

# Increasing your pension benefits

Most of us look forward to a happy and comfortable retirement. To have that little bit extra during your retirement years you may wish to consider paying extra contributions. As a member of the LGPS you have access to two tax efficient ways of increasing your pension benefits in addition to the benefits you are already building up. These are:

## 1. Buying Extra Pension in the LGPS - Additional Pension Contributions

If you are in the main section of the LGPS you can pay additional contributions to buy up to £7,194 of extra pension. You can choose to pay for the extra pension by spreading the payment of the Additional Pension Contributions (APCs) over a number of complete years or by paying a lump sum.

If you wish to spread the payment, the regular contributions would be deducted from your pay, just like your normal pension contributions. Your normal contributions plus the APCs are deducted before your tax is worked out. If you pay tax, you will receive tax relief automatically through the payroll.

If you wish to buy extra pension by paying a one-off lump sum, you can do so either via your pay or by making payment directly to the Southwark pension fund. If you choose to make payment directly to the pension fund, you will need to arrange tax relief directly with HMRC as the contributions are not being deducted from your pay. You can do this via your self assessment tax return or by calling or writing to HMRC.

Tax relief is available on all pension contributions up to 100% of your taxable earnings.

The minimum period of time that you can spread the payment of APCs over is 12 months, and the maximum is the number of years to your normal pension age. Your normal pension age is linked to your [State Pension age](#) (but with a minimum of age 65). If you are a year or less from your normal pension age you can only pay by lump sum.

You cannot elect to buy extra pension if you are in the 50/50 section of the LGPS.

## 2. Additional Voluntary Contributions (AVCs)

When you save AVCs you build up a pot of money which is then used to provide additional benefits to your LGPS benefits. Southwark pension funds have an arrangement with AEGON in which you can invest money. The money is deducted directly from your pay before your tax is worked out, so, if you pay tax you receive tax relief automatically. You have your own personal account and you decide how the money in your pot is to be invested.

You can elect to pay an AVC if you are in either the main or 50/50 section of the LGPS.

You can pay up to 100% of your pensionable pay into an in-house AVC. Your employer can also pay towards your AVC at their discretion. This is known as a Shared Cost AVC.

## Ways to increase your retirement benefits outside of the LGPS

### **Free Standing Additional Voluntary Contributions (FASVCs)**

These are similar to in-house AVCs but are not linked to the LGPS in anyway. With FSAVCs, you choose the provider, usually an insurance company. You may want to consider the different charges, alternative investments and past performance when you do this.

### **Personal or Stakeholder pensions**

You can pay into a personal pension plan or stakeholder pension scheme at the same time as paying into the LGPS. With these arrangements, you choose a provider, usually an insurance provider and again, you need to consider their charges, alternative investments and past performance when you do this.

**You may wish to obtain independent financial advice before starting any sort of additional pension saving.**