

Warwickshire County Council Pension Fund

Additional Regular Contributions

Further Information

Additional own pension

1. You can pay additional contributions in order to be credited with additional pension of £250 a year or multiples thereof up to a maximum of £5,000 a year.
2. You can purchase additional pension in respect of your own pension or for your dependants as well (see Dependents' benefits).
3. Contracts may commence at any time in the year. The contribution rate depends on your age at the date additional contributions start, your sex and on the payment period selected. Different contribution rates are provided depending on whether dependants' benefits are also being purchased.
4. However, contribution rates in this note are subject to change in the future. Any revision to rates would apply to any additional pension contracts that still had contributions outstanding at the time of the revision. The revised contributions would take effect for existing contracts on the 1st April following the revision.
5. The additional pension may be paid for over a whole number of years not exceeding the period to normal retirement age (age 65).
6. If you stop contributing before the end of the payment period the additional pension will be reduced pro-rata. The additional pension awarded is the additional pension originally applied for multiplied by the number of monthly contributions actually made divided by the number of monthly contributions that would have been paid had the contributions continued to the end of the contract. If however you retire on ill health grounds (Tier 1 or 2) your whole contract will be deemed paid in full.
7. On early retirement (before age 65) an actuarial reduction will apply to the additional pension to allow for early payment, unless you retire on ill-health grounds in which case your benefits are paid without reduction.
8. The additional pension awarded may be commuted for tax-free lump sum when it comes into payment under the same terms as the rest of the pension. The tax-free lump sum cannot exceed 25% of your total fund value.
9. If you leave the scheme before retirement you will be awarded a deferred pension (to be brought into payment at retirement age). If however you die before your pension is brought into payment than a lump sum of five times the additional pension you have purchased is payable to your beneficiaries.
10. The additional pension is guaranteed for 10 years. If you died whilst in receipt of your pension a lump sum is payable equal to ten times the amount of additional pension in payment before death, less the amount of additional pension already paid.
11. No additional pension is payable if you die in service, unless you are providing for dependents benefits as well.
12. The rate of additional pension is increased with reference to the Consumer Price Index (CPI) from the date of the first contribution to the date of award of benefits. Once in payment, the additional pension is increased with reference to the CPI.

Dependants' benefits

13. If you opt to purchase dependants' benefits as well as own benefits, then the following additional benefits will be paid on your death.
14. On death in service, death in deferment or death as a pensioner, an additional dependants' pension is payable to an eligible spouse, civil partner or nominated cohabiting partner. A pension is also payable to eligible children.
15. The additional spouse, civil partner or nominated cohabiting partner's pension is 37.5% of the rate of additional pension purchased.
16. The child's additional pension is 18.75% of the rate of additional pension purchased if there is one eligible child. If there are two or more eligible children then the total children's pension awarded is 37.5% of the rate of additional pension purchased and is shared equally between the eligible children.
17. If there is no surviving spouse, civil partner or nominated cohabiting partner, then the additional child's pension is 25% of the additional pension purchased if there is one eligible child. If there are two or more children then the total additional pension awarded is 50% of the rate of additional pension purchased and is shared equally between the eligible children.
18. If you died and have not completed the contract in full then the additional pension will be reduced pro-rata (see paragraph 6).
19. If you died whilst in receipt of your pension and you commuted some of your additional pension to purchase tax-free lump sum, then the calculation of your dependant's benefits is based on the additional pension that would have been in payment before commutation.
20. If you died whilst in receipt of your pension and your additional pension was actuarially reduced due to payment before normal retirement age, the calculation of your dependents benefits is based on the additional pension that would have been paid without the early retirement reduction.
21. The rate of the dependant's additional pension is increased before it comes into payment with reference to the RPI as for a member's pension. Once in payment, the dependants' additional pension is increased with reference to the RPI.

Further notes

22. If the administering authority (Warwickshire County Council Pension Fund) is not satisfied that you are in reasonably good health we may refuse your request to purchase additional pension. This is because in the case of an ill-health retirement where contracts are deemed paid in full and are paid early without a reduction this can cause a substantial strain to the pension fund.
23. The rate for commutation of pension into lump sum is £12 tax-free lump sum for each £1 of pension surrendered.
24. You may stop contributions at any time if you do so in writing to the Warwickshire County Council Pension Fund. You will be credited with the additional pension purchased pro-rata (see paragraph 6)