

Topping up your Benefits

This leaflet provides information about the two ways by which you can increase your pension benefits within the Local Government Pension Scheme (LGPS).

Additional Pension Contributions (APCs)

As an active member, you may buy additional annual pension by paying APCs which you pay alongside your normal contributions. You may pay APCs by regular deductions from your pay over a set number of years or by making a one-off payment (there are certain situations in which this would be the only option). If you are a member of the 50/50 section, you can only pay APCs for the purpose of buying back pension lost because you were away from work (see Absence factsheet).

You can only buy additional pension for yourself. It will not increase any benefits payable upon your death. The additional annual pension you buy is adjusted in line with the cost of living, both before and after you draw your benefits.

There is a limit on the amount of additional pension that you may buy. The limit is £7316.00 which will increase each 1 April thereafter in line with the cost of living.

The cost of buying additional pension will depend upon several factors. For example, your age, your gender, the amount you wish to buy, whether you will pay by lump sum or regular deductions. You can estimate the cost by using the [APC calculator](#) which you can find in the Increasing Benefits section on our website. Where you pay by regular deductions, the cost of doing so may be revised at any time. Any changes to existing contracts would take effect from the following 1 April.

If you decide to pay APCs by regular deductions and we accept your application, they will start from the next available pay period. The regular deductions will then continue until the end of the set period of time.

You may elect to stop the deductions early by giving one month's written notice. In certain situations, they will stop early automatically. For example, if you opt out, leave your current employment, take flexible retirement, or move into the 50/50 section (unless you are paying the APCs to buy back pension lost because of an absence from work).

Where the regular deductions cease early, you will only receive a proportion of the additional pension you set out to buy. However, if you ceased early because you are granted ill health retirement with an enhancement (Tier 1 ill health or Tier 2 ill health), we will treat you as if you had completed the full contract.

The additional pension you buy is payable at the same time as you draw your main LGPS benefits. Where you draw them before your State Pension Age (or 65 if later), we will apply a reduction to the additional pension to reflect its early payment. We will not apply such a reduction if you are drawing benefits on ill health grounds. Alternatively, if you draw them after your SPA (or 65 if later), we will apply an increase to reflect its late payment.

Additional Voluntary Contributions (AVCs)

As an active member, you may pay AVCs into our AVC arrangement.

Should you choose to do so, your AVCs will be deducted from your pay and invested separately. You will have your own personal pot. The money in the pot will be available to you when you retire to buy extra pension benefits. The amount of the pot at that point will depend on the AVCs paid and investment returns.

Generally speaking, the extra pension benefits you may be able to use your AVC pot for are as follows:

- (1) Receive the whole pot as a tax-free lump sum (subject to certain limits).
- (2) Buy extra LGPS annual pension.
- (3) Buy an annuity with an insurance company.

We will provide full and specific options shortly before retirement.

You may also qualify to transfer your AVC pot (separately to your main benefits) to a different pension scheme.

Tax Relief

If you choose to pay APCs and/or AVCs, those payments will, in most cases, be made via deductions from your salary; therefore, you will automatically receive tax relief on them in the same way as with your normal pension contributions.

HM Revenue & Customs set limits on the amount of tax relief you can receive without triggering tax charges. The main limits are the Lifetime Allowance and the Annual Allowance.

Please note that any contracts already in place as at 31 March 2014, such as Added Years, or Additional Regular Contributions will continue as they are.

LPPA is not registered to give financial advice. Once you have considered the following information, you may need to get independent financial advice before making a decision.

This sheet is for general use and cannot cover every personal circumstance as its contents are based on our understanding of the legislation and events at the time. In the event of any dispute over your pension benefits, the appropriate legislation will prevail as this sheet does not confer any contractual or statutory rights and is provided for information purposes only.