

Increasing Scheme Benefits

A guide for members of the Local Government Pension Scheme

Comparison table

	LGPS added years	LGPS AVC	Free-standing AVC	Concurrent stakeholder	Concurrent personal pension
Charges	None	These may be lower than for FSAVCs.	Charges are determined by the provider. They may be more expensive than LGPS AVCs and may be more than the maximum 1% stakeholder charges.	Annual charge of 1% or less of your fund	Charges are determined by the provider. They may be more expensive than LGPS AVCs and may be more than the maximum 1% stakeholder charges.
Employer contributions	None	None	None	None	None
Employee contributions	Tax relief will be given on contributions up to 100% of your taxable earnings less the amount of any basic LGPS contributions or AVCs and contributions to any other tax approved pension arrangements. If the value of your pension savings increases in excess of the annual allowance or the lifetime allowance , tax is payable on the excess unless you have enhanced protection .	Tax relief will be given on contributions up to 100% of your taxable earnings less the amount contributed to the LGPS and to any other tax approved pension arrangements. If the value of your pension savings increases in excess of the annual allowance or the lifetime allowance , tax is payable on the excess unless you have enhanced protection .	Tax relief will be given on contributions up to 100% of your taxable earnings less the amount contributed to the LGPS and to any AVCs or other tax approved pension arrangements. If the value of your pension savings increases in excess of the annual allowance or the lifetime allowance , tax is payable on the excess unless you have enhanced protection .	Tax relief will be given on contributions up to 100% of your taxable earnings (or £3,600 per year if greater) less the amount contributed to the LGPS and any other a tax approved pension arrangements. If the value of your pension savings increases in excess of the annual allowance or the lifetime allowance , tax is payable on the excess unless you have enhanced protection .	Tax relief will be given on contributions up to 100% of your taxable earnings (or £3,600 per year if greater) less the amount contributed to the LGPS any other tax approved pension arrangements. If the value of your pension savings increases in excess of the annual allowance or the lifetime allowance , tax is payable on the excess unless you have enhanced protection .
Method of paying contributions	Deducted from pay on the payroll	Deducted from pay on the payroll	Usually via, for example, a direct debit or standing order from your bank or building society account	Usually via, for example, a direct debit or standing order from your bank or building society account	Usually via, for example, a direct debit or standing order from your bank or building society account
Method of claiming tax relief	Tax relief given at source through the payroll	Tax relief given at source through the payroll	Basic rate tax relief is claimed back by the FSAVC provider and added to the FSAVC fund. Higher rate tax relief is claimed through the member's tax return resulting in an adjustment to the tax code.	Basic rate tax relief is claimed back by the stakeholder provider and added to the stakeholder fund. Higher rate tax relief is claimed through the member's tax return resulting in an adjustment to the tax code or by filling in form PP120 (available from tax offices or the stakeholder administrator).	Basic rate tax relief is claimed back by the personal pension provider and added to the personal pension fund. Higher rate tax relief is claimed through the member's tax return resulting in an adjustment to the tax code or by filling in form PP120 (available from tax offices or the personal pension administrator).
Flexibility of contributions	Contributions are deducted as a percentage of pay . They start on a birthday and finish at age 65 (could be earlier if contract taken out before 1 October 2006). Can opt to cease payment at any time. A new contract would then be more expensive due to age of the member.	Contributions can be deducted as a percentage of earnings or as a specified flat sum. Member can stop, start, or vary contributions (<i>but there may be a minimum contribution and / or charges imposed - authority to insert details or delete as appropriate</i>)	Contributions are paid as a specified flat sum. Member can stop, start, or vary contributions (but there may be a minimum contribution and / or charges imposed)	Contributions are paid as a specified flat sum. Member can stop, start, or vary contributions without penalty (but there may be a minimum contribution)	Contributions are paid as a specified flat sum. Member can stop, start, or vary contributions (but there may be a minimum contribution and / or charges)
Investment choice	Not applicable	Restricted to the investment choices offered by the LGPS AVC facility	Wide investment selection at member's own choice	Any fund offered by the stakeholder pension scheme	Any fund offered by the personal pension scheme
Investment performance	Not applicable	Uncertain	Uncertain	Uncertain	Uncertain
Guarantees	Benefits are guaranteed as a proportion of final pay	The benefits are money purchase and so depend on the amount contributed, the investment performance, the level of charges, and the annuity rate at the time the annuity (pension) is purchased	The benefits are money purchase and so depend on the amount contributed, the investment performance, the level of charges, and the annuity rate at the time the annuity (pension) is purchased	The benefits are money purchase and so depend on the amount contributed, the investment performance, the level of charges, and the annuity rate at the time the annuity (pension) is purchased	The benefits are money purchase and so depend on the amount contributed, the investment performance, the level of charges, and the annuity rate at the time the annuity (pension) is purchased



