NILGOSC
NORTHERN IRELAND LOCAL GOVERNMENT OFFICERS' SUPERANNUATION COMMITTEE

NILGOSC

AVCs with Prudential

ANNUAL REVIEW OF ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)

1 April 2025 - 31 March 2026



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



In consultation with its investment advisor, Isio Group Limited (Isio), NILGOSC has completed its annual review of the Scheme's AVC arrangement with the Prudential Assurance Company Ltd (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
- Recent developments and other useful information
- A performance report for all funds offered to NILGOSC members by Prudential (Annexes A and B)



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 Annual Statement from Prudential which was issued in June 2026, or you could also log onto the Prudential portal. The website can be accessed at:
https://workplacepensions.mandg.com/employees/public-sector-avc-schemes/local-gov



Contents

Prudential's Financial Strength 4

Views on the Investment Options 4

Performance and Fees
Lifestyle Option – Global Equity Encashment Target Lifestyle

Recent Developments and Other Information 16

Benchmark changes
Market volatility and your AVC investment
Increase in Normal Minimum Pension Age
Lump Sum Allowance and Lump Sum and Death Benefit Allowance
How much can I pay into my AVC plan?
Steps to consider ahead of retirement
Retirement Hub

Environmental, Social and Governance Considerations 20

Using your AVC 21

Keep Your Pension Safe from Scammers 24

Common warning signs
Steps you can take to stay protected

Advice and Guidance 25

Further Information 26

NILGOSC website
Prudential website
PruRetire

Annex A 28

Summary of Fund Performance and Charges to 31 March 2026

Annex B 34

Longer-Term Fund Performance to 31 March 2026

Contact Details 36

Prudential's Financial Strength



Financial strength ratings describe the financial security characteristics of a company and its ability to meet its financial commitments. AKG Financial Analytics Limited (AKG), a specialist in the provision of ratings information and market assistance to the financial services industry, currently applies an 'A' rating for Prudential's overall financial strength. Defined as 'Superior' in terms of assessment of capital base, parental strength and typical fund performance achievements, an 'A' rating is the highest available.

Prudential AVC members are protected by the Financial Services Compensation Scheme (FSCS) for 100% of the value of their investment should Prudential default. In the event that a pension provider collapses, a claim would need to be made with the FSCS. The FSCS typically makes decisions within 12 months, but this process can take longer if it is a complicated case.

Different arrangements would apply if an investment manager used by one of the funds, such as BlackRock or HSBC, were to fail. In these circumstances, FSCS compensation would not usually be the main form of protection. The outcome would depend on how the fund and its underlying investments were structured and on the circumstances of the failure.

Views on the Investment Options

At 31 March 2026, the Prudential AVC arrangement had 13 funds available to new members, in addition to one lifestyle option. There are also several legacy funds that are closed to new members, but if you are already invested, you may still be able to make additional payments if you wish.

The fund range consists of equity, multi-asset, bond, cash, with-profits, faith-based and ethical funds, and includes both actively and passively managed funds. NILGOSC's investment advisor, Isio, believes that the existing fund range is fit-for-purpose with

options spread across four broad asset classes: multi-asset, equities, bonds and money market, and notes that it will broadly meet the varied needs of most members.

Members should however note that there is a range of funds available, with varying costs, and members should regularly review whether their AVC investment selection remains relevant to their needs, particularly when nearing retirement.

Performance and Fees

Isio has summarised the performance data and fees of all the available funds within NILGOSC's AVC Scheme in Annex A. For each fund there is an Annual Management Charge (AMC) applied by Prudential. This charge is calculated as a percentage of the value of units and varies according to the fund(s) selected. For example, if you paid £1,000 into a fund with an AMC of 0.75%, the annual charge would be £7.50. Funds which are higher risk, i.e. those seeking returns above the benchmark, typically have a higher cost. Some funds also have Further Costs, as defined in the NILGOSC specific Fund Guide. Further costs will depend on which funds your money is invested in and when any costs are calculated.

Longer-term performance of funds within the current range is provided in Annex B. More information, as well as Isio's view of each investment option available at 31 March 2026 within NILGOSC's AVC Scheme, is set out below:

Growth Funds	
Prudential Dynamic Growth I Fund	• These funds aim to deliver long-term growth by investing in a diversified range of assets both in the UK and globally. The Dynamic Growth I Fund will invest a maximum of 30% in equities, while the Dynamic Growth III Fund will invest 20-55% in equities. The remaining assets in both funds are invested in bonds, property and cash. Allocations are based on rolling ten-year forecasts. • Both are 'funds of funds', meaning they are made up of a range of predominantly BlackRock passively managed and M&G actively managed funds, which reduces exposure to manager risk. Investments are managed across asset classes and across world markets with a focus on long-term investment potential. • Absolute performance figures are positive and ahead of the respective benchmarks over all time periods shown in Annex B. Isio believes the performance is reasonable for a multi-asset fund and has no major concerns.
Prudential Dynamic Growth III Fund	

