

AVCs & Notional Service – Differences Explained

If you wish to pay extra contributions to “top up” your pension you can do so by either making additional voluntary contributions (AVCs) or by notional service purchase (NSP).

Both methods attract income tax relief on the contributions paid and you can decide to pay by regular deduction from salary or by once off lump sum.

AVCs and NSP are explained further under [AVCs](#) and [Notional Service](#).

The purpose of this document is to give a brief summary of the differences between both options.

AVCs	NSP
Eligibility:	
Open to all employees.	Only open to employees who: <ul style="list-style-type: none"> - Joined UCD prior to January 2013 (i.e. who are not members of the Single Public Service Pension Scheme) <i>and</i> - Who will have a potential of 9 years pensionable service with UCD at normal retirement <i>and</i> - Who will have less than 40 years pensionable service at normal retirement
Flexibility:	
You can increase, decrease, start or cease contributions at any time.	<ul style="list-style-type: none"> - Contributions can only commence from your next birthday. - You can increase your contributions by requesting an additional NSP quotation which will be effective from your next birthday following your request. - You can cease contributions any time. - You cannot decrease contributions.
Retirement Benefits:	
The amount of additional retirement benefits you will receive depends on the investment performance of your AVC fund up to retirement and also the level of annual management fees which are deducted by the AVC Scheme providers.	<ul style="list-style-type: none"> - The additional retirement benefits are notified to you as part of your NSP quotation. - Investment returns have no impact on the notional service purchased. - There are no fees associated with NSP.
You can decide how you wish to use your AVC. For example, you may wish to: <ul style="list-style-type: none"> - Transfer your AVC to an Approved Retirement Fund if you wish to remain invested. 	On retirement your NSP must be used to provide an additional pension and lump sum only. You cannot direct the additional benefit into an Approved Retirement Fund or use it to provide an additional lump sum only.

<ul style="list-style-type: none"> - Use the AVC to provide an additional lump sum only or a mix of lump sum and pension. - You can disinvest the AVC and use the proceeds to make a lump sum purchase under the NSP Scheme prior to retirement (subject to certain conditions). - You can use your AVC to help you save for early retirement 	
Early Retirement:	
If you retire before your normal retirement date, the value of your accrued AVC fund will be used to provide benefits as outlined above.	If you retire before your normal retirement date, the amount of purchased service you are funding at normal retirement date will be reduced to reflect that contributions are ceasing earlier than expected and that benefits will be drawn down before your normal retirement date.

If you wish to receive further information regarding the UCD AVC Scheme, please contact Cornmarket Group Financial Services Ltd. Cornmarket offer a free AVC consultation on a one to one basis at work or at home with two of their most experienced consultants, Jane Furniss or Simon Spendlove. If you wish to arrange a consultation with either Consultant, you should in the first instance email Cornmarket - Retirement@cornmarket.ie or call (01) 420 0985.

If you wish to receive further information regarding the NSP Scheme please contact Pensions@ucd.ie.