You can boost your retirement savings in a tax-efficient way with Additional Voluntary Contributions, or AVCs for short.

If you earn enough to pay tax, and you keep within certain limits, your AVCs are tax-free when they go. Everything you save is added to your pension pot, and means you'll have more money to rely on in later life.

Key takeaways

- Your savings are tax-free on the way in, but you usually have to pay tax when you retire
- Save for retirement when you have fewer financial commitments, but only save what you can afford
- Setting up a monthly savings plan takes away the hassle. You can change this whenever you need to
- Saving little and often rather than a lot over a shorter period can be more manageable
- We invest your money for you in line with the Church of England's ethical investment policies

Why save money into my pension?

Think of saving AVCs as a long-term savings plan, but with tax relief. Every time you save money into your pension, you get tax back from the government. You might be surprised how quickly your pension savings can start to build up. Let's look at some examples.

- If you do not earn enough to pay tax, unfortunately, you do not get tax relief on the money you save into your pension
- If you are a 20% taxpayer, you get 20% back on everything you save into your pension. So, if you save £100 only £80 comes out of your salary
- If you are a 40% taxpayer, you get 40% back on everything you save into your pension. So, if you save £100 only £60 comes out of your salary

Before you commit, there are many ways you can save for later life. Your pension is just one way. If you are thinking about saving a large amount into your pension, you might want to speak to an adviser to make sure this is the best thing to do with your money. Click here to find out more about financial advice.

How much can I save?

Currently you can save up to 100% of your taxable earnings each tax year, or £40,000 if you earn more than this, into a pension and get tax relief. If you go over this, you might have to pay tax. This cap applies to all your pensions, not just your pension with us. This is called your 'Annual Allowance'.

Saving 'little and often' or saving a lot later?

This is the big question many people ask themselves. Should I save a little bit now or wait until I am closer to retirement and go for a big savings push then? Let's look at both, but you don't have to choose one or the other, you can do both.

Saving a little sooner

Saving little and often out of your pay can see your savings really build up. When you start saving a little each month you soon get used to your new take-home pay and forget about the money being taken out. Saving early means you give your pension pot more time to build up.

Saving a lot later

Sometimes people have a bit more financial freedom when they get closer to retirement. Putting some of this extra money into your pension pot can be a great idea.

Usually you need to put more into your pension savings if you start later, compared to if you start earlier in life. Not everyone has more financial freedom when they are older. You might have other priorities when you get closer to retirement, such as where you might live. Saving a lot of money into your pension pot might not be a realistic option but saving however much you can afford will still make a difference.

Setting up an AVC plan

This is the easy bit. There are two ways you can do this:

Monthly through your salary – this is usually the easiest way to save as everything is dealt with for you. You pick the amount you wish to save and it's automatically taken from your salary. The tax relief goes straight back into your pay every month. You can increase or decrease the amount you save or stop saving at any time.

One-off payments – you can top up your pension pot as and when you can with one-off payments. As you will have paid tax on these payments you can claim tax back by completing a self-assessment tax return. You usually get the tax back after the tax year has ended.

Whichever you choose, just download the form at the bottom of the page and send it back to us, and we'll get this set up for you.

What happens to the money when I retire?

Your AVCs are added to your pension pot, in the same way your employer contributions and any other contributions you save are. As everything is added together, you can only access the money all at once when you decide to retire.

When you do retire, you can access your pension pot in a number of different ways. Read our retirement guide below to find out more about your choices.

What about investments, how does this work?

A great thing about your pension pot is that we deal with all the investments for you. We invest your money in line with the Church of England's ethical investment policies. You cannot choose your own investments.

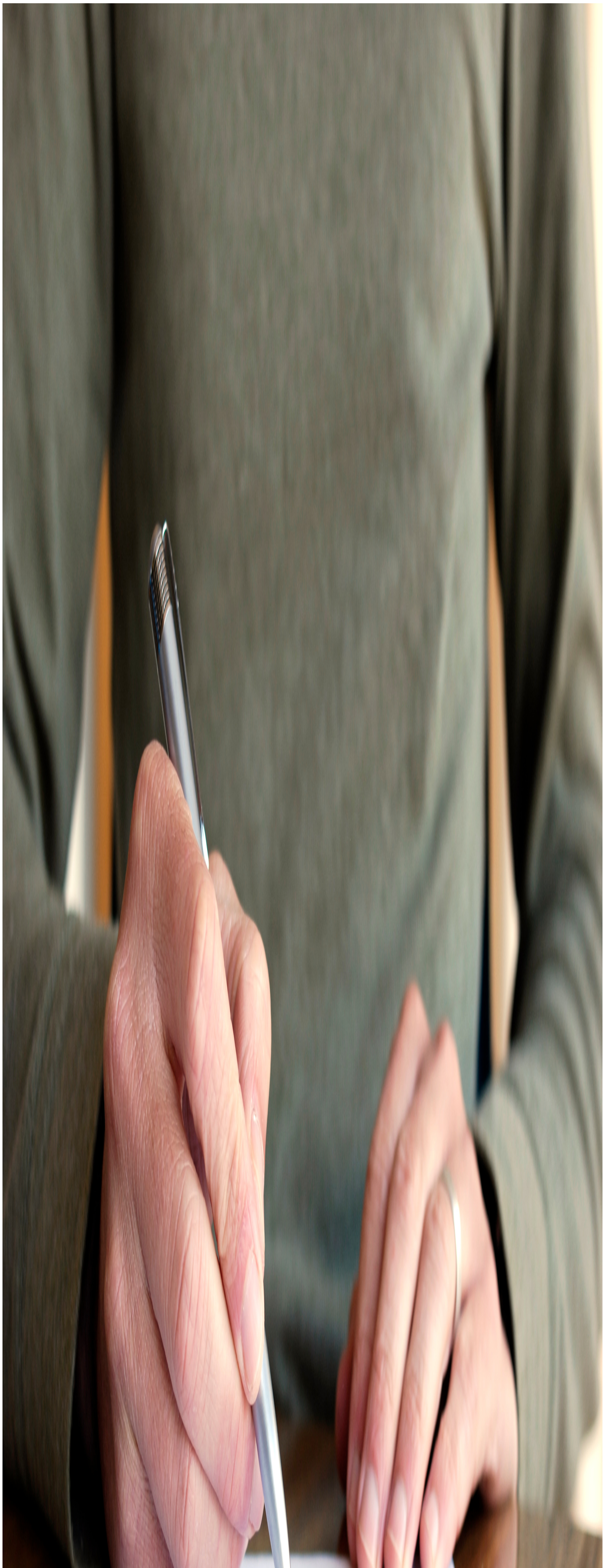
We give our investment return back to you as a bonus, meaning your pension pot and all the money you save into it can quickly build up.