Growth Funds (continued)	
BlackRock Aquila UK Equity Index Fund **BlackRock Aquila Emerging Markets Equity Fund** **BlackRock Aquila World (ex-UK) Equity Index Fund**	• These funds are managed by BlackRock, which is a large manager with a strong culture of risk management combined with high quality systems, as well as a well-resourced and experienced investment team. Isio has not raised any concerns regarding BlackRock's investment management capabilities. • The three available BlackRock funds offer members access to all equity regions on a passively managed basis. Whilst performance is mainly ahead of benchmarks across all time frames for these funds, Isio would prefer tracking error for passively managed funds to be within 0.5% and no greater than +/- 1%. • Gross returns on the BlackRock Aquila UK Equity Index Fund are positive and greater than the benchmark across all periods. The fund appeared to perform better than its benchmark and outside of tracking error expectations over the one year period. This is because its price reflects market movements a day later than the benchmark, and this effect was more noticeable at 31 March 2026 due to significant market volatility at the end of March. The fund has met its performance objective of achieving a return consistent with the return of the UK FTSE All-Share Index. • The BlackRock Aquila Emerging Markets Equity Fund delivered a positive return of 26.8% over the year to 31 March 2026, consistent with its benchmark. The fund achieved its objective of providing a return that is consistent with the return of the MSCI Emerging Markets Index. • The BlackRock Aquila World (ex-UK) Equity Index Fund has delivered double-digit returns over all periods shown in Annex B. It has a significant allocation to US equities (and hence large technology stocks, which overall, continue to perform very strongly) because of market capitalisation. Whilst tracking error is slightly higher than expected over one-year and three-year periods, the fund has achieved its objective of achieving a return that is in line with the FTSE All-World Developed ex-UK Index.

Growth Funds (continued)	
Prudential Discretionary Fund	• This fund provides a multi-asset approach to investment, holding a mix of UK and overseas company shares, bonds, property and cash, but with a small element of listed alternative assets, primarily through other M&G funds or direct holdings. It is actively managed against an internal benchmark asset allocation set by the M&G Treasury & Investment Office. • The Discretionary Fund is a 'fund of funds' where both active stock selection within the underlying sector funds, and asset allocation decisions are used to add value. Derivative instruments (for example futures or options, which are generally an arrangement between different parties to buy or sell a standard quantity of a specified asset on a future date at a price agreed today) may be used for efficient portfolio management. • This fund aims to outperform its benchmark by 1.15% – 1.40% p.a. before charges, on a rolling three-year basis. Unfortunately, it has failed to achieve this objective at 31 March 2026, with returns only 0.4% ahead of benchmark, as shown in Annex B. • Isio has no concerns regarding the quality of the Discretionary Fund.



Growth Funds (continued)	
HSBC Islamic Global Equity Index Fund	• A passively managed diversified global equity fund which meets Islamic investment principles as interpreted and laid down by the HSBC Global Asset Management Shariah Committee, thus providing an option for any members restricted by their religious faith. The fund is seen as the 'industry standard' for Shariah compliant equity funds and will not invest in derivatives. The Shariah Committee monitors the Fund throughout the year and issues an annual Shariah certificate on the Fund's compliance with Shariah principles. • The fund has delivered strong positive returns and has tracked its benchmark within a reasonable tolerance across all timeframes shown at Annex B. It has therefore met its objective of tracking the performance of the Dow Jones Islamic Market Titans 100 Index as closely as possible. • As of August 2026, the annual management charge for this fund has been reduced from 0.80% to 0.68%. • The Fund continues to be the most prominent in the market, and HSBC has the largest Islamic Finance team of any international bank. Isio has raised no concerns over HSBC's investment management capabilities in this area.
LGIM FTSE4Good Developed Equity Index Fund (Previously named the LGIM Ethical Global Equity Index Fund)	• A passively managed global equity fund tracked against the FTSE4Good Global Equity Index and managed by Legal & General Investment Management (LGIM). • Provides access to a fund investing in companies demonstrating good environmental, social and governance policies from developed countries around the world. • The fund delivered strong absolute returns and has tracked its benchmark across all timeframes shown in Annex B. The fund objective of tracking the sterling returns of the FTSE4Good Global Equity Index to within +/-0.5% per annum for two years in three has been met. • Isio has raised no concerns regarding LGIM as a passive fund manager, noting that this fund provides a sustainable option for members.

Growth Funds (continued)	
Prudential With-Profits Fund	• A diversified and actively managed portfolio of UK and overseas shares, bonds, property and cash, with a significant portion (c. 54%) of the fund invested in growth assets (i.e. equities and property) which are expected to produce attractive long-term returns. • The gross return on the underlying fund for the 2025 calendar year was 11.6% which is an increase from 7.3% return in the previous year, reflecting an improvement in the underlying investments. • A With-Profits fund seeks to smooth out the volatility of investment markets by declaring annual bonuses. The annual bonus rate is declared in March each year, along with the underlying returns on the fund over the previous calendar year. The regular bonus rate added in March 2026 was 2.5%, which is the same as the previous year (subject to a guaranteed minimum of 4.75% on contributions paid in scheme years ending before 15 March 1997 and 2.5% on contributions paid in scheme years ending between 15 March 1997 and 31 December 2003.) • In addition to annual bonuses, profits are distributed by a final (or terminal) bonus, which makes up the difference between guaranteed benefits and the overall smoothed value of the AVC plan. Final bonus rates continue to be paid upon death or at retirement, however, the final bonus may vary and is not guaranteed. Further information on bonuses is available at https://www.mandg.com/pru/adviser/en-gb/funds/with-profits/bonus-declaration.

Growth Funds (continued)	
Prudential With-Profits Fund (continued)	• AKG rated the financial strength and future performance prospects of the Prudential With-Profits Fund as 'Excellent,' in December 2024 and Isio believes the overall asset mix is well diversified across several asset classes and geographies. Although the level of UK equity is higher than typical Defined Contribution investments, it remains suitable, and all equity markets it invests in have delivered positive returns in recent years. • Older policies contain valuable guarantees. Newer members without these guarantees should consider whether their investment remains appropriate for their needs.

