website enables you to:

- View the current value of your pension fund
- Illustrate the pension you could get when you retire
- Access information on fund prices and fund factsheets
- See transactions on your account
- Review or change your investment choices at any time
- Model different pension contributions and how different investment returns could impact your benefits
- Change personal details
- Where available, update and amend your contribution

The website can be accessed at www.pruetire.co.uk. First time users need to register on the website and will be provided with log-in details for future access.

If you require any further information in relation to your AVC fund, the Pensions Administration team at NILGOSC is happy to help with your questions, but please remember that NILGOSC staff cannot give you financial advice about your investments. The Pensions Administration team can be contacted on 0345 3197 325 or by email at info@nilgosc.org.uk.



CONTACT DETAILS



NILGOSC
Templeton House
411 Hollywood Road
Belfast BT4 2LP



www.nilgosc.org.uk



0345 3197 325
Typetalk (for minicom users):
18001 0345 3197 325



info@nilgosc.org.uk

NiLGOSC
NORTHERN IRELAND LOCAL GOVERNMENT OFFICERS'
SUPERANNUATION COMMITTEE



You are welcome to visit us from Monday to Friday, between 9am and 5pm. You do not need to make an appointment. However, we close on public and statutory holidays, so please phone first, to check that the office is open.