

## AVC Guide



Increasing your pension



## Why pay AVCs?

Times have changed – modern medicines and improvements in diet mean that we can now expect to live longer than ever before. Retirement should be a time to relax and enjoy the good things in life. And it goes without saying that the higher your retirement pension the more you can look forward to a life of pleasure rather than a time of financial worry.

In recognition of these factors the company wants to give you the opportunity to make extra savings to improve your retirement benefits and by paying AVCs you will be making a positive step towards this.

AVCs are also a good way of boosting your retirement income if you have had career breaks when you weren't contributing to a pension scheme, if you have moved jobs a few times or if you simply joined a scheme later in life.

Most people don't believe the State pension is worth much now – will there even be one when you retire? And most people (according to opinion polls) have not built up anywhere near enough pension for their retirement years. Bearing in mind you will need to save a lot of money, the message is clear – the sooner you start saving, the bigger the pension you will receive.

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## Making the most of it

There are other ways of saving for retirement, such as personal pensions, ISAs and building society accounts. Whilst each has its merits, there are significant advantages to be had from paying AVCs.

**Tax relief on contributions** – you are entitled to income tax relief on your AVCs at the highest rate you pay. AVCs are deducted from your salary so you receive income tax relief straight away.

**Tax free interest and investment income** – your AVC investments are allowed to grow with tax advantages.

**Flexibility** – you can increase, reduce or stop AVCs at any time, provided you give your payroll office sufficient notice.

**Extended Choice** – you have a choice of eight funds in which to invest your contributions.

## Planning for your retirement

Deciding to improve your retirement benefits should be one of the key investment decisions you make. Paying AVCs will mean you have made a positive step to increasing your retirement savings.

## Benefit statements

It is important that you use your annual statements issued by DMGT Pensions to review the total pension you are expecting and to see if it will be enough to provide you with a comfortable retirement. You should not rely on the State to add to your pension or assume you will be employed to the age you plan to retire.

## Online information

You can sign up to Friends Provident's secure online pension service which lets you log on to view your funds.

Please contact DMGT Pensions for more information.

## Investing in your future

**The more you pay, the higher the benefits are likely to be when you retire, so you should try to contribute as much as you can afford.**

The most that you can pay is 80% of your total pay in any tax year. This includes the amount you have to pay into the company scheme. The minimum monthly amount you can pay is £10.

## Fund choices

**There are eight funds available to pay into.**

We have an arrangement with Friends Provident to run eight funds. Your AVCs will buy units in your chosen fund(s) which will form your retirement account. Your retirement account is built up from both your AVC payments and investment growth and will be used at retirement to buy a pension for you.

Please remember the value of your retirement account can go down as well as up and you may not get back as much as you invest.

## Buying a pension at retirement

**The majority of members will have the opportunity to take all their AVCs as tax-free cash, if desired.**

Those AVCs that are not being taken as cash must be used to buy a pension. You can choose the type of pension you buy and decide whether you want it to increase each year and/or whether you want to provide for a spouse's/dependants' pension on your death.

However the actual level of your retirement income will depend on the value of your AVC fund and the cost of pensions at that time.

You do not have to buy a pension from Friends Provident. You can buy it from an insurance company of your choice. DMGT Pensions will help you to shop around for the best deal at the time, although they will not be able to provide financial advice.



## Protection for your dependants

If you die before you retire, the trustees will pay the value of your AVC account to your dependants. This could be your husband, wife, civil partner, children, grandchildren or your estate. The guidance provided on your Expression of Wish form will help the trustees make the right decision.

Ask DMGT Pensions to send you a form, or download one from [www.dmgtpensions.co.uk](http://www.dmgtpensions.co.uk). You can change your choice at any time.

## What to do next

**First make sure that you understand what paying AVCs means to you. If you have any doubts as to whether this is a suitable investment for you, you should speak to a financial adviser.**

To start paying AVCs all you have to do is fill in an application form and send it to your Payroll Office. You can request one from DMGT Pensions or download one from our website at [www.dmgtpensions.co.uk](http://www.dmgtpensions.co.uk).

If you want a personalised illustration or need more information you should speak to DMGT Pensions on 020 7395 7272 or send an e-mail to [enquiries@dmgtpensions.com](mailto:enquiries@dmgtpensions.com)

## Need more information?

Visit our website at [www.dmgtpensions.co.uk](http://www.dmgtpensions.co.uk) for the answers to some frequently asked questions.



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