Protection Funds	
Prudential Index-Linked Passive Fund	• This fund invests in index-linked gilts with over five years to maturity, which could typically be used in the approach to retirement to lower the risk of a member's portfolio. However, over the 5 years to the 31 March 2026 the fund has delivered negative returns of -8.7% as a result of market conditions, which may not be ideal for members seeking lower volatility. • Isio has no major concerns over the quality of this fund as it has met its objective of matching the performance of the benchmark as closely as possible over the periods reported in Annex B.



Protection Funds (continued)	
BlackRock Aquila Over 15 Years UK Gilt Index Fund	• Invests in long-dated conventional gilts, which could typically be used in the approach to retirement by a member either: intending to purchase a level annuity to help protect against movements in annuity pricing; or to lower the risk of their portfolio. • The fund delivered positive returns for the first time in recent years, achieving 0.7% over the year. However, performance over the 3 and 5 year periods has been negative, in line with the benchmark. • If you have chosen to invest in this fund based on a reduced appetite for investment risk, you may be concerned about the volatility exhibited and the losses incurred in recent years. You should review your investment choices and ensure that the funds selected remain suitable for your needs.
BlackRock Aquila All Stocks Corporate Bond Index Fund	• Invests mainly in investment grade sterling corporate bonds, which members can use when approaching retirement to lower the risk of their portfolio. • This fund has delivered positive returns of 4.8% over the year to 31 March 2026, which was ahead of benchmark by 0.4%. Fund performance has broadly tracked the benchmark over all periods shown in Annex B. • However, if you have chosen to invest in this fund based on your appetite for investment risk, you may be concerned about the volatility exhibited in recent years. You should review your investment choices and ensure that the fund selection remains suitable for your needs.

Protection Funds (continued)	
Prudential Cash Fund	• A low-risk fund, catering to those members intending to use all or part of their investment for cash. • It primarily invests in secured interest-bearing deposits (reverse repurchase agreements) which provide collateral. Short-term cash loans are made in exchange for hold over collateral, which is effectively bought and then sold back at a higher price to the borrower. • The fund also invests in unsecured interest-bearing deposits, short-term UK Government bonds and Certificates of Deposit. • It does not guarantee that the unit price will not fall and although the fund can be used to reduce the risk of a member's portfolio and manage volatility, long-term investment will potentially act as a drag on performance due to the low return prospects. • The fund aims to perform in line with its benchmark (the Sterling Overnight Index Average (7-day)) before charges, on a rolling three-year basis. It has achieved this objective as reported in Annex B and as such, Isio has no concerns over the quality of this fund. As with all cash funds, returns have not kept pace with inflation in recent years and therefore this is unlikely to be a suitable long-term holding unless members have minimal appetite for investment risk or are close to retirement.

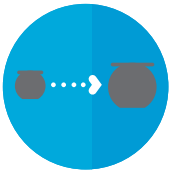
The in-house Prudential funds are managed by M&G, which is part of M&G plc. Isio regards M&G to be a suitable manager of the assets members hold in the fund due to their investment capabilities.

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 Option – Global Equity Encashment Target Lifestyle

'Lifestyling' aims to provide long-term growth with automatic transitioning of members' investment into specific funds in the approach to retirement, in order to 'lock-in' accumulated investment growth. Doing so may help protect against changes in the cost of turning an AVC fund into income and a lump sum benefit.

The lifestyle option available to NILGOSC AVC members is the 'Global Equity Encashment Target Lifestyle.' It consists of two phases:



Growth Phase: During which, the intention is to grow the size of a member's AVC pot by investing in funds which aim to grow at a faster rate than inflation.

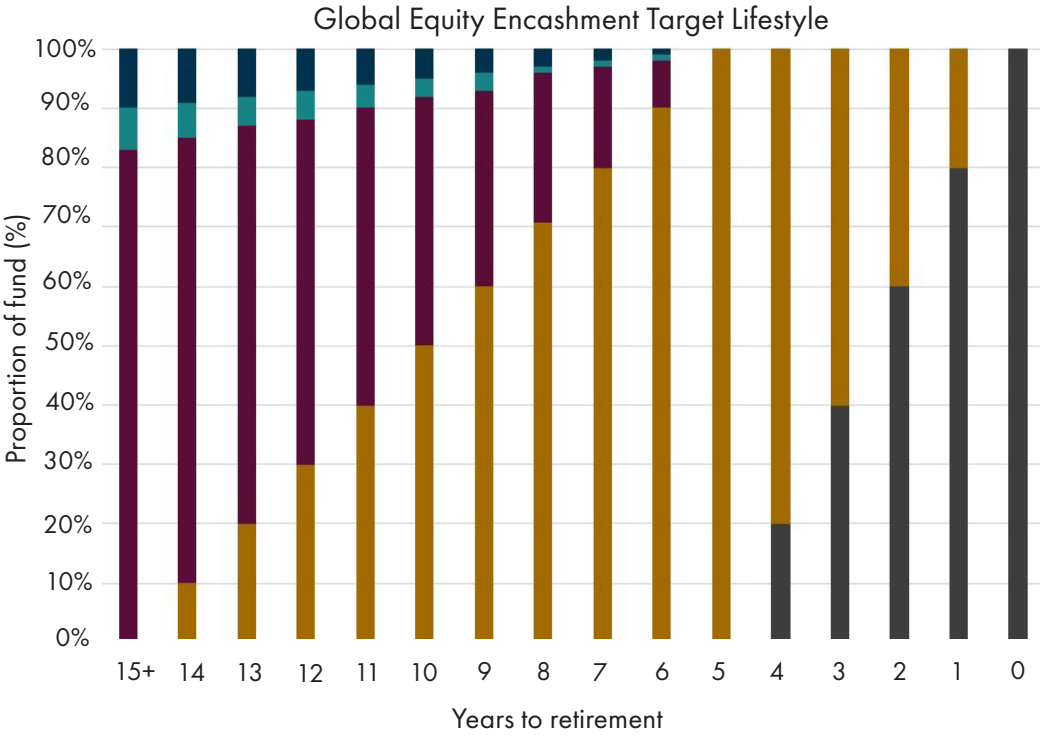


Defensive Phase: Investments are gradually switched into funds that could help reduce the risk of short-term falls in the value of pension savings for members approaching retirement. The switches happen automatically throughout the 15 years leading up to the member's selected retirement date.

