

Additional Regular Contributions (ARCS) to Purchase Additional Pension

From 1.4.2008 it has been possible to purchase additional pension from the LGPS by agreeing to pay additional regular contributions (ARC), this replaced the purchase of additional service provisions which were phased out at that time.

ARCs are quite flexible in that it is up to you to choose how much additional pension that you want, how long you want to pay the contributions for and whether or not you want to provide additional dependant's pension. You can use the attached spreadsheet to put in your details and preferences to give you examples of how much it would cost.

Some notes on ARCs.

- You can elect to start a contract at anytime that suits you and the payment term will be a complete number of years.
- You will receive tax-relief on any contributions you make to the scheme.
- The contribution you choose to pay will remain the same, it will not increase as your salary increases. The Government Actuaries Department may determine that the rates need to change in the future, if so you will be required to pay the revised rates (you will of course have the option to cease paying).
- You may notify us at anytime that you want to cease payment, you will be credited with the pension that you had paid for when you stop on a pro-rata basis.
- The pension that you choose will rise with inflation, the value will rise each April by the same percentage rate that all public and state pensions rise, the index used is the Retail Prices Index (RPI).
- The pension that you choose will be paid to you in full when you retire assuming that you have finished paying for them and have not elected to receive them earlier than age 65. Reductions will apply if payment is not completed or the pension is paid early.
- If you are retired on health grounds under Tiers 1 or 2, any outstanding contributions are waived and you will receive full benefit of the pension you are purchasing. Croydon Council may ask you for a certificate of 'good health' before allowing you to make a purchase.
- When you retire you will be able to commute the extra pension to receive tax-free cash (each £1 pension will commute to £12 cash).

- The additional pension when in payment is guaranteed for 10 years, if you die before we have paid out the pension for 10 years then the balance is paid as an additional death grant.
- If you have left local government service but die before the pension starts then an additional death grant equal to 5 times the value of the additional pension will be paid.
- If you die in service no additional pension will be paid, unless you have chosen an additional dependant's pension.
- If you have chosen a dependant's pension it can only be paid to a dependant that is recognised by the LGPS 2007 to receive a survivor's pension. They must be a legal spouse, a civil partner, a nominated co-habiting partner, or an eligible child.
- A partners pension is equivalent to 37.5% of the member's additional pension, a single eligible child would receive 18.75%, if there are more than one eligible child the total additional pension will be 37.5% divided equally between the total number of children.
- The dependants' pensions are based on the original amount chosen, even if the member pension has been reduced by commutation to lump sum or reduced because of early payment.

This statement does not over-rule any current or subsequent guidance issued by the Government Actuaries Department.

If you want to start paying ARCs please contact us stating the pension you want, the length of time you want to make payment (complete years) and whether you want to include the extra dependant's pension. A written quote will then be sent out to you.

If you have any further queries or have problems completing the spreadsheet please contact:

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