



Greater Manchester Pension Fund

Local Government Pension Scheme- Topping up with additional contributions

The session will start just after
10:30am





MY PENSION
WELCOME

My Pension
My Pension lets you access your pension information and change your personal details.

Email Address

Password

[Forgotten your password?](#)

Login

You can only login to My Pension if you have previously **registered** for your account.
Our three step registration process ensures you get secure access to your account.

1. Register
[Register](#) to receive your activation key by email or in the post.

2. Complete registration
Once you have received your activation key, you can [complete your registration](#).

3. Login
After completing the registration process you can [login to My Pension](#) at any time.

- Instant access to your Pension information
- Check current value of your benefits
- Run your own forecast
- Update death grant expression of wish
- Change basic details
- Upload documents when prompted

Your Local Government Pension – its guaranteed



How pensions work video by GMPF

This can be viewed on the GMPF website under the [educational videos](#) area

Your Local Government Pension – its guaranteed

Defined benefit Scheme

Defined contribution scheme	Defined benefit scheme
An additional voluntary contribution (AVC) fund is an example of a defined contribution scheme	Your GMPF pension is a defined benefit scheme
You decide where to invest and how much risk to take	GMPF in house investment team invest contributions from you and your employer
Value of benefits may go up or down depending upon investment performance	Your pension is calculated using a set calculation
Number of choices when accessing your pot	Annual income payable for life



Benefits example



DIANE

Retires at 67
Final salary £27,612
Joined GMPF - 2002

**6
YEARS**

$\frac{£27,612}{80} \times 6 \text{ YEARS}$

ANNUAL PENSION
£2,070
+
LUMP SUM
£6,210

**6
YEARS**

$\frac{£27,612}{60} \times 6 \text{ YEARS}$

ANNUAL PENSION
£2,761

**11
YEARS**

$\frac{£27,612}{49}$

ANNUAL PENSION
£6,645

**Standard
package**

ANNUAL PENSION
£11,476
+
LUMP SUM
£6,210

**Maximum
lump sum
option**

ANNUAL PENSION
£7,711
+
LUMP SUM
£51,400

*Up to 25% of pension can be taken as a lump sum tax free.
Conversion rate is £1 pension - £12 lump sum

Topping up – the basics



AVC/APC tax savings

Basic rate taxpayer

PAY STATEMENT	BEFORE	AFTER
Monthly salary	£3,000	£3,000
AVC/APC contribution	£0	£100
Adjusted net income	£3,000	£2,900
Income tax (20%)	£600	£580
Net income	£2,400	£2,320

-£20

-£80

Higher rate taxpayer

PAY STATEMENT	BEFORE	AFTER
Monthly salary	£5,000	£5,000
AVC/APC contribution	£0	£100
Adjusted net income	£5,000	£4,900
Income tax (40%)	£2,000	£1,960
Net income	£3,000	£2,940

