



Build your future

A guide to topping up your CWPS benefits

As a member of CWPS you're building up valuable benefits for your retirement, including a pension for life and the option to take a tax-free lump sum when you retire.

But will your CWPS benefits be enough to give you the lifestyle you want when you're no longer working? If you think that your benefits could do with a lift, why not think about saving more - with a little help from the taxman!

As a member of CWPS, you can pay additional voluntary contributions (AVCs) to top up your pension and increase the amount of cash that you can take. AVCs are hassle-free, commission free and very tax-efficient.

This document is also available in Polish.

W celu uzyskania polskiej wersji proszę zadzwonić pod numer 01-497 7663 lub wejść na www.cwps.ie

Getting started

Key features

- **No hassle** - your employer can deduct your AVCs directly from your wages
- **Commission free** - 100% of your contribution is credited to your account
- **Tax effective** - you get full tax relief on your AVCs at your highest rate
- **Less PRSI** - you pay less PRSI if you pay AVCs through your employer
- **Totally flexible** - stop, start or change your AVCs at any time
- **Every bit helps** - whether you pay a little or a lot, AVCs really make a difference to your benefits in the long term.

There are plenty of reasons why you might want to pay AVCs:

- To provide extra benefits, for example, increasing your own pension or the benefits for your dependants.
- To maximise the amount of tax-free cash you can take at retirement.
- To help rebuild your pension pot if you've been unemployed.

You can pay AVCs through your employer, directly from your pay. If you pay this way, you will get relief from income tax and PRSI automatically.

Just complete the Application to pay AVCs form and return it to the member services team at CWPS.

If you prefer, you can set up a standing order or direct debit directly from your bank account. You can receive both PAYE and PRSI relief, but to do so you must make a claim to both the Department of Social Welfare and the Revenue Commissioners. To pay this way fill in the Request for standing order form included with this leaflet and return it to us with your Application form.

You can also pay by cheque directly to the Scheme - all cheque payments must be accompanied by a cover note stating that the payment is for AVCs and you should include your member ID and/or PPS number.

Paying AVCs

Using your AVCs

You can use your AVCs to build up a bigger pension for yourself, take more cash at retirement, and/or provide benefits for your dependants.

You will need to use your AVCs at the same time as you take your main CWPS pension. This is usually at age 65, but could be from age 60 provided you are no longer employed by any of the employers who participate in CWPS. You may also be able to defer your pension and AVC benefits up until age 70.

The exact amount of the benefits you can provide cannot be guaranteed in advance, as they depend on how much you pay in AVCs, what investment return your fund has earned, the rate for turning your AVCs into extra benefits and your age when you retire.

Because AVCs are a long-term financial commitment, you cannot cash them in before retirement, borrow back your contributions or use them as a guarantee for a loan.

The maximum that you can pay towards your pension each year and still receive tax relief depends on your age.



If you are ...	Maximum % of total gross pay
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Up to age 29	15%
Age 30 to 39	20%
Age 40 to 49	25%
Age 50 to 54	30%
Age 55 to 59	35%
Age 60 or over	40%

Your AVCs will be invested in a range of investment funds in the same way as your main CWPS account.

It is possible to back date personal once off contributions paid in the current tax year, to the previous tax year, once the contribution has been made before October 31st. It is also possible to carry forward any excess contribution made, in order to gain tax relief in future years.

To see how AVCs compare to other types of savings, see the back page.

What might my AVCs buy me?

The following example will give you an idea of the extra pension that you might be able to provide with your AVC account at retirement. It is important to remember that these are only illustrations. The actual

pension you will be able to provide will depend on factors such as the value of your account, the rate of converting your account into pension at the date you retire, your age and the investment return on your fund.

Example

Suppose you contribute €100 a month in AVCs from the age shown in the left-hand column, based on financial conditions applying at September 2010, and assuming that you provide a pension at retirement with a 50% spouse's pension payable on your death, and that interest rates are 2% after you retire, you would be able to provide the following extra pension:

Age you start paying AVCs:	At age 65, you could have built up an AVC account of:	This could provide you with a pension of:
20	€209,175	€10,606 a year
30	€114,584	€5,883 a year
40	€58,901	€3,062 a year
50	€26,078	€1,373 a year
60	€6,658	€351 a year

These amounts are for illustrative purposes only. The actual rates used to convert your AVC account into pension at retirement will depend on financial conditions and life expectancy at that time.

Moving on

If you change jobs and your new employer is in the construction industry, just ask them to deduct the regular and additional voluntary contributions from your wages - there's no need to sign another form.

If you leave the construction industry, you can leave your AVCs invested in CWPS with your main account; they will continue to move in line with investment returns.

Alternatively, if you are transferring your main account to another pension arrangement, your AVCs will be included as part of the transfer.

You cannot continue to pay AVCs once you have left CWPS. However, you can continue to pay until the end of that particular Scheme year.

If you would like more information on AVCs, please contact the member services team by:

phoning: 01 497 7663

emailing: avc@cwps.ie

faxing: 01 496 6611 or 01 406 0960

writing to: CWPS - AVCs, Canal House
Canal Road, Dublin 6

Remember to quote your member ID and/or your PPS number in all correspondence.

AVCs vs other types of savings

This table compares some of the benefits of investing in CWPS AVCs rather than in a PRSA or Life Assurance savings policy.

	CWPS AVC fund	PRSA	Life Assurance savings
Tax relief	Yes	Yes	No
Interest earned is tax-free	Yes	Yes	No
PRSI relief	Yes	Yes	No
Commission free	Yes	No	No
Management and investment charges	Yes	Yes	Yes
Can be taken as regular pension payments	Yes	Yes	No