



## Additional Pension Contributions

Local Government Pension Scheme members can elect to pay additional contributions to increase their pension benefits. They can currently do this through payment of additional pension contributions and additional voluntary contributions (separate factsheet exists).

### Additional Pension Contributions (APCs) - available from 1/4/2014

APCs were introduced to the LGPS on 1 April 2014. Members in the main scheme can pay APCs to purchase additional annual pension payable on top of their normal LGPS benefits. You cannot purchase APCs if you are in the 50/50 scheme.

Members can elect to purchase additional annual pension up to a maximum (overall) of £8,903 (limit applies from 1 April 2025). This maximum level may increase each year in line with inflation.

### How can members make APCs?

Members can elect to have APCs deducted:

- from their monthly salary over a period of time, or
- by paying a one-off lump sum.

If members wish to buy extra pension by paying a lump sum, there are two ways they can do this:

1. Through their pay – if they pay tax, they will receive tax relief through the payroll.
2. Pay the pension fund directly – they will need to arrange tax relief with HMRC. They can do this via their self assessment tax return or by contacting HM Revenue and Customs.

They can read more about [Tax on your private pension contributions](#) on the Government website.

If they plan to pay Additional Pension Contributions over a number of years, the regular contributions would be taken from their pay, just like their normal pension contributions. Their normal contributions and additional contributions are deducted before their tax is worked out. If they pay tax, they will receive tax relief automatically through the payroll. Tax relief is available on all pension contributions up to 100% of their taxable earnings.

The shortest period that APC payments can be spread over is 12 months. The maximum is the number of years to the member's Normal Pension Age (linked to their State Pension age). If they are a year or less from their Normal Pension Age, they can only pay by lump sum.

### How much does it cost?

The cost (a cash amount not a percentage of pay) is determined by the member's age, term of payment and the amount they wish to purchase. If a member elects to proceed with the purchase of APCs a confirmation letter is forwarded to the payroll department detailing the start and end date of the APC contract, and the amount to be deducted from the member's gross monthly salary.

### Employer awards of extra pension

Employers (at their discretion) can award extra pension of up to £8,903 (from 1 April 2024) to active members or within six months of a member leaving your job (but only if they left because of redundancy or business efficiency).

### How to get a quote

Members can use an [online calculator](#) to find out the cost of purchasing additional annual pension through APCs (either as a regular payment or lump sum).

### How to apply

1. If they wish to go ahead, they can complete an application form online after they have done their quote.
2. In addition, they need to complete the East Sussex APC application form. There are two versions:
  - Lump Sum - [Application to pay Additional Pension Contributions \(APCs\) by Lump Sum](#)
  - Regular payment - [Application to pay Additional Pension Contributions \(APCs\) by Regular instalments](#)

- Both application forms should be [sent to us](#)\*.

If the member is meeting the cost in full, East Sussex Pension Fund will contact the employer in order for deductions to commence.

\*However, if the APC is to go ahead on a shared cost basis (i.e. the employer has agreed to meet part of the cost of buying the extra pension), members should agree that with their employer and enclose written confirmation. This should show the amount of extra pension to be bought and the share of the cost that the employer will meet. **Important:** payroll deductions should not commence until ESPF have checked the application and confirmed deductions to make through the employer.

## **Additional contribution types – older regulations**

### **Added Years - available up to 31 March 2008**

Before the Scheme regulations changed on 1st April 2008 it was possible for members to buy additional membership of the LGPS commonly known as 'added years'.

If a member joined the LGPS before 1st April 2008 and elected to buy added years they may still be paying these additional contributions as all contracts entered into before 1st April 2008 are honoured. Added years are calculated in accordance with pension scheme regulations in force prior to 1st April 2008.

### **Additional Regular Contributions (ARCs) - available from 1st April 2008 to 31st March 2014**

ARCs were introduced to the LGPS on 1st April 2008 and have been replaced from 1st April 2014 with Additional Pension Contributions (APCs). However if a member has an existing ARC contract in force prior to 1st April 2014, this will continue from 1st April 2014 on the terms of the original contract.

## **More information on additional pension contributions**

Further information can be found on:

- Increasing your pension – [East Sussex Pension Fund webpage](#)
- LGPS – buying extra pensions – [Terms and conditions](#)
- HR guide (page 38) – [LGPS HR guide](#)
- Payroll guide (page 36) – [LGPS payroll guide](#)

## **Further support**

Email: [employer.engagement@eastsussex.gov.uk](mailto:employer.engagement@eastsussex.gov.uk)

This factsheet is one of a series put together by East Sussex Pension Fund to help support employers with processing key tasks.



### **Employer Toolkit...**

Pointing you in the right direction

You can view the full employer toolkit at:

<https://www.eastsussexpensionfund.org/about-the-scheme/employers/employer-toolkit/>