**Employee FAQs**

**Is there a cost to set up a Shared Cost AVC?**

AVC Wise doesn't charge anything to the LGPS member. The only costs to you will be your chosen contribution amounts, and any fees charged by your investment provider dependant on the fund you choose.

**Can I put a lump sum into my Shared Cost AVC pot?**

No, you cannot pay a lump sum into your pot at the same time as paying Shared Cost AVCs. However, the Shared Cost AVC scheme has the flexibility to increase and decrease your contribution amounts month by month.

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**Will this affect my student loan payments?**

Yes, it will alter as the student loan repayments are calculated on the salary on which you are liable to pay National Insurance contributions (NICs). Under a Shared Cost AVC scheme your total salary on which NICs is paid will reduce, hence your loan repayments will decrease.

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**What happens to my Shared Cost AVC in the event of my death?**

In the event of death, the value of your Shared Cost AVC pot will be paid as a lump sum to whoever the managers of your scheme advise should receive this. This will normally be paid to your spouse, civil partner, co-habiting partner, other dependant or legal representative.

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**Can you increase and decrease Shared Cost AVC contributions?**

Yes, Shared Cost AVC amounts are completely flexible and can be seamlessly changed each payroll via your employer's Shared Cost AVC platform.

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**Are there any risks when investing into a Shared Cost AVC scheme?**

As with any investment, there are the usual risks that fund values can fluctuate and can go down as well as up. However, it's worth remembering the value you're receiving on the way IN to your Shared Cost AVC pot. A £100 only costs a basic rate taxpayer £70.10! That’s an immediate value increase of 42.65% before the money is even invested.\*

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**What is the earliest I can access my Shared Cost AVC pot?**

The current age you can access your Shared Cost AVC pot is 55 years old.

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**Can I drop into a lower tax bracket through contributing into a Shared Cost AVC?**

Yes, participating in the Shared Cost AVCs could mean you fall into a lower tax bracket dependent on your own personal circumstances. You can contact us to [learn more here.](https://www.home.avcwise.co.uk/contact-us)

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Is there a maximum contribution I can make to a Shared Cost AVC?

Yes, the maximum amount you can contribute will depend on how much you get paid. Your employer will review your application and accept or reject your Shared Cost AVC depending on a number of factors including how much you get paid, how much other salary sacrifice arrangements you have, National Minimum Wage/National Living Wage requirements, and more. To work out your maximum contribution amount, you can use the calculator on your employer's Shared Cost AVC platform, or book an Individual Meeting with us at [www.avcwise.co.uk/meeting](http://www.avcwise.co.uk/meeting)

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**Will the National Insurance relief from the Shared Cost AVC affect my State Pension?**

As long as you continue to be paid above the National Insurance threshold, after the salary sacrifice, this will count as a qualifying year on your National Insurance record for State Pension benefits.

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**Will the salary sacrifice arrangement affect mortgage applications?**

Your original salary will continue to be shown on your payslip and therefore should not affect applications for loans and mortgages. However, this will depend on the mortgage provider. It is important to note that different lenders take their own approach and some may choose to base the affordability criteria on your reduced salary.

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**Is it too late for me to start investing into a Shared Cost AVC if I have less than 1 year to my retirement?**

It's never too late (or too early!) to start paying Shared Cost AVCs. The Income Tax and National Insurance contribution relief you receive on your contributions means this is always one of the most cost efficient ways to save your retirement. If you're closer to retirement, it's never been more important to think about Shared Cost AVCs.

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**How can I book an Individual Meeting**

You can book an individual meeting with us by visiting [www.avcwise.co.uk/meeting](http://www.avcwise.co.uk/meeting)

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**I have a previous standard AVC pot, can I combine this with a Shared Cost AVC pot?**

Yes, if you have an inactive standard AVC plan with the same employer, you can choose combine this with your Shared Cost AVC pot.

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**If I'm flexibly retired, can I take money out of my Shared Cost AVC pot?**

Your Shared Cost AVC is linked to your active LGPS membership.  If you flexibly retire you can access your Shared Cost AVC pot.  When you 're-join' the LGPS you can start another Shared Cost AVC plan, although it is worth booking an IM to discuss your contribution limits in this case.

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**Can I contribute into a Shared Cost AVC if I'm flexibly retiring?**

You can contribute right up to the point you flexibly retire.  Your pot would then be available to access when you flexibly retire.  When you re-join the LGPS you can start another SCAVC plan, although it could worth booking an IM to discuss your contribution limits in this case - click here to do so [www.avcwise.co.uk/meeting](http://www.avcwise.co.uk/meeting)

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**Can I change my expected retirement age on my Shared Cost AVC?**

Yes, to do this, you would need to inform your Pension Fund and AVC provider.

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**Can I take a Shared Cost AVC pot as a lump sum?**

Your Local Government AVC allows you to take all or part of your AVC plan as a tax free cash lump sum, subject to certain conditions.

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**What tax relief do you get from contributing into a Shared Cost AVC if you are in a higher tax bracket?**

You save Income Tax and National Insurance contributions at the rate you pay them. For a higher rate taxpayer in England and Wales, a £100 contribution will only cost £58.02\*.

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**Can I backdate contributions on my Shared Cost AVC?**

No, you cannot backdate contributions as the money going into your Shared Cost AVC pot is provided under a salary sacrifice arrangement. Therefore, you can only participate and pay Shared Cost AVCs from future salary… don't hang around, make your application today to make the most of each remaining payday!

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**How much can I contribute based on my salary?**

Everyone's circumstances are different and the maximum amount you can contribute will depend on how much you get paid. Your employer will review your application and accept or reject your Shared Cost AVC depending on a number of factors including how much you get paid, how much other salary sacrifice arrangements you have, National Minimum Wage/National Living Wage requirements, and more. To work out your maximum contribution amount, you can use the calculator on your employer's Shared Cost AVC platform, or book an Individual Meeting with us at [www.avcwise.co.uk/meeting](http://www.avcwise.co.uk/meeting)

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**What happens to my Shared Cost AVC if I stop working for a local authority?**

If your employment terminates for whatever reason, your entitlement to participate in the Shared Cost AVC scheme will cease immediately and all contributions will cease. In this event, your Shared Cost AVC pot will remain invested and will be available to provide you with additional benefits on retirement.

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\*Information is based on our current understanding of taxation legislation and regulations. Any levels and bases of, and reliefs from taxation, are subject to change.  Tax treatment is based on individual circumstances and may be subject to change in the future. A pension is a long term investment, the fund value may fluctuate and can go down. Your eventual income may depend upon the size of the fund at retirement, future interest rates and tax legislation.