The transition between the growth phase and defensive phase provides added diversification and therefore reduces investment risk as members approach retirement.

The Global Equity Encashment Target Lifestyle initially invests: 83% in the BlackRock Aquila World (ex-UK) Equity Index Fund; 7% in the BlackRock Aquila UK Equity Index Fund and 10% in the BlackRock Aquila Emerging Markets Equity Fund. The profile automatically commences switching 15 years prior to a member's selected retirement date into the Prudential Dynamic Growth III Fund and finally five years out, starts to switch into the Prudential Cash Fund.

The lifestyle option is illustrated in the chart below:



- **Dark Blue -** BlackRock Aquila Emerging Markets Equity Fund
- **Green -** BlackRock Aquila UK Equity Index Fund
- **Purple -** BlackRock Aquila World (ex-UK) Equity Index Fund
- **Orange -** Prudential Dynamic Growth III Fund
- **Grey -** Prudential Cash Fund

The switches between funds occur automatically. Charges will depend on which funds the members' money is invested in and when the charge is calculated. The funds within the lifestyle option may be subject to change in the future.

The normal minimum pension age will increase from 55 to 57 from 6 April 2028. This means that, except in cases of ill-health or where a protected pension age applies, age 57 will normally be the earliest age at which you can take your pension benefits, including your AVC.

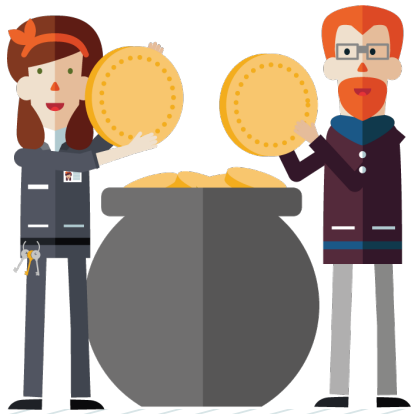
If you are invested in the Global Equity Encashment Target Lifestyle option, the way your AVC is invested changes automatically as you approach your selected retirement date. These changes are based on your selected retirement date rather than the normal minimum pension age, and begin 15 years before that date.

If your selected retirement date is earlier than the date on which you expect to take your AVC, the automatic switches may move your savings into the Dynamic Growth III and Cash Funds sooner than intended. Although this may reduce the risk of short-term falls in value, it may also reduce the potential for investment growth and protection against inflation.

Prudential has contacted affected members who have ages 55 or 56 recorded as their Selected Retirement age, as they may want to realign their lifestyle option profile.

If you are invested in this lifestyle option, NILGOSC recommends that you log on to PruRetire to check that your selected retirement date reflects when you currently expect to take your AVC. You should also consider whether the lifestyle option remains suitable for your circumstances. If you are unsure, you may wish to seek independent financial advice. **Please remember that NILGOSC cannot provide financial advice.**

Isio considers the Global Equity Encashment Target Lifestyle Fund to be appropriate for members in terms of the level of risk taken at different points on the glidepath. A cash endpoint is a typical approach used for AVCs, although some members may wish to re-invest the proceeds post taking their money out of the fund. Isio has no concerns over the quality or suitability of the underlying funds.



Recent Developments and Other Information

Benchmark changes

Prudential is updating the benchmarks used to measure the performance of three of its multi-asset funds: the Prudential Discretionary Fund and both the Prudential Dynamic Growth I and III funds.

These changes are intended to provide a more accurate reflection of the funds' investments and to align the benchmarks with recent updates to the funds' asset allocations. **The changes will not affect members' investments or expected returns.**

Key changes include:

- Updating the UK equity benchmark to use a broader mix of UK stock market indices.
- Splitting the UK investment-grade bond benchmark into shorter and longer-term bond indices.
- Introducing a combination of conventional and index-linked government bond indices.
- Aligning the Asia ex-Japan benchmark with that used in the Prudential Discretionary Fund.
- Adding a new commodities benchmark.
- Updating the weight of different asset classes within the overall benchmark to reflect current investment strategy.

The changes will be introduced in two stages and are expected to be fully implemented during the second half of 2026.



The HSBC Islamic Global Equity fund is also changing its benchmark from the Dow Jones Islamic Market Titans 100 to the S&P Global 1200 Shariah Select Index. This change is intended to improve diversification by expanding the investable universe and reducing concentration risk. Prudential has not yet confirmed when this change will be fully implemented.



Isio has not identified any concerns with the proposed changes. The updated benchmarks are expected to provide a more accurate and effective measure of fund performance while remaining consistent with market practice.

Market volatility and your AVC investment

Recent years have seen market volatility and economic uncertainty due to a range of factors and events, including the Ukraine crisis, central banks tightening their monetary policy in response to elevated inflationary pressures, Donald Trump's return to the presidency, US tariff policy, and the Middle East conflict. This uncertainty and market volatility affects investment values, and may concern members. When investment markets are experiencing volatility, the value of your AVC investment may go up or down, and each AVC investment fund will perform differently depending on the types of assets it invests in. If your AVC plan is invested in only one investment type it will be entirely exposed to the fluctuations of that particular type of investment.

If you are close to retirement, you should review the AVC funds you are invested in to ensure that you are protected from the possibility of big falls in value close to retirement.

