



# SCOTTISH PUBLIC PENSIONS AGENCY

NHS Superannuation Scheme (Scotland)

## Circular No. 01/2004

NHS and other participating employers  
NHS Trades Unions and Staff Associations

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12<sup>th</sup> January 2004

Dear Sir/Madam

### **NHS Superannuation Scheme (Scotland) AVC's from the Equitable Life Assurance Society – Contract Review**

This circular contains important information about the NHS AVC facility provided by the Equitable Life Assurance Society (“ELAS”).

A recent periodic review of the contract with ELAS, one of the providers of the NHS AVC facility, has resulted in revised terms being accepted. The revised terms will apply from 1<sup>st</sup> February 2004, when an administration charge of 1% will be deducted from all *new* contributions invested in ELAS, including those rebranded Clerical Medical, with-profits and unit-linked funds. The charge will rise to 1.5% from 1<sup>st</sup> February 2005, until the contract is reviewed again in April 2005. The other terms within the contract will remain unchanged. This includes an annual management charge of 0.5% per annum on invested funds and the NHS guaranteed interest rate of 3.5% for with-profits funds.

The Agency has written about the revised terms to every NHS scheme member who has an AVC arrangement with ELAS/Clerical Medical. A copy of the letter is attached at Annexe A.

The letter which we have issued to members outlines the revised terms of the contract for ELAS/Clerical Medical AVC arrangements. It also gives the members a number of possible options should they decide to review their AVC arrangements with ELAS/Clerical Medical. I would stress that the Financial Services and Markets Act 2000 prohibits both the SPPA and Employing Authorities from giving financial advice and the letter issued to members does not seek in any way to offer such advice. If members seek further guidance from you, over and above what has been issued in our letter, we would recommend that you advise them to contact an independent financial adviser. There is information on how to do this in the member letter.

Yours sincerely

Gordon J Taylor  
Director of Operations

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12<sup>th</sup> January 2004

Dear Member

**NHS Superannuation Scheme (Scotland)  
AVC's from the Equitable Life Assurance Society – Contract Review**

Since 1990, the NHS Superannuation Scheme (Scotland) has provided a facility which enables members to have the choice to increase their retirement benefits through the payment of additional voluntary contributions. There are currently two providers of this facility to members of the NHS Scheme in Scotland, the Equitable Life Assurance Society (“ELAS”) and Standard Life. The contracts with these providers are subject to periodic review, and a review of the contract with ELAS has just been completed. This has resulted in ELAS advising SPPA that revised terms relating to the provision of such AVCs will apply from 1<sup>st</sup> February 2004.

From that date, a new administration charge of 1% will be deducted from all *new* contributions invested in ELAS, including those rebranded Clerical Medical, with-profits and unit-linked funds. The charge will rise to 1.5% from 1<sup>st</sup> February 2005. The annual management charge of 0.5% will remain unchanged, as will the guaranteed interest rate of 3.5% for with-profits funds. The next ELAS contract review is due in April 2005.

The revised terms will only affect AVC members who either commence or continue paying contributions to an ELAS or Clerical Medical AVC with-profits or unit-linked fund. Members paying contributions to the Building Society Fund are not affected.

You do not need to make any changes to your existing AVC arrangements unless you want to. If, however, you decide you want to review your AVC arrangements, there are a number of options which you may wish to consider. SPPA is making no recommendation in this matter, merely drawing such options to your attention.

You may be able to stop or vary your AVC contributions or switch to a different ELAS/Clerical Medical product. If you wish to explore this option, you may contact the ELAS helpline on 0870 909

0009. Please note that should you decide to stop or vary your contributions, you must also inform your employer's payroll department.

You may be able to start paying contributions to Standard Life, who are the other designated provider of AVCs to members of the National Health Service Superannuation Scheme in Scotland, and/or transfer funds from ELAS/Clerical Medical to them. If you wish to explore this option, you may contact the Standard Life helpline on 0800 33 33 06. Alternatively, you can visit their website at [www.standardlife.co.uk/nhs](http://www.standardlife.co.uk/nhs)

If you decide to transfer ELAS/Clerical Medical funds to a Standard Life with-profits or unit-linked product, Standard Life will increase the overall value of your fund by:

- 0.51% - for the first £1500 transferred;
- 1.46% - for the next £23,500 transferred; and
- 2.41% - on any excess over £25,000 transferred.

In common with most AVC providers, Standard Life charge an annual management fee, which is currently 0.6% of invested funds per annum or an illustrative 0.1% for the with-profits fund.

Standard Life are also designated as an approved provider of a Stakeholder pension facility for members of the NHS Superannuation Scheme in Scotland and more details can be obtained from the dedicated help and advice line on 0800 33 33 06 or by visiting [www.standardlife.co.uk/nhs](http://www.standardlife.co.uk/nhs).

You may be able to start paying contributions to a freestanding (non NHS designated) AVC provider and/or transfer funds from ELAS/Clerical Medical to them. If you wish to explore this option, you may contact the new provider who will tell you what to do. As with the NHS AVC providers, freestanding AVC providers will have a management fee charging structure.

It is important to note that switching ELAS/Clerical Medical funds to another AVC provider can lead to a reduction in their overall value. You should consider the impact of this very carefully, particularly if you are close to retirement, before you make a decision.

If you decide to review your AVC arrangements with ELAS/Clerical Medical, we would strongly recommend that you seek advice from an Independent Financial Adviser (IFA). If you do not currently have an IFA, you can contact "IFA Promotions" who will give you details of an IFA in your area. Their address is:

IFA Promotions  
17-19 Amery Road  
Brislington  
Bristol  
BS4 5PF

Alternatively, you can call them on 0117 971 1177, fax them on 0117 972 4509 or e-mail them at [ifamail@inchbrookmail.co.uk](mailto:ifamail@inchbrookmail.co.uk). You can also obtain information from their website at [www.unbiased.co.uk](http://www.unbiased.co.uk).

Yours sincerely

Gordon J Taylor  
Director of Operations