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Why you should review your DC AVC arrangements

Many Defined Benefit (DB) pension schemes also have Defined Contribution Additional Voluntary Contributions (DC AVCs). While often smaller in scale than the main DB benefits, AVCs remain part of the scheme and sit firmly within trustees' governance responsibilities.

In recent years, The Pensions Regulator has intensified its scrutiny of DC AVCs.

Amid concerns about excessive costs and poor value for members, The Pensions Regulator now asks more questions about AVC arrangements in scheme returns, and expects trustees to understand the details.

Under the General Code of Practice, trustees have a fiduciary duty to manage investments with due skill, care and diligence. This duty extends to AVC assets.

Trustees are expected to understand how their AVC arrangements operate and to monitor whether they continue to deliver good value for members.

AVCs should also be considered within the scheme's Own Risk Assessment, with key risks identified, assessed and appropriately managed.

Are you on top of your DC AVCs? Are they fully compliant? Do they deliver good value for members? And how are you identifying and managing the associated risks?

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How First Actuarial can help

We help trustees with AVCs of all sizes. We'll work with you to make your AVCs compliant and well managed.

We can:

- **Review your DC AVC arrangements** By analysing and reporting on your provider(s), investment funds used and charges that apply, then outlining options for improvement
- **Advise on alternative investment options** – Assessing the funds currently used by members and the alternatives available.
- **Implement improvements** Helping you make changes to your provision, and communicating them to members.

Get in touch

Our team of DC and investment specialists can help you deliver compliant DC AVCs and improved member outcomes. Whether you're looking for minimum compliance or broader improvements, find out more about our AVC review service.

Contact David Parfett or Lee French to discuss how we can help - email them at **enquire.dc@firstactuarial.co.uk**



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