If you are further from retirement and therefore a longer-term investor, expectations are that long-term growth should offset the impact of short-term volatility. However, you should ensure that your investments are suitable for your needs and investment risk appetite.

We understand that seeing short-term drops or fluctuations in your AVC investment value may be worrying, however it is important not to panic, and to instead consider volatility in relation to your longer-term intentions for

your AVC investments. It is important that you are comfortable with the asset types you are invested in. You should review your investment choices in light of market volatility in recent years and ensure that they remain suitable for your needs. If you are unsure whether your selected AVC investments suit your needs, you might like to seek advice from a qualified financial advisor. If you do not have a financial advisor, you can find a list of advisors at www.moneyhelper.org.uk/en. **Please remember that NILGOSC cannot provide investment advice.**

Increase in Normal Minimum Pension Age

The normal minimum pension age will be increased from 55 to 57 from 6 April 2028. This is the earliest age that you can take your pension benefits including your AVC (apart from ill-health). It is expected that there may be some protections for existing members who could previously have taken their pension benefits earlier. At this stage we do not know what protections, if any, will apply to members of the NILGOSC Scheme.

Lump Sum Allowance and Lump Sum and Death Benefit Allowance

From 6 April 2024 the Lifetime Allowance (LTA) was abolished and replaced with two new allowances, a Lump Sum Allowance (LSA) and a Lump Sum and Death Benefit Allowance (LSDBA):

- **A 'lump sum allowance'** – this is a cumulative limit of £268,275 on the tax-free part of lump sums paid at retirement. It will usually include the payment of pension commencement lump sums.

- **A 'lump sum and death benefit allowance'** – this is a cumulative limit of £1,073,100 on the total amount of the tax-free part of lump sums and lump sum death benefits payable to and in respect of a member. It will include pension commencement lump sums, tax-free elements of any uncrystallised pension lump sum and serious ill-health lump sum as well as the tax-free element of any authorised lump sum death benefits.

Most people will not exceed these limits unless they are high earners or have significant pension savings. There are transitional arrangements for benefits taken before 6 April 2024 and the new allowances may be higher if you

have LTA protection. There is no longer a limit on benefits paid as a regular pension (weekly/monthly etc.) as they are subject to income tax.

How much can I pay into my AVC plan?

AVCs are a good way to boost your pension pot beyond what it otherwise may be which, for example, may allow you to retire sooner. You can pay as much as you like into an AVC, as long as it does not exceed 100% of your salary less any other deductions made by your employer.

Steps to consider ahead of retirement

If you have an AVC with Prudential, NILGOSC must wait until your employer tells us that the last contribution has been paid before requesting that the fund is disinvested and sent back to us. This can take several weeks, and we cannot process your pension until we receive the funds from Prudential. When approaching your selected retirement date, you should therefore consider the timing of your last contribution carefully to ensure that this does not delay NILGOSC being able to process your pension.

Retirement Hub

Prudential has recently developed 'Retirement Hub' which provides members with access to articles, tools and guidance on retirement options through their online account, helping support members in making informed decisions about their AVC benefits. The Retirement Hub can be accessed via the Prudential member login portal at
https://workplacepensions.mandg.com/employees/public-sector-avc-schemes/local-gov



Environmental, Social and Governance Considerations

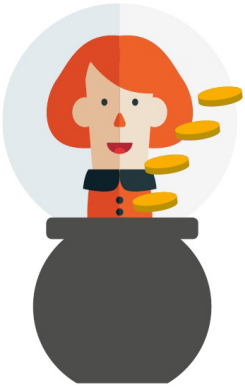
Environmental, Social and Governance (ESG) factors can have a material impact on long-term investment outcomes. The fund managers' goals are to achieve the best possible risk-adjusted returns, whilst considering all factors that influence investment performance. Consequently, ESG considerations are incorporated into investment decisions wherever they have a meaningful impact on risk or return.

ESG is embedded in many of the managers' underlying investment processes, and many participate in a range of groups and initiatives to demonstrate their commitment to ESG. Each of NILGOSC's AVC fund managers (Prudential, M&G, BlackRock, HSBC and LGIM) are signatories to the United Nations-supported Principles for Responsible Investment (PRI), meaning they voluntarily agree to incorporate ESG issues into their investment analysis and processes.

The NILGOSC range of funds includes two funds with a specific ESG focus: the LGIM FTSE4Good Developed Equity Index Fund (previously named the LGIM Ethical Global Equity Index fund), which tracks an index of companies prioritising strong ESG practices; and the HSBC Islamic Global Equity Fund, which makes investment decisions that meet Islamic investment principles set by HSBC's Shariah Committee. The principles include bans on interest, uncertainty and speculation, as well as a promotion of ethical investments. The fund provides an option for members who are restricted by their religious faith as well as those who would like to invest in this way.



Using your AVC



Deciding how to use your AVC plan is one of the most important financial decisions that you are likely to make, so it is important when you come to take your pension or you decide to transfer out, that you get guidance from Pension Wise to help you decide on the best option. Pension Wise is a service from MoneyHelper. It is a free, impartial service sponsored by the Government. As it is such an important decision NILGOSC is not allowed to proceed with your application until you tell us that you have either taken guidance from Pension Wise or you have chosen to opt out of that guidance. We will tell you when you need to consider taking this advice.

You can use your NILGOSC AVC fund at retirement in the following different ways. Some options are not available to all members. You can take a combination of the options that are open to you.

1 Tax-free cash

If you take your AVC at the same time as your main Scheme benefits, you can take up to 100% of it as tax-free cash. You can do this if your total lump sums from the LGPS (NI) are not more than:

- 25% of the total value of your LGPS (NI) benefits, including the AVC fund;
- £268,275; and
- £268,275 less any tax-free lump sums you have already taken from pensions.

2 Top-up LGPS (NI) pension

You can use some or all of your AVC fund to buy a top-up pension from the LGPS (NI). The top-up pension you buy will increase in line with inflation. Any dependants who are entitled to a survivor pension when you die will automatically get part of the top-up pension.

The amount of top-up 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 payable will depend on your overall income. NILGOSC's Pensions Administration team can provide a personal quotation to members who are interested in this option in the approach to retirement.

3 Annuities

You can use your AVC fund to buy one or more annuities from an insurance company, bank or building society of your choice. An annuity is a regular guaranteed income that is paid to you for life. Your chosen provider will take the AVC plan and pay you a pension in return. The amount of pension you are paid depends on your age, interest rates and whether you choose to include dependant's benefits.

Annuities have different features which may be of interest to you such as a guaranteed minimum payment period, improved terms if you are in poor health and annual increases. When you buy an annuity, you can usually take some of your AVC fund as a tax-free lump sum at the same time.

4 AVCs and flexible retirement

If you chose to pay AVCs before 1 February 2003, your AVC contract will end when you flexibly retire. You will have to use all of your AVC plan in one of the ways set out above when you take your flexible retirement benefits. If you chose to pay AVCs on or after 1 February 2003 you can choose to take all or none of your AVC plan when you flexibly retire.

5 Defer taking your AVC fund

If you left the LGPS (NI) before 1 April 2015, you do not have to take your AVC when you take your main scheme benefits. You can leave your AVC plan invested up to age 75 at the latest. However, you are then restricted to 25% of your AVC plan as tax-free cash subject to HMRC limits.

Transfer out your AVC plan

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.

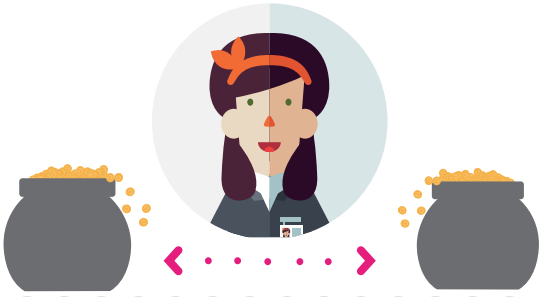
Different pension providers offer different options in relation to what you can do with your AVC, including the option to buy regular income (an annuity). By transferring out to one or more different pension arrangements you may be able to access options that are not available under the Scheme rules,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

- Taking several lump sums at different stages. Usually, the first 25% will be tax-free with tax payable on the rest.

- Taking the entire pot as cash in one go. Usually, the first 25% will be tax-free with tax payable on the rest. Remember it is possible to take your entire LGPS (NI) AVC plan as a tax-free sum if you leave it in the Scheme and take it at the same time as your main Scheme benefits.

- A flexible retirement income. This is known as flexi-access 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 as 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, and 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.



Keep Your Pension Safe from Scammers



Scammers may try to pressure you into moving your pension savings to unsuitable or fake arrangements, often by exploiting money worries. NILGOSC has pledged to protect scheme members by following the principles of the Pension Scams Industry Group (PSIG) Code of Good Practice.

Common warning signs

Red flags include unexpected contact (including cold calls), 'free' pension reviews, offers of early cash, and promises of high returns. Sometimes the approach comes from a friend or family member who is also unknowingly being scammed.

Be wary of anyone offering pension access before age 55 (or age 57 from 6 April 2028). This is known as pension liberation – it is usually a scam and could trigger a 55% tax charge, extra fees, and the loss of your savings.

Steps you can take to stay protected

- **Say no to unexpected approaches** - Cold calls about pensions are illegal - the safest thing to do is hang up.
- **Check who you are dealing with** - Check the FCA Register https://register.fca.org.uk/s/ and only share details once you're confident who you're dealing with. If needed, call the Consumer Helpline on 0800 111 6768.
- **Take your time and don't be rushed** – Pressure to act quickly is a common scam tactic, and money is rarely recoverable once transferred.
- **Seek independent guidance and regulated advice before making a transfer decision** - MoneyHelper offers free, independent guidance (www.moneyhelper.org.uk) or call 0800 011 3797. Use an FCA-registered advisor to assess your circumstances.

Transferring out of the LGPS (NI) is a major financial decision. Your pension provides guaranteed retirement income, annual inflationary increases, and benefits for dependants. Switching to another scheme may mean losing these guarantees.

If you suspect a scam, report it: https://www.reportfraud.police.uk/
or call: 0300 123 2040.

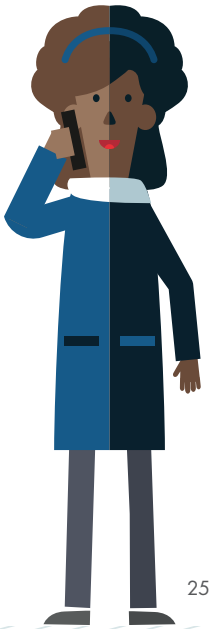
Advice and Guidance

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 Fund Guide for NILGOSC, which is specific to the NILGOSC AVC Scheme. The guide will provide you with full details of the funds available, their objectives, charges, and Prudential's risk rating of these funds to help you select funds most suitable for your needs. The guide is available to review on the Prudential website at www.mandg.com/dam/pru/shared/documents/en/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 advisors 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 seek guidance and/or independent financial advice to help you decide which option is most suitable for you.

MoneyHelper is a government service that offers free and impartial money advice, including pensions and retirement information, as well as help with finding an independent financial advisor. You can find out more at www.moneyhelper.org.uk/en/pensions-and-retirement, or call for free on 0800 011 3797.



Pension Wise is a government service from MoneyHelper that offers free impartial pensions guidance about your AVC (which is a defined contribution pension) options. You can book an appointment via their website www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise, or by telephone on 0800 138 3944. Since 1 June 2022, members wishing to transfer out an AVC are required to either book a Pension Wise appointment and provide confirmation of receiving guidance from Pension Wise, or formally opt out of this guidance. It is not possible to proceed with the transfer until this step

has been taken. Please note, Pension Wise does not provide guidance about taking benefits from a defined benefit scheme such as the LGPS (NI).

The Financial Conduct Authority (FCA) is the regulatory body for independent financial advisors (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 advisors, mortgage brokers, solicitors and accountants. The service checks that all experts listed on the site are regulated by the relevant official bodies, appropriately qualified and independent of product providers. You can find an IFA in your area by typing your postcode into the 'Browse Professionals' 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:
https://nilgosc.org.uk/members/boosting-your-pension/avcs/.

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/northern-ireland/get_started.

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 on page 25. Factsheets on all the funds available within the NILGOSC AVC Scheme can be found at:
www.pru.co.uk/funds/prudential-corporate-pension-factsheets.

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
- Amend contribution levels and investment choices
- Access the recently added 'Retirement Hub'

The website can be accessed at:
www.pru.co.uk/rz/localgov/northern-ireland/get_started

First time users need to register on the website and will be provided with log-in details for future access. Please note that members who are not registered for the online service, or those who register but opt out of online statements, will continue to receive a paper statement. Otherwise, an email notification will be sent to members when their annual statement is available.

Existing members can also contact the Prudential AVC member support team by phone on 0345 6000 343.

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.



Annex A

Summary of Fund Performance and Charges to 31 March 2026

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 Total Expense Ratio (TER), 1 year investment return to 31 March 2026 (before charges) and the performance relative to each fund's benchmark for the same period. Isio's view of each fund is also provided. Please note that past performance of any particular fund is no guide to future performance.

Fund	TER (%)[1]	1 Year Return to 31 March 2026 (%)[2]	Gross Performance Relative to Benchmark[3]	Isio View
Funds Open To New Members At 31 March 2026				
Passively Managed Growth Funds				
BlackRock Aquila UK Equity Index Fund	0.62	24.4	2.9	Isio has raised no concerns regarding BlackRock as a passive fund manager. Whilst tracking error is higher than expected, the fund has met its performance objective.
BlackRock Aquila Emerging Markets Equity Fund	0.80	26.8	0.0	Isio has raised no concerns regarding BlackRock as a passive fund manager. This fund has performed broadly in line with its benchmark over all time periods shown in Annex B.

1 TER - Total Expense Ratio, which is the total of the Annual Management Charge plus Further Costs. Further costs are stated in the Fund Guide and will depend on which funds your money is invested in and when any costs are calculated.

2 Performance is shown gross of all fees.

3 The benchmark is the relevant index against which the performance of each fund is measured. Please refer to the Fund Guide and Fund Factsheets for further details of benchmarks for each fund.

Fund	TER (%)[1]	1 Year Return to 31 March 2026 (%)[2]	Gross Performance Relative to Benchmark[3]	Isio View
BlackRock Aquila World (ex-UK) Equity Index Fund	0.63	18.4	1.1	Isio has raised no concerns regarding BlackRock as a passive fund manager but notes that it would prefer a lower tracking error with performance no greater than +/- 1% of the benchmark.
HSBC Islamic Global Equity Index Fund[4]	0.80	20.5	0.2	Isio has raised no concerns regarding HSBC's fund management capabilities.
LGIM FTSE4Good Developed Equity Index Fund (Previously named the LGIM Ethical Global Equity Index Fund)	0.85	19.8	0.3	Isio has raised no concerns regarding LGIM as a passive fund manager. This fund provides a sustainable option for members.
Passively Managed Protection Funds				
Prudential Index-Linked Passive Fund	0.56	4.0	0.0	Isio has no major concerns over fund quality and considers M&G to be a leader in provision of retirement income, savings and investments. The fund has tracked its index; however, members may be concerned by losses incurred over the last five years as a result of market conditions.

4 Fee was 0.80% at 31 March 2026. This was subsequently reduced to 0.68% from August 2026.

Fund	TER (%) [1]	1 Year Return to 31 March 2026 (%)[2]	Gross Performance Relative to Benchmark [3]	Isio View
BlackRock Aquila Over 15 Years UK Gilt Index Fund	0.62	0.7	0.3	Isio has raised no concerns regarding BlackRock as a passive fund manager. Absolute performance of this fund continues to be negative over 3 and 5 years as a result of market conditions. However, over the one year period, performance is positive and ahead of its index. Members who have chosen to invest in this fund on the assumption that it is a lower risk investment than equities may be concerned about the volatility exhibited in recent years.
BlackRock Aquila All Stocks Corporate Bond Index Fund	0.63	4.8	0.4	Isio has raised no concerns regarding BlackRock as a passive fund manager. The fund has continued to track its index.
Actively Managed Growth Funds				
Prudential Dynamic Growth I Fund	0.63	8.5	0.8	Isio has no concerns in relation to this fund. It believes the performance is reasonable for a multi-asset fund over recent periods, noting that performance is ahead of its benchmark across all timeframes.

Fund	TER (%)[1]	1 Year Return to 31 March 2026 (%)[2]	Gross Performance Relative to Benchmark[3]	Isio View
Prudential Dynamic Growth III Fund	0.63	12.2	0.6	Isio has no concerns in relation to this fund. It believes the performance is reasonable for a multi-asset fund over recent periods, noting that performance is ahead of its benchmark over all timeframes.
Prudential Discretionary Fund	0.66	14.4	0.5	Isio has no major concerns regarding fund quality due to M&G's investment capabilities. The fund is not achieving its long-term objective; however, it has outperformed the benchmark over 1 and 3 years.
Prudential With-Profits Fund	N/A	7.2[5]	N/A	Isio believes the asset mix is well diversified and remains suitable despite having a higher UK equity weighting than they would expect.
Actively Managed Protection Funds				
Prudential Cash Fund	0.55	4.2	0.2	Isio has no major concerns regarding fund quality due to M&G's investment capabilities. The cash fund delivered returns in line with its benchmark. As with all cash funds, returns have not kept up with inflation in recent years.

5 Overall yield, includes Annual Bonus rate declared March 2026.

Fund	TER (%)[1]	1 Year Return to 31 March 2026 (%)[2]	Gross Performance Relative to Benchmark[3]	Isio View
Funds Closed To New Members At 31 March 2026				
Passively Managed Funds				
Prudential Long Term Bond Fund	0.56	1.6	-0.2	Isio has no concerns over fund quality due to M&G's investment management capabilities and reported past performance. Isio considers M&G to be a leader in the provision of retirement income, savings and investments. Apart from the Prudential Long Term Growth Index Fund and the Prudential UK Equity Index Fund, these passively managed funds tracked their benchmarks reasonably closely before charges.
Prudential Long Term Gilt Passive Fund	0.56	0.2	0.0	
Prudential Long Term Growth Index Fund	0.56	22.2	-1.3	
Prudential Overseas Equity Index Fund	0.58	24.9	-0.4	
Prudential UK Equity Index Fund	0.55	18.7	-2.9	

1 TER – Total Expense Ratio, which is the total of the Annual Management Charge plus Further Costs. Further costs are stated in the Fund Guide and will depend on which funds your money is invested in and when any costs are calculated.

2 Performance is shown gross of all fees.

3 The benchmark is the relevant index against which the performance of each fund is measured. Please refer to the Fund Guide and Fund Factsheets for further details of benchmarks for each fund.

Fund	TER (%)[1]	1 Year Return to 31 March 2026 (%)[2]	Gross Performance Relative to Benchmark[3]	Isio View
Actively Managed Funds				
Prudential Deposit Fund	Interest rate declared net of charges	4.1	0.4	Isio has no concerns over fund quality due to M&G's investment management capabilities and reported past performance. Isio considers M&G to be a leader in the provision of retirement income, savings and investments. Whilst the Prudential Deposit fund offers capital stability, long-term growth options are lower than both equity and diversified growth funds and therefore this fund may not keep pace with inflation. Apart from the Prudential UK Equity Fund, these funds tracked their benchmarks reasonably closely before charges.
Prudential All Stocks Corporate Bond Fund	0.66	4.2	-0.2	
Prudential Fixed Interest Fund	0.66	2.1	-0.3	
Prudential Global Equity Fund	0.66	20.3	-0.8	
Prudential Index-Linked Fund	0.66	4.8	0.8	
Prudential International Equity Fund	0.66	22.5	1.1	
Prudential UK Equity Fund	0.62	18.5	-3.0	

Annex B

Longer-Term Fund Performance to 31 March 2026

The table below shows the annualised performance, including benchmark and relative performance, of the unit linked funds open to new members at 31 March 2026. Please note that past performance of any particular fund is no guide to future performance.

Fund	1 Year (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)
Prudential Dynamic Growth I Fund	8.5	6.6	2.6
Benchmark	7.7	5.7	2.2
Relative Performance	0.8	0.9	0.4
Prudential Dynamic Growth III Fund	12.2	8.4	4.7
Benchmark	11.6	7.7	4.4
Relative Performance	0.6	0.7	0.3
BlackRock Aquila UK Equity Index Fund	24.4	14.1	11.3
Benchmark	21.5	13.3	11.1
Relative Performance	2.9	0.8	0.2
BlackRock Aquila Emerging Markets Equity Fund	26.8	12.9	4.5
Benchmark	26.8	12.4	4.6
Relative Performance	0.0	0.5	-0.1
BlackRock Aquila World (ex-UK) Equity Index Fund	18.4	15.8	11.4
Benchmark	17.3	14.5	11.1
Relative Performance	1.1	1.3	0.3

Fund	1 Year (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)
Prudential Discretionary Fund	14.4	9.6	6.1
Benchmark	13.9	9.2	6.7
Relative Performance	0.5	0.4	-0.6
HSBC Islamic Global Equity Index Fund	20.5	18.1	13.7
Benchmark	20.3	17.9	14.0
Relative Performance	0.2	0.2	-0.3
LGIM FTSE4Good Developed Equity Index Fund	19.8	15.1	12.3
Benchmark	19.5	15.0	12.5
Relative Performance	0.3	0.1	-0.2
Prudential Index-Linked Passive Fund	4.0	-4.8	-8.7
Benchmark	4.0	-4.8	-8.7
Relative Performance	0.0	0.0	0.0
BlackRock Aquila Over 15 Years UK Gilt Index Fund	0.7	-4.4	-10.5
Benchmark	0.4	-4.2	-10.5
Relative Performance	0.3	-0.2	0.0
BlackRock Aquila All Stocks Corporate Bond Index Fund	4.8	4.4	-0.6
Benchmark	4.4	4.3	-0.7
Relative Performance	0.4	0.1	0.1
Prudential Cash Fund	4.2	4.8	3.3
Benchmark	4.0	4.6	3.2
Relative Performance	0.2	0.2	0.1

Note: Performance is provided Gross of Fees

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