

# Essex Pension Fund

## Buying Extra Pension Fact Sheet

You can boost your LGPS pension in two ways; by paying Additional Pension Contributions (APC) or Additional Voluntary Contributions (AVC).

Both options allow you to save more for your retirement in a tax efficient way, but they operate differently and it is important to understand these differences so you can choose the option that works best for you.



### Additional Pension Contributions (APC)

APCs give you the reassurance of knowing upfront how much extra pension you are buying and how much it will cost you.

You can buy up to £7316 extra annual pension (2021/22 rates) in the scheme by paying additional contributions every month over a number of complete years, or by paying a one off lump sum.

The cost of buying extra pension depends on a number of factors including how much pension you want to purchase, your gender, and your age when you start paying the additional contributions. You can use the **Additional Pension Calculator** on [www.lgpsmember.org](http://www.lgpsmember.org) to get a quote.

If you choose to spread the cost of your APC the minimum contract length is one year, and the maximum is the number of complete years up to your Normal Pension Age.

You can buy extra pension by paying a one off lump sum directly to the pension fund rather than through your payroll department, and can claim tax relief on all contributions up to 100% of your taxable earnings.

The extra pension that you have bought is then included in your LGPS pension and is paid to you every year from when you retire, for the rest of your life.

It's important to know that APCs only buy pension for you, and are not included in the death benefits payable to your next of kin.

### Get a Quote and Apply

Visit [www.lgpsmember.org](http://www.lgpsmember.org) and use the Additional Pension Calculator to get a personalised quote and to complete the application form.



### **Additional Voluntary Contributions (AVC)**

AVCs offer a flexible way to save for your retirement. The additional contributions are paid to one of our in-house AVC providers, Prudential or Standard Life, who invest the funds for you.

You can change how much you contribute whenever you like, you can take a break from paying in for a while if you need to, then restart when you're ready.

You can pay up to 100% of your pensionable pay into an AVC (after your usual deductions are taken) but need to be aware that HMRC sets limits on how much you can save tax efficiently through pensions each year, and over the course of your life, please visit [www.lgpsmember.org/ats/about-tax.php](http://www.lgpsmember.org/ats/about-tax.php) for more information.

When you retire the value of your AVC will depend on how much you have paid in and how well the investments have performed. You will have several options for how you can use your AVC fund including:

- Take a tax free lump sum
- Top up your LGPS pension
- Purchase an annuity

If you top up your LGPS pension this automatically increases your death benefits in the scheme, and if you buy an annuity you will be able to decide whether you want to provide for your family too.



### **Find Out More and Apply**

Visit Prudential and Standard Life's websites to find out more about their AVCs. If you would like to apply for an AVC with Prudential you can do so directly with them online.

If you would like to apply for an AVC with Standard Life please complete the application form (GAVC30 0918) which is available on their website, and return it to the Essex Pension Fund.

**Prudential:** [www.pru.co.uk/localgov](http://www.pru.co.uk/localgov)

**Standard Life:** [www.adviserzone.com](http://www.adviserzone.com)

Or visit [www.essexpensionfund.co.uk](http://www.essexpensionfund.co.uk) and use the links available in the 'Membership and Contributions' section.

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