

Will your pension be enough?

Learn how Additional Voluntary Contributions
could help you to retire early, or with more money.



Additional Voluntary Contributions (AVCs) offer a tax efficient way to save for your retirement. They are an additional pot alongside your main scheme pension. An AVC could give you more options when you retire than your Local Government pension on its own. AVCs could help you to:

- ✓ **Retire early:** and protect the value of your Local Government pension.
- ✓ **Retire with more money:** great if you've had a career break, started working for Local Government later in life, or simply want to boost your retirement benefits.

Great reasons to start a Local Government AVC

Take advantage of tax relief

AVCs benefit from tax relief, and it is easy to take advantage of, as it's all done for you by your payroll. Contributions come from your salary each month before it's taxed. If you are a basic rate taxpayer, a £100 contribution to your AVC pot will only cost you £80, as the £20 you would pay in tax goes into your AVC pot instead. If you're a higher or additional rate taxpayer, the cost to you will be even less.

AVCs are flexible

AVCs are flexible in order to suit your circumstances; you can stop, restart or adjust your contributions at any time. Of course, if you do stop or reduce your contributions, it will affect how much money you will eventually have. Charges will continue to be deducted even if you stop contributing.

Investing made easy

Like most savings vehicles, AVCs are investment based, and you can stay in control of your savings by choosing where they are invested. There are three clear investment choices for you to select from. You can find information, videos and tools on our dedicated website that can help you to make a decision you are comfortable with.

Taking your AVC - now more ways than ever

There are a number of ways for you to take your AVC pot, and it is completely up to you which option you choose. Currently you can access your AVC pot from age 55, either at the same time as your Local Government Pension Scheme (LGPS) benefits or earlier if you transfer to a different product (without having to take or transfer your main LGPS pension).

One of the ways you can take your AVC pot is as 100% tax-free cash. You can do this if it is taken at the same time as linked main scheme benefits, as long as your total lump sums taken from the LGPS do not exceed 25% of the combined value of the benefits you take from the LGPS including your AVC fund.

To find out more about other options when it comes to taking your AVC, visit your dedicated website at www.pru.co.uk/lgpschoices.

The tax you pay depends on your individual circumstances. HM Revenue & Customs tax rules and your LGPS rules may change in the future.

Building up your AVC

Let's see how AVCs work by looking at the example of Karen. Karen is 49 years old, and plans to retire when she is 67. How much could Karen's AVC pot be worth if she contributes £125 per month for the next 18 years?



These figures are based on a basic rate taxpayer. The projected AVC plan value assumes growth of 5% each year and an Annual Management Charge of 1%. Inflation has not been considered, but it will reduce purchasing power in the future. Charges can vary and could be higher than they are now. Figures are for illustrative purposes only and are not guaranteed. AVCs are investment based so the value could go down as well as up and you could get back less than you put in.

Try our AVC calculator at www.pru.co.uk/calc to find out how much you could save.

It's not too late to make a difference

We just looked at the example of Karen who has 18 years to save into an AVC, but what if you're just a few years away from retirement? Let's take a look at how much you could build up.

Looking simply at how the contributions could add up, saving £250 a month for 3 years could give you an AVC pot of £9,000. The cost to you would be £7,200 if you are a basic rate taxpayer, with the additional £1,800 added in tax relief. If you pay tax at the higher rate, the cost to you would be £5,400, with £3,600 added in tax relief.

Take action today

If you would like to start an AVC or increase your contributions, visit www.pru.co.uk/lgpschoices.

You can also call the **Retirement Specialist Team on 0800 012 1378**. They can't give advice but they can talk to you about your own situation and answer questions you may have about the AVC. Lines are open Monday to Friday, 9am-6pm.



Your LGPS also offers you Additional Pension Contributions, as an alternative to AVCs. For more information, please contact your scheme administrator or visit www.scotlgps2015.org/apc



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