

# In-house AVCs – what's in it for me?

additional voluntary contributions

"It seems too good to be true"

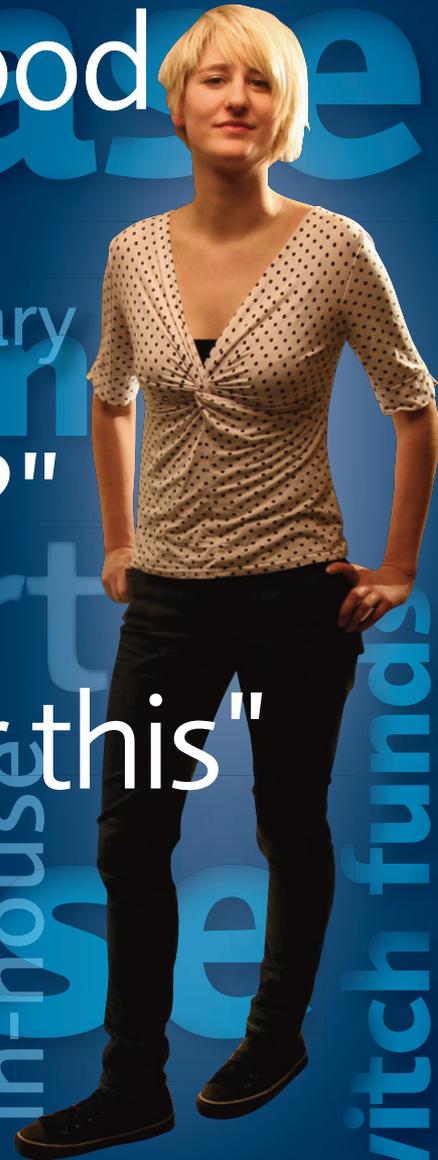
pay in up to 50% of salary

"Where's the catch?"

take as tax-free cash

"I'm too young for this"

"It's too hard to understand"



Retirement has more potential with

**PRUDENTIAL**



For more information - contact Prudential on

**0845 607 0077**

Quote code 002590

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# AVCs – here's how they work

AVC contributions qualify for tax relief, subject to HMRC limits, so for every £100 that goes into your AVC pot, the overall cost to a basic rate taxpayer is £80, with the £20 normally paid to the taxman going into your pension instead. For a higher rate taxpayer, it will only cost you £60, with £40 going into your pension instead of to the taxman. Because your contributions (including the tax relief) are taken through payroll, this means that if you are a taxpayer, your AVC savings will get a 'boost' right from the start (this will be a 25% increase in the case of a basic rate taxpayer and 66% in the case of a higher rate taxpayer). How this applies to you will, of course, depend on your own personal circumstances and is subject to HMRC restrictions on amounts of contributions that qualify for tax relief.

## How much can you pay?

The 15% maximum pension contribution has been removed. It is now possible to pay up to the equivalent of 100% of your earnings in any year up to a maximum, currently £245,000 per annum. However, contributions into the in-house AVC facility are restricted to 50% of earnings.

What's more, at retirement, you can take income or potentially up to 100% of your AVC pot (subject to certain overall HMRC limits) as tax-free cash giving you a lump-sum which may get your retirement off to a flying start. The money left in your pot after you've taken any tax-free cash can be used to buy an income for life (annuity) which will be taxed as income.

Your AVC pot will benefit from any growth in a largely tax-free environment, but do please remember that the value of an investment may go down as well as up and the fund value in future may be less than the payments you have made. We've chosen a wide range of funds so you should be able to find one suited to your own particular attitude to risk. The Fund's AVC provider, Prudential, has been independently rated as one of the strongest in the UK and has a long history of managing the savings of local government employees, so you can be confident that your investment is in experienced hands. Prudential has a dedicated team who can discuss the fund range with you, help you apply, top-up or restart your contributions. So why not call now? Lines are open from 9am to 7pm and on Saturdays from 9am to 1pm. Calls may be recorded or monitored for quality and security purposes. Advice is not available but you will receive information that will enable you to make an informed decision.

So, if you want to boost your retirement savings rather than paying tax, why not consider taking out an AVC?

Applying for an AVC is easier than you'd expect. In fact, it should only take you about 15 minutes. You can now apply direct over the telephone and we'll even fill the forms in for you.

**Don't delay – call us on 0845 607 0077**

Quote code 002590

The above is based on our understanding, as at September 2009, of current taxation, legislation and HM Revenue & Customs practice, all of which are liable to change without notice. The impact of taxation (and any tax reliefs) depends on individual circumstances.

## 7 good reasons to choose additional voluntary contributions (AVCs)

AVCs are a way to top up the tax-free lump-sum and pension from your Local Government Pension Scheme

- 1** You can choose **how you want** your benefits - income or potentially receive up to 100% of your AVC pension fund as a tax-free lump sum subject to certain HMRC limits. When you retire, pension income will be taxed as earned income.
- 2** Your contributions qualify for **tax relief**, subject to HMRC limits, so for every £100 that goes into your pension, the overall cost to a basic rate tax payer is £80 – for a higher rate tax payer only £60.
- 3** Your contributions are **paid direct from your earnings** – with immediate tax relief, so there is no need for complicated tax forms.
- 4** Our plan is **flexible** – you can stop, start, increase or decrease contributions at any time.
- 5** You can **choose where to invest** – we have a large range of funds available suiting various attitudes to risk. Whichever option(s) you choose, your AVCs are invested in a fund that is largely tax-free – so they should grow much faster than they would if the fund was subject to tax. Please remember, the value of an investment may fluctuate and is therefore not guaranteed. You may not get back the full amount of your investment.
- 6** Prudential is the **leading AVC provider** to public sector pension schemes across the UK, with over 200,000 public sector employees using our AVC facility to boost their pension and/or tax-free lump-sum at retirement.
- 7** Prudential have been selected by your administrators as the **in-house AVC provider**.

Take some action now and call **0845 607 0077** (quote code 002590) or visit **[www.pru.co.uk/localgov](http://www.pru.co.uk/localgov)**

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