

Buying an Additional Pension through Additional Regular Contributions (ARC's)

Improving your pension

As a member of the Local Government Pension Scheme you can choose to pay Additional Regular Contributions (ARC's) to buy an additional pension

Additional contributions are deducted from your earnings before tax - so you get full tax relief on your payments.

An election to pay additional contributions can be made at any time, but payments must be made over a whole number of years and cease before your 65th birthday.

The limitations and cost of purchase

A member can only purchase an additional pension of £250 per annum, or multiples thereof, up to a maximum of £5,000 per annum.

- The cost of purchasing the additional pension is dependent upon:
- Your age when payments commence
- Period additional contributions payable (must be whole years)
- Whether you are male or female
- If you also wish to provide additional pension for a surviving spouse or declared partner

The medical requirement

Upon receiving your confirmation that you wish to buy an additional pension, the pensions office will arrange for you to complete a medical questionnaire which will be forwarded to the council's medical adviser for screening. If a full medical examination is considered necessary, you will be required to pay the cost involved in establishing that you are medically fit. This medical requirement is necessary because, if you retire prematurely on the grounds of permanent ill-health, or if you die before completion of the contract, the additional pension being purchased counts in full as if the contract had been completed.

How and when the additional pension is payable

Any additional pension purchased is payable with your main scheme benefits at normal retirement age, ie, age 65: If benefits are taken before age 65, except on the grounds of ill-health retirement, an actuarial reduction will apply to allow for early payment.

If you cease contributions before the end of the payment period the additional pension payable will be calculated prorata with regard to the contributions already paid and the contributions expected to complete the contract.

The additional pension purchased will be increased in line with rises in the Retail Prices Index, effective from the date additional contributions commence, and will continue to increase after the additional pension is put into payment.

Help and information

The pensions office can help you plan your retirement income by providing you with a projection of your main scheme benefits as well as illustrations of the additional cost of purchasing an additional pension. Request a quotation by telephoning the pensions office on 823660 or 823627. The office is located in room 208 on floor two of County Hall directly above customer service centre.

This leaflet has been prepared by the Pensions Office for employees who are members of the Local Government Pension Scheme.

Pensions websites:

<http://wightnet2000.iow.gov.uk/directorates/finance/pensions/>

<http://www.iwight.com.council/pensions/>