-£40

-£60

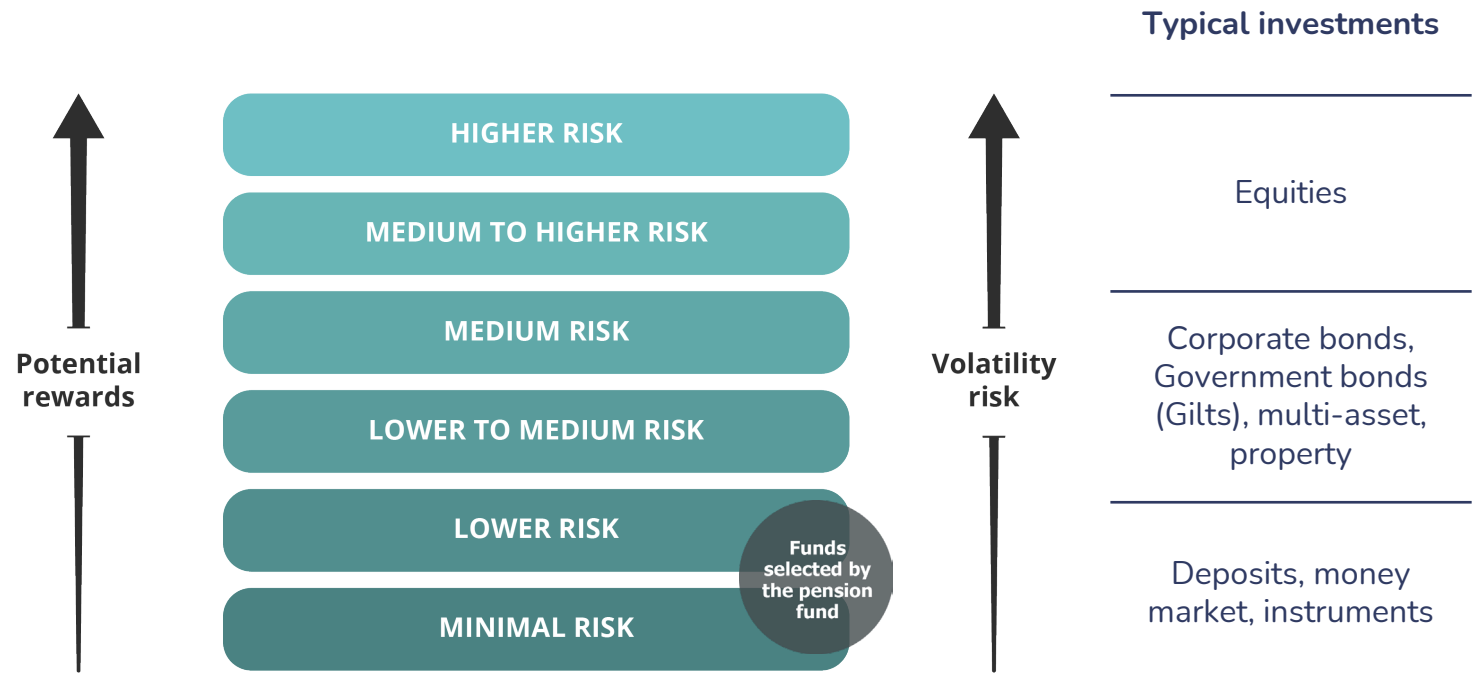
Additional pension contributions (APC)

- Way of purchasing extra yearly defined pension income directly through GMPF
- Cost depends on age, gender and the amount purchased.
- Some of this extra pension can be commuted for a larger lump sum, providing its within the 25 per cent HMRC limit.
- Work out the cost you can use the APC calculator on the [GMPF website](#).



Additional voluntary contributions (AVC)

- AVCs are a defined contribution pension, and work very different to the LGPS.
- Greater Manchester Pension Fund's chosen AVC provider is Prudential.
- Member AVC contribution directly taken from payroll
- Amount invested as per the members choice



To find out more on your investment options please visit prudential.co.uk/rz/localgov

Additional voluntary contributions (AVC)

Examples



- Based on basic rate tax payer and not taking account of investment performance *
- This example does not take account of shared cost AVCs.

* No minimal monthly amount, up to 100% of salary

Ways in which to access AVCs



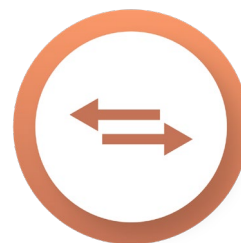
Take up to 100 per cent of your AVC as a tax free lump sum



Buy a top up LGPS pension (scheme annuity)



Purchase an annuity (from a bank/building society)



Transfer your AVC fund to another pension scheme or arrangement

Deciding which option is an personal choice, this depends on when you wish to take your AVC, the value and what you'd like this to provide in retirement

**Certain exclusions may apply*

HMRC limits explained

HMRC regulations determine that 25 per cent of your pension value can be taken as a tax free lump sum.

