

Explaining different types of AVCs

This factsheet explains the differences between the features of the with-profits fund in the DMGT AVC Plan and the other AVC investment funds available from your company pension scheme or externally from an insurance company. The differences in the latter are also relevant, if you are thinking of paying more to increase your pension.

Features	With-profits fund	Friends Provident fund(s) available from your company pension scheme	External insurance company fund(s)
Pension	<p>The amount of pension payable when you reach 62 is already known.</p> <p>You may choose to receive a lower pension in order to provide income to your spouse on your death.</p> <p>Your pension will only increase before and after payment if future bonuses are declared.</p> <p>When you retire, DMGT will pay your pension.</p>	<p>At retirement you will need to buy a pension with your fund(s). The amount will not be known until then.</p> <p>You may choose to receive a lower pension in order to provide income to your spouse on your death or increases to pensions in payment.</p> <p>When you retire, DMGT will arrange to buy your pension with an insurance company.</p>	<p>At retirement you will need to buy a pension with your fund(s). The amount will not be known until then.</p> <p>You may choose to receive a lower pension in order to provide income to your spouse on your death or increases to pensions in payment.</p> <p>When you retire, you will have to arrange to buy your pension yourself from an insurance company.</p>
Tax-free cash	<p>25% of the value of the pension at retirement can be paid out as tax-free cash. The remainder must be taken as a pension.</p>	<p>All or part of your fund(s) can be paid out as tax-free cash, thus maximising the amount of final salary pension available from the main scheme.</p>	<p>25% of the value of your fund value can be paid out as tax-free cash. The remainder must be taken as a pension.</p>

Features	With-profits fund	Friends Provident fund(s) available from your company pension scheme	External insurance company fund(s)
Contributions	The fund is closed to new contributions.	You are able to pay additional contributions into your fund(s).	You are able to pay additional contributions into your fund(s).
Investment choice	N/A	A choice of seven funds is available. The trustees of your company scheme monitor the performance of these funds carefully, taking specialist advice as necessary.	You will have unlimited fund choice but will be responsible for selecting and monitoring the performance of fund(s) yourself.
Charges	No charges are applied.	DMGT has negotiated competitive charges on your behalf. (see the Investment Choices guide in the AVC area at www.dmgtpensions.com)	Charges are likely to be higher than Friends Provident.
Investment return	Each AVC payment you made was converted into pension. Part of the investment return you received was contained in the 'conversion rate' from contributions to pension. This incorporated a yearly return of 4%, (5% for contributions made before 1 April 2000). This may be topped up each year by any interim annual bonuses or special bonuses. Future bonuses are not guaranteed but once awarded become a permanent part of your pension.	The investment return depends on your fund choice, stockmarket conditions, interest rates and the charges applied. You may not get back the full value of your investment.	The investment return depends on your fund choice, stockmarket conditions, interest rates and the charges applied. You may not get back the full value of your investment.