



## Additional Voluntary Contributions

Additional Voluntary Contributions (AVCs) are one of the ways that individual can build up extra savings for retirement.

Money is paid into a separate AVC plan in addition to the main Local Government Pension Scheme (LGPS) and become payable when your employee takes their main LGPS benefits.

East Sussex Pension Fund has an arrangement with an AVC provider (Prudential) through which members can invest money in a range of funds. The employee has their own personal account that, over time, builds up with the contributions they pay in and the assets they choose to invest into. At retirement they have a range of options they can select based on the pot of money they have accrued. Employees have the right to reduce, increase or stop paying AVCs at any time.

Employers should deduct AVC contributions from employees pay before tax is calculated. This ensures that employees get tax relief\* applied automatically based on their individual income tax position. Deductions should start from the next available pay period after the AVC is set up.

\* Tax relief provided up to 100% of taxable earnings in a tax year.

### What does the member need to do?

A member can apply to take out a Local Government AVC through the [Prudential's website](#). The member will then need to select 'East Sussex County Council Pension Fund' from the list of LGPS Funds and enter their employer. To apply the member will need their payslip and details of their investment choice.

The AVC arrangement will be set up between the Prudential and the member. If one of your employees' signs up to an AVC with Prudential, a representative will contact you with details of how much you need to deduct, the start date and how to send the payments to Prudential.

## Shared Cost Additional Voluntary Contributions

Employers can also contribute to an AVC arrangement on behalf of any employee, although this cannot be fully funded by the employer. An employer's approach to this area should be outlined in the employer's discretion policy. It is essential that you send these payments to the AVC provider as soon as possible after deductions are made to avoid a loss of investment. Do not send AVC payments to us. It is possible to set these up a salary sacrifice Shared Cost AVC scheme. A lot of employers use [AVC Wise](#) for this purpose. AVC Wise provides a fully managed solution to facilitate LGPS organisations with salary sacrifice Shared Cost AVCs.

## More information on AVCs

Further information can be found on:

- AVCs and the LGPS – [member guide](#)
- AVCs – [Guide by Prudential](#)
- HR Guide (page 41) – [access guide here](#)
- Payroll guide (page 40) – [access guide here](#)
- Salary Sacrifice Shared Cost AVC factsheet (LGPS) – [access here](#)

## Further support

Email: [employer.engagement@eastsussex.gov.uk](mailto:employer.engagement@eastsussex.gov.uk)

This factsheet is one of a series put together by East Sussex Pension Fund to help support employers with processing key tasks.



**Employer Toolkit...**

Pointing you in the right direction

You can view the full employer toolkit at:

<https://www.eastsussexpensionfund.org/about-the-scheme/employers/employer-toolkit/>