$$\left[\begin{array}{c} \text{pension} \\ \times \\ 120 \end{array} + \begin{array}{c} (\text{automatic scheme} \\ \text{lump sum} + \text{AVC} \\ \text{lump sum}) \times 10 \end{array} \right] \div 7 = \text{capital value} \times 25\% = \text{maximum lump sum}$$

Example

Pension: £20,000 Automatic scheme lump sum: £10,000 AVC lump sum: £30,000

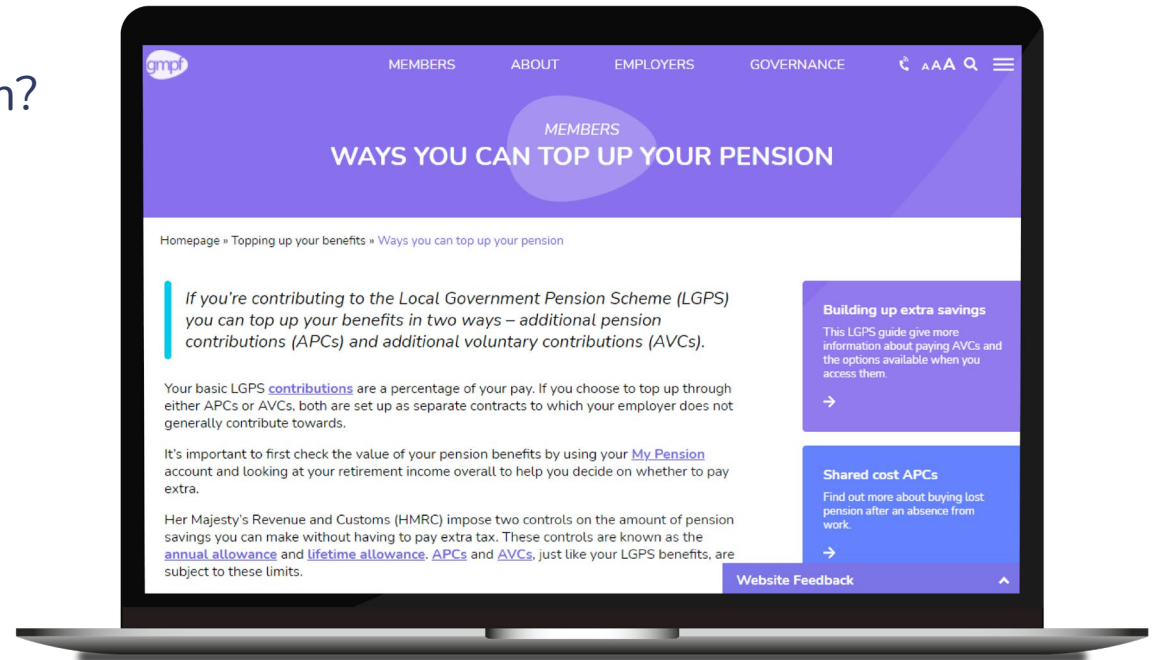
$$\left[\begin{array}{c} £20,000 \\ \times \\ 120 \end{array} + \begin{array}{c} (£10,000 + \\ £30,000) \times 10 \end{array} \right] \div 7 = £400,000 \times 25\% = £100,000$$

This is the maximum this member can take as a tax free lump sum. As the members GMPF lump sum is £10,000, and their AVC is £30,000 they are able to take all their AVC as a lump sum tax free.

AVC vs APC

Deciding which, if any, of these options is right depends on your own individual circumstances and retirement goals. Some points to consider:

- Contribution flexibility
- Extra pension income or a bigger lump sum?
- When will you be accessing your benefits
- Tax on pension
- How much will you need in retirement?
- Death benefits



Where to apply

AVCs

Work out how much you would like to pay



Visit the Prudential website and follow the application process
prudential.co.uk/rz/localgov



Remember, you can change the amount of your contributions at any point

APCs

Generate a quote using the online calculator



Download the form within the calculator and contact us



We will send you a medical form to be completed by your GP, to confirm you are fit enough to complete the payments



Greater Manchester Pension Fund
www.gmpf.org.uk

Thank You



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