



## Additional Voluntary Contribution (AVC)

Did you know that in addition to the mandatory contribution, you can also make Additional Voluntary Contributions (AVC) into your Retirement Savings Account (RSA)? The funds would be deducted from your monthly emolument by your employer