



DEFINED BENEFIT



DEFINED CONTRIBUTION

DE BEERS PENSION FUND



ADDITIONAL VOLUNTARY CONTRIBUTIONS

What are AVCs and how do they work?

Additional Voluntary Contributions (AVCs) are contributions that you make to your Fund Credit over and above the “normal” contributions made each month by you and your Employer. AVCs are a great way to save for better retirement benefits and to make up for any withdrawals you may make from your savings pot during your working career.

AVCs are deducted from your monthly salary by your Employer and paid to the Fund along with your normal pension contributions. 1/3rd of your AVCs is allocated to your savings pot and 2/3rds to your retirement pot.



Tax benefits of AVCs

AVCs are deducted from your salary **before** tax (subject to maximum amounts set by the South African Revenue Services [SARS]). This is a significant advantage as it means that because AVCs are deducted from your income before tax is calculated, it reduces the tax you pay to SARS.

As your AVCs are saved in your retirement fund, they are not subject to taxes that may be paid on other discretionary savings, for example, capital gains tax, tax on interest and dividends withholding tax.

Because your AVC contributions plus returns earned form part of your Fund Credit, they will be subject to either lump sum tax on withdrawal or retirement or income tax (on your monthly pension) when you ultimately take your benefit.

How to make AVCs



Decide how much more you would like to contribute – you can make monthly AVCs or a lump sum AVC.



Complete the Fund's **DC 10 form**.



Return the form to your Payroll Department (the deduction is made directly from your salary).

How your AVCs are invested

Your AVCs are invested in the same portfolio as your normal monthly contributions.

How to keep track of your AVCs

Your statement, whether printed annually or viewed monthly online, shows the AVCs that you have contributed for the current tax year.

