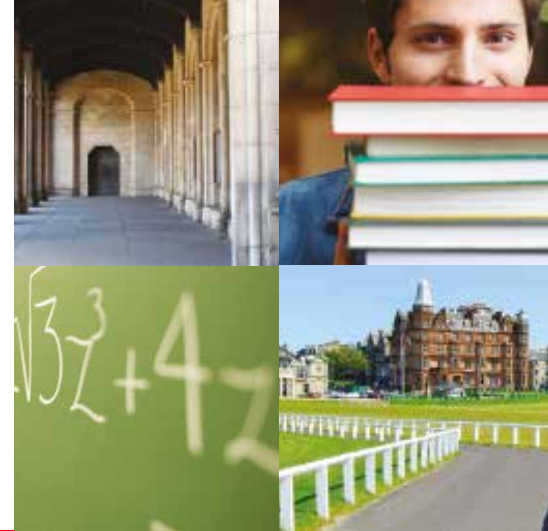


# AVCs



Making Additional Voluntary Contributions (AVCs) is an easy, flexible and tax efficient way to increase your retirement income. By paying AVCs, you can benefit from extra pension savings when you retire. The benefit statement you receive each year highlights what your future income from the Scheme might be when you retire. How does this compare to your current income?

This leaflet explains your AVC investment options and what to do if you would like to change your current AVC choices. Please read it through carefully and keep it somewhere safe. Even if you do not want to alter your AVCs now, you may wish to at some point in the future, particularly if there is a change in your circumstances.

You will also find enclosed leaflets from Prudential, the Scheme's AVC provider, that include more details of your AVC options.

If you are thinking of making a change to your AVCs but would like some professional guidance first, consider talking to an independent financial adviser (IFA). Details of how to find an adviser in your area are shown on page 4.

You are building up a 'career average revalued earnings' (CARE) pension in the Scheme. This is worked out based on your pensionable salary each year, then increased ('revalued') broadly in line with price inflation over the period to retirement.

AVCs are a way of topping up your pension from the Scheme to help you reach your retirement objectives.

# Your AVC choices

- Use the Default Investment Option to have your investments managed on your behalf.
- Or, if you prefer, make your own investment choices from the range of stand-alone 'freestyle' funds.



## The Default Investment Option

This option follows what is known as a 'lifestyle' strategy. It automatically invests your AVCs according to how close you are to the Scheme's Normal Retirement Age of 65, unless you notify Prudential that you wish to target a different retirement age. The aim is to grow your savings as much as possible until you are seven years from retirement. At that point, your AVCs are gradually moved into more secure funds to protect their value from any market falls or volatility.

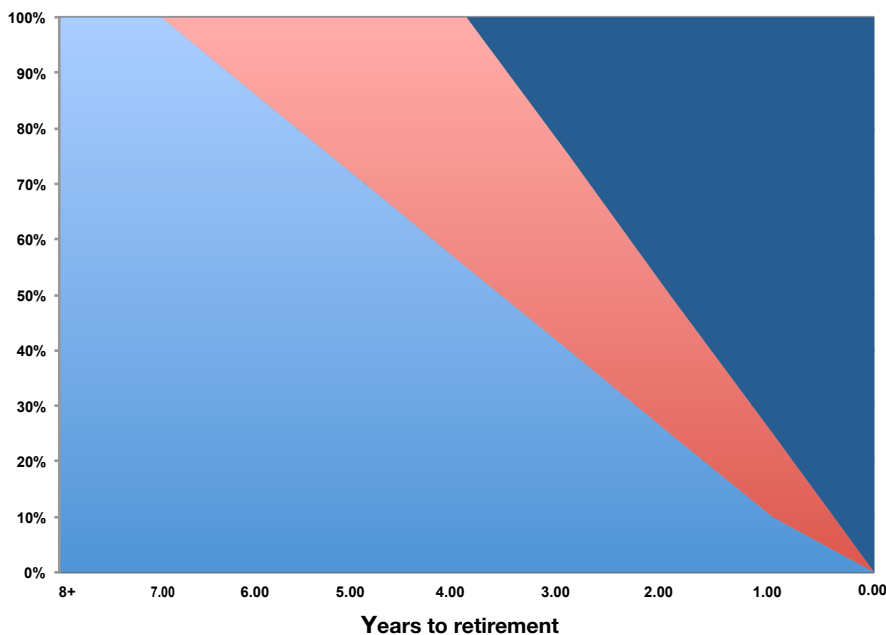
This option assumes the following:

- early on in your career your priority is to achieve high returns; and
- as you near retirement, your main concern is to reduce the risk of your fund value falling (as it has less time to recover).

