

Falkirk Council Pension Fund

AVC Information Sheet

Introduction

Before you enter any financial contract, it is important that you understand what the product is, how it works, the risks involved and what a decision to buy could mean for you. We recommend that you read this document before you purchase. Paying Additional Voluntary Contributions (AVC's) may not be the only way that you can top up your pension rights. **In order to make the correct financial decision for you and your family, you should consider contacting an independent financial adviser to discuss the alternatives.**

For general information about topping up options, either contact the Pensions Section of Falkirk Council on 01324-506329 or view our Topping Up Guide by logging on to www.falkirk.gov.uk and clicking the following sequence: A-Z Search - "P" - Pensions - Local Government Pension Scheme - Booklets and Newsletters - Topping Up Pensions.

Your commitment

To pay regular contributions into the plan, usually until your normal retirement age. You may also pay single one-off contributions at any time.

Risk factors

Proceeds from the plan depend on investment performance, interest rates at retirement and charges made by Standard Life. Depending on the investment option chosen, your final fund value may be less than the total of contributions invested.

You may wish to retire earlier than your normal retirement age. If so, your proceeds will normally be less than they would have been at your normal retirement age.

Some Frequently Asked Questions

How do I pay contributions?

Regular contributions are deducted from your salary and passed on by your employer to Standard Life. You may also make lump sum contributions but only if these are paid through payroll deduction. Contributions (including your basic pension contributions) must not exceed 100% of annual earnings. In addition, you may be liable for tax penalties if you invest monies that have previously been paid from a pension arrangement.

Where are my contributions invested?

Your contributions are used to buy units in one or more of Standard Life's pension funds. The available funds are the Pension Millennium With Profits Fund, the Pension Managed One Fund, and the Pension Cash Managed One Fund:

Pension Millennium With Profits Fund

The Pension Millennium With Profits Fund is invested in a wide spread of UK and overseas shares, property holdings and fixed interest stocks. Units purchased in the Fund are guaranteed not to fall in value except where a price adjustment is deemed necessary by Standard Life. Annual bonuses are declared reflecting the investment returns and profits earned. There may also be a terminal bonus payable when units are cashed in.

Pension Managed One Fund

Your return from the Managed Fund is directly linked to the performance of stocks and shares and other assets in which the funds are invested. The value of investments in these funds can fall as well as rise.

Pension Cash Managed One Fund

The Pension Cash Managed One Fund is intended to provide lower levels of volatility and investment returns, producing a rate of return aligned to overnight deposits. The fund invests not only in bank/building society deposits but also other short term money market instruments. As with the other Funds on offer, fund values are not guaranteed and many fall in certain circumstances.

Can I increase my contributions?

Yes. Increasing your contributions can help protect your proceeds against the effects of inflation. You can do so either by increasing your regular contributions or by making a single contribution at any time.

Can I stop paying regular contributions?

Yes. You may stop paying contributions at any time and, if still eligible, restart contributions in the future. If contributions are stopped, any life cover will also stop. Alternatively you may reduce contributions to a lower level, subject to still paying £20 per month. You should also remember that reducing your contributions will result in your proceeds being lower. You cannot cash in your plan.

A Personal Illustration of the effects of stopping your premiums can be obtained from Standard Life. Before reducing your premiums, you should consider talking to an independent financial adviser.

What if I am no longer eligible for the plan?

If you stop working or move to a new job with another employer, your plan may be made paid-up, meaning no further contributions can be accepted. Your plan will however remain invested. Any additional life cover included in your plan will cease.

What happens if I change jobs?

Your fund will remain invested in the plan until the proceeds become payable (i.e. when retirement benefits are taken from your former employer's scheme). However, if you become a member of another occupational pension scheme, it may be possible for your accumulated AVC's to be transferred to the AVC part of your new Scheme.

Can I split my investment between funds?

Yes. You can split your investment between funds and then, at a later date, switch between funds. For example, as you near retirement, you may wish to move your funds into the less volatile Managed Cash One Fund.

What deductions will be made to cover charges and expenses?

These are set out in the A5 sheet marked "Charges".

In what form can I receive benefits from my AVC Fund

Your AVC can be used to buy a pension for life (i.e. an annuity") from an insurance company of your choice. Or, you can use your AVC to buy an additional index linked pension from the Council's Pension Fund itself. Alternatively, you may take your AVC as a lump sum tax free payment, subject to the AVCs being not more than 25% of your total pension rights and subject to you taking payment of the AVC at the same time as your other scheme benefits.

For further information, contact the Pensions Section, Falkirk Council on 01324-506329