	LGPS added years	LGPS AVC	Free-standing AVC	Concurrent stakeholder	Concurrent personal pension
Ability to transfer on changing jobs	Can only be transferred if /when the main LGPS benefits are transferred	Only if main LGPS benefits are transferred. AVCs must then be transferred unless the transfer is to another LGPS fund	Can be transferred to another pension scheme. FSAVCs can continue if the member enters new pensionable employment	Can be transferred to another pension scheme. Contributions can continue to be paid to a Stakeholder Pension Scheme regardless of whether or not the member is earning or enters new pensionable employment.	Can be transferred to another pension scheme. Contributions can continue to be paid to a Personal Pension Scheme regardless of whether or not the member is earning or enters new pensionable employment.
When can benefits be taken?	At the same time as the main LGPS benefits are paid	At the same time as the main LGPS benefits are paid or from any later time (up to eve of your 75 th birthday)	At any time from age 50- (55 from 2010) up to eve of your 75 th birthday.	At any time from age 50 (55 from 2010) up to eve of your 75 th birthday	At any time from age 50 (55 from 2010) up to eve of your 75 th birthday
Maximum benefits payable	No maximum. If, when you draw your benefits, the value of all your pension savings exceeds the lifetime allowance or any primary lifetime allowance protection you may have, tax will be payable on any excess amount (unless you have enhanced protection).	No maximum. If, when you draw your benefits, the value of all your pension savings exceeds the lifetime allowance or any primary lifetime allowance protection you may have, tax will be payable on any excess amount (unless you have enhanced protection).	No maximum. If, when you draw your benefits, the value of all your pension savings exceeds the lifetime allowance or any primary lifetime allowance protection you may have, tax will be payable on any excess amount (unless you have enhanced protection).	No maximum. If, when you draw your benefits, the value of all your pension savings exceeds the lifetime allowance or any primary lifetime allowance protection you may have, tax will be payable on any excess amount (unless you have enhanced protection).	No maximum. If, when you draw your benefits, the value of all your pension savings exceeds the lifetime allowance or any primary lifetime allowance protection you may have, tax will be payable on any excess amount (unless you have enhanced protection).
Form of benefits (note: all except added years can be used to provide additional life assurance cover on death in service)	Fully inflation proofed pension (with a built in prospective widow's / widower's / civil partner's pension) and a tax free lump sum	Annuity (i.e. a pension). The annuity type annuity is at the member's choice e.g. flat rate, fixed increase or inflation proofed annuity; inclusive or exclusive of, say, a prospective widow's, widower's or civil partner's pension. Alternatively, upon leaving the LGPS with immediate payment of pension benefits a member can buy a top-up pension from the LGPS or use part of the accumulated fund to buy a top-up pension from the LGPS and part to purchase an annuity. A top -up pension from the LGPS will provide an inflation proofed pension, dependants' benefits and a 5 year pension guarantee. In some circumstances the AVC 'pot' can be transferred into the LGPS to purchase extra membership in the main scheme provided the payment of AVCs commenced prior to 13.11.01. At retirement, you can take up to 100% of the accumulated fund as a tax free lump sum if you draw it at the same time as your LGPS pension benefits, provided when added to the LGPS lump sum it does not exceed 25% of the overall value of your LGPS benefits (including your AVC fund) or, if less, 25% of the lifetime allowance less an adjustment for the value of any other pension benefits you are already drawing. If you defer drawing your AVC, you can draw up to 25% of the value of your AVC fund as a tax free lump sum at the time you decide to take benefits from your AVC fund.	Annuity (i.e. a pension) or, if the scheme rules allow, an unsecured pension . The type of annuity is at the member's choice e.g. flat rate, fixed increase or inflation proofed annuity; inclusive or exclusive of, say, a prospective widow's, widower's or civil partner's pension. Up to 25% of the accumulated fund can be taken as a tax free lump sum or, if less, 25% of the lifetime allowance less an adjustment for the value of any other pension benefits you are already drawing	Annuity (i.e. a pension) or, if the scheme rules allow, an unsecured pension . The type of annuity is at the member's choice e.g. flat rate, fixed increase or inflation proofed annuity; inclusive or exclusive of, say, a prospective widow's, widower's or civil partner's pension. Up to 25% of the accumulated fund can be taken as a tax free lump sum or, if less, 25% of the lifetime allowance less an adjustment for the value of any other pension benefits you are already drawing	Annuity (i.e. a pension) or, if the scheme rules allow, an unsecured pension . The type of annuity is at the member's choice e.g. flat rate, fixed increase or inflation proofed annuity; inclusive or exclusive of, say, a prospective widow's, widower's or civil partner's pension. Up to 25% of the accumulated fund can be taken as a tax free lump sum or, if less, 25% of the lifetime allowance less an adjustment for the value of any other pension benefits you are already drawing