Does saving into my pension have a downside?

Your savings are locked in

Only save what you can afford. If you might need or want access to your money before you retire there are other tax-effective ways to save, such as ISAs. But, locking your savings away until you retire means your money is there when you might need it most.

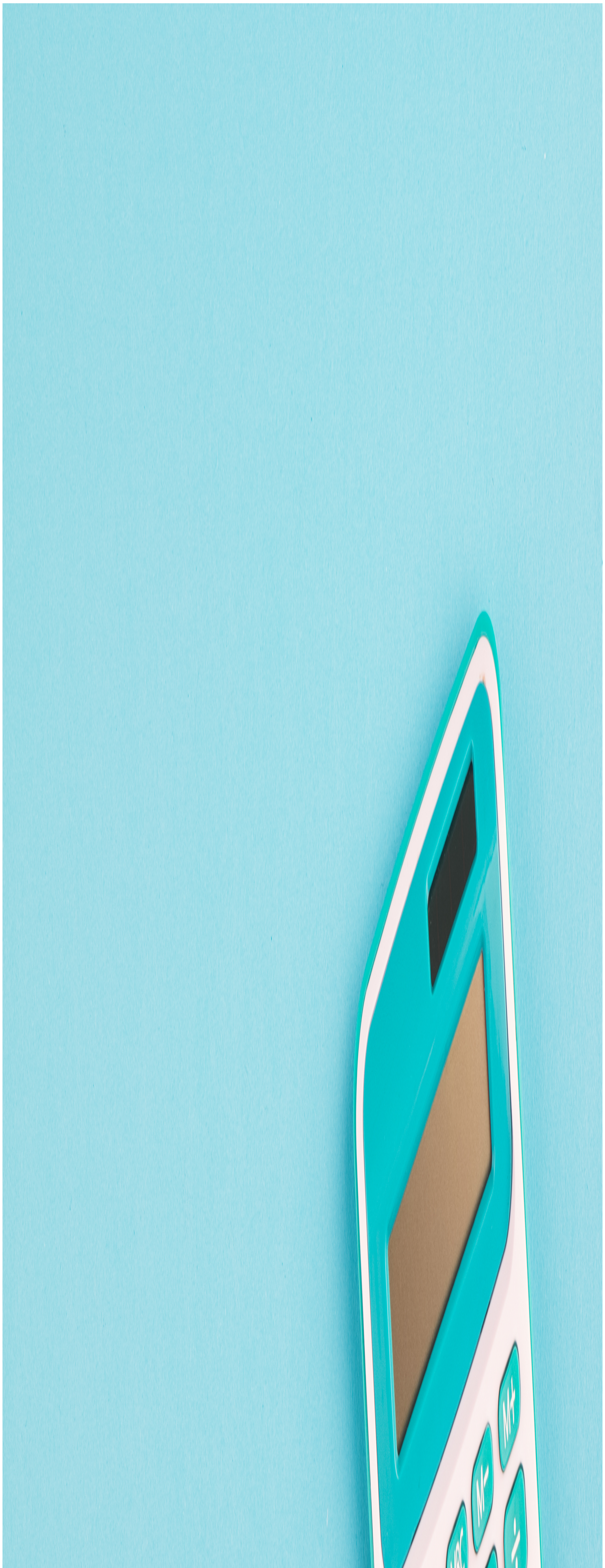
This reflects our understanding of current legislation and practice. You should talk to a financial or legal adviser if you need specific guidance or advice.



If you would like to start saving into your pension pot, or you would like to change how much you're saving - fill out an AVC form.

Click here to download an AVC form

Remember, you can only set up an AVC plan if you are an active member.



We invest your money in line with our ethical investment policies, and we pass our returns back to you as a bonus.

Find out more about how both work

When you retire, there are a number of ways you can access your money. Each has different options, pay different amounts and rates of tax.

Read more about your retirement choices

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