

**AGENDA MANAGEMENT SHEET**

**Name of Committee** Pension Fund Investment Board

**Date of Committee** 17 February 2006

**Report Title** Demutualisation of Standard Life

**Summary** Report setting out the position with regard to the demutualisation of Standard Life.

**For further information please contact:** Phil Triggs  
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**Would the recommended decision be contrary to the Budget and Policy Framework?** No.

**Background papers** None

**CONSULTATION ALREADY UNDERTAKEN:-**

Details to be specified

- Other Committees  .....
- Local Member(s)
- Other Elected Members  Cllr Davis - Chair of Pension Board
- Cabinet Member  .....
- Chief Executive  .....
- Legal  Jane Pollard, Assistant County Solicitor
- Finance  David Clarke, Strategic Director of Resources - reporting officer
- Other Chief Officers  .....
- District Councils  .....
- Health Authority  .....
- Police  .....
- Other Bodies/Individuals  .....

**FINAL DECISION YES**

**SUGGESTED NEXT STEPS:**

Details to be specified

Further consideration by this Committee  .....

To Council  .....

To Cabinet  .....

To an O & S Committee  .....

To an Area Committee  .....

Further Consultation  .....

## Agenda No

### Pension Fund Investment Board - 17 February 2006.

#### Demutualisation of Standard Life

#### Report of the Strategic Director of Resources

##### **Recommendation**

That the Board agree to the principle that any windfall as a consequence of the demutualisation of Standard Life be distributed to eligible contributors to the AVC Plan.

#### **1. Introduction**

- 1.1 In March 2001, the Pension Fund Investment Board approved the appointment of Standard Life as the provider of Additional Voluntary Contributions (AVCs) for the Warwickshire Pension Fund.
- 1.2 The appointment of Standard Life was a consequence of the closure for new business of Equitable Life. In September 2004, the PFIB confirmed that Standard Life could continue to provide AVCs for the Warwickshire Fund.

#### **2. Demutualisation**

- 2.1 In October 2005, after 18 months of rumour and speculation, Standard Life confirmed that it intends to demutualise in 2006 and begin mailing eligible members. Voting packs are due to be issued to members in early Spring 2006 and the members will vote in May/June 2006.
- 2.2 The flotation will proceed if at least 75% of members back the move and will trigger windfalls for 2.4m members. Such windfalls are likely to be worth between £500 and £1,000.

#### **3. The Windfall**

- 3.1 Members of the PFIB are advised that it is Warwickshire County Council that is the policyholder and, if the policy qualifies for a windfall, it will be paid to the County Council and not to individual AVC contributors.

- 3.2 Although it still remains to be seen if the County Council qualifies for a windfall and, if so, how much that is likely to be, the PFIB is asked to agree to the principle that the windfall is distributed to contributors to the AVC plan in a manner yet to be agreed.
- 3.3 It is anticipated that further advice will become available as to how a windfall should be distributed. A further report to the PFIB will be produced at that time.

#### **4. Recommendation**

- 4.1 That the Board agree to the principle that any windfall as a consequence of the demutualisation of Standard Life be distributed to eligible contributors to the AVC Plan.

DAVID CLARKE  
Strategic Director of Resources  
Shire Hall  
Warwick

February 2006