

To: Chief Executives
Salaries and Wages
Human Resources
Pension Contacts

Circular 07/2013
3 June 2013

At: All Employing Authorities

Dear Colleagues,

Additional Voluntary Contributions (AVCs) - 50% limit

The Pensions Ombudsman has issued a determination clarifying that members of the Local Government Pension Scheme can pay a maximum of 50% of their pensionable pay in any pay period to AVCs.

Prior to this determination, this regulation was interpreted as permitting members to pay more than 50% of their pensionable pay in a pay period providing that their AVC contributions did not exceed 50% of pensionable pay in any tax year.

We have advised the in-house AVC provider, Prudential, that this determination will apply to the Local Government Pension Scheme in Northern Ireland and will be implemented with effect from 1 June 2013.

Action for employers

With effect from 1 June 2013 please ensure that AVC deductions do not exceed 50% of pensionable pay in any pay period. You will need to notify affected members of this restriction.

Please remember that AVC contributions can only be made on the Scheme's definition of pensionable pay. Any regulatory exclusions to pensionable pay will also apply to AVC contributions. For example, non-contractual overtime, payment in lieu of notice to terminate a contract of employment and any payment to buy out a term or condition of employment are all treated as non-pensionable payment. This means that they cannot be used to fund either main Scheme benefits or AVC contributions.

Please do not hesitate to contact me if you have any queries.

Yours sincerely



Zena Kee
Pensions Manager