

What is the Additional Voluntary Contribution (AVC) Scheme?

The AVC is an extra payment over and above your normal contributions that you make towards your retirement savings. Here are three reasons why you will be grateful that you made a decision to invest in your future, today.

1.



YOU'LL RETIRE MORE COMFORTABLY

On average, most South Africans with retirement savings are only saving around **13%** of their annual salaries, according to the large Schroders Global Investor Study 2018. This often isn't enough to retire comfortably and the AVC scheme allows you to close this gap.

All additional voluntary contributions earn monthly interest, at a compound interest rate. These contributions are added to your benefit calculation on withdrawal, retirement, ill-health retirement or death and increase the value of your benefit.

2.



IT'S A TAX-SAVING INCENTIVE

Did you know that pension contributions of up to **27.5%** of your salary per year, or the sum of **R350 000** a year, are tax deductible?

This means you can save more toward your retirement without attracting more tax. And, if your contributions in any single tax year exceed these limits, you will have the option to carry over the tax deduction to subsequent years. Alternatively, you can claim a tax deduction against your pension fund lump sum at retirement.

3.



A FLEXIBLE WAY TO BULK UP YOUR RETIREMENT SAVINGS

You can make these voluntary contributions monthly, on an ad hoc basis or even as a once-off. You can also increase or decrease your additional voluntary contributions **at any time.**

The pensionable portion of incentives or performance bonus payments are also treated as additional voluntary contributions.

HERE'S HOW TO JOIN THE AVC SCHEME:

Pick up an AVC Scheme form from your Human Resources department, or log in to your member portal profile to obtain the form. Once completed, submit the form to your Human Resources representative.