The Default Investment Option aims to be suitable for most members. It is also suitable if you do not want to manage your own investments and prefer this to be done for you by professional investment managers.

## Which funds are used?

Initially, your AVCs are invested in the BlackRock Aquila (50:50) Global Equity Index Fund. Then, seven years before your retirement date, your AVCs are moved gradually into the BlackRock Aquila Over 15 years UK Gilt Index Fund and the Prudential Cash Fund as shown in the illustration below.



### Please note:

The Default Investment Option carries an Annual Management Charge (AMC) of 0.75%. So for every £100 of AVCs you have invested, you will pay 75p from your fund each year to the Prudential for managing your AVC account. This annual charge relates to the total value of your fund and not to the amount paid in during the year.

The Default Investment Option is based on members retiring at age 65. If you plan to retire at a different age, or if you change your planned retirement date, please contact Prudential direct.

### Important:

If you choose to invest AVCs in the Default Investment Option, you must invest all of your AVCs in this way. It is not possible to split your AVCs between the Default Investment Option and other funds.

## Your other investment option – ‘freestyle’

If you do not want to select the Default Investment Option, you can choose up to ten of the individual ‘freestyle’ funds listed in this table.

The Annual Management Charges (at June 2017) for each fund are shown; however, these may change in the future so please check the Prudential website for any updates.

Fund name	Total Expense Ratio (TER) as at June 2017
Prudential Cash	0.55%
Prudential Discretionary	0.77%
Prudential UK Equity (active)	0.75%
Prudential Fixed Interest	0.75%
Prudential Global Equity	0.75%
Prudential Index Linked	0.75%
Prudential International Equity	0.75%
Prudential Property	0.75%
Prudential UK Equity (passive)	0.65%
Prudential Socially Responsible	0.75%
With Profits Cash Accumulation	0.08%

### Important:

If you invest in the Prudential With-Profits Cash Accumulation Fund and choose to move your AVC savings out of it, you may be charged a Market Value Reduction (MVR). This charge is unique to with-profits funds and is made if you withdraw your investments before you retire. The reason for the MVR is to protect the value of savings made by those investors who intend to remain in the Fund until retirement.



# Next steps

If you want to start paying AVCs, or make a change, please complete and return the enclosed AVC form. You can make a change at any time.

## Before you make a final decision

Please read through the enclosed Prudential key facts booklet which includes more detailed information about your investment choices. Alternatively, you can find the information online at: [www.pru.co.uk/retire/retirement\\_zone\\_gavc/home/most\\_of\\_plan/factsheets](http://www.pru.co.uk/retire/retirement_zone_gavc/home/most_of_plan/factsheets)

Remember that AVCs are long-term savings, similar to your main Scheme benefits. Under normal circumstances you cannot access what you set aside until you retire. Remember also that with any investment comes a level of risk.

There is no guarantee that you will get back what you put in. Please refer to your Prudential pack for more details.

### Contact details

If you would like to speak to someone about the procedures for starting AVC contributions, please contact:

**Lisa Harley, Pensions Administrator**  
Human Resources: Salaries Office  
University of St Andrews  
The Old Burgh School  
Abbey Walk  
St Andrews  
Fife KY16 9LB  
Email: [ljh10@st-andrews.ac.uk](mailto:ljh10@st-andrews.ac.uk)  
Phone: 01334 462546

### If you need advice

By law, no one involved with the Scheme or AVC plan is able to offer you any individual financial advice. If you would like some expert help, consider contacting an independent financial adviser (IFA). You can find information about how to find a financial adviser in your area on the Financial Conduct Authority (FCA) website: [www.fca.org.uk/firms/systems-reporting/register/search/individuals](http://www.fca.org.uk/firms/systems-reporting/register/search/individuals)