ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)

1. Introduction:

AVCs are Additional Voluntary Contributions to your pension account aimed at supplementing your retirement benefits within your pension scheme. They allow you to pay more to build up extra savings for retirement.

The returns you earn on your investment are reinvested over and over, for years. That's why starting to make additional contributions early makes sense; small amounts saved when you're young can become very large by the time you retire

Many members may not build up enough pension through normal contributions for a variety of reasons;

- ❖ They may have joined the scheme later in their career
- ❖ Had a career break
- ❖ Plan for early retirement.

You should regularly review your contributions, and the level of payments you make to ensure they're on track to meet your retirement goals

2. Flexibility:

Your personal circumstances may affect you decision on the appropriate levels of AVCs you wish to make:

- How many years you have to retirement
- Whether you have any other form of savings
- Your financial commitments and any other income you expect to get
- Your attitude towards risk

You can make regular monthly payments into the plan which could be at a fixed rate or as a percentage of your pensionable salary.

There is flexibility to vary amount of contribution. I.e. you can increase or reduce your contributions as your circumstances change but subject to revision only once a year.

You can stop making payments at any time or take a payment break and restart them later if you are still eligible.

3. Tax advantages and limits

Are you a taxpayer? If you are, making AVCs now could be one of the best financial decisions you will ever make.

There is an immediate benefit from your additional contributions. The big attraction of any AVC is that you receive tax relief on your contributions subject to the limits specified by the revenue authority.

Your employer will deduct the payments from your salary before tax has been calculated; therefore one receives tax relief automatically through the payroll. It's a very attractive way to save tax and build up greater retirement benefits.

4. Modalities

a) A member needs to complete an AVC form at the Human Resource office to authorize payroll deduction of funds through the employer.

b) Deductions start from the next available pay after your election has been accepted and you may vary or cease AVC payments at any time whilst you are still a member.

c) Contributions to an AVC account receive the same net investment returns as the employee and employer contributions.

5. Restrictions

- You cannot withdraw funds prior to leaving service or retirement; AVCs are a mechanism to provide additional retirement benefits.
- If you stop working or move to a new job with another employer, or leave your employer's occupational pension plan, no further AVCs can be accepted. Your plan will, however, remain invested until retirement if no transfer payment is made.
- The benefits payable are subject to the rules of your existing employer's occupational pension fund.

"The sooner you apply, the bigger the difference it could make to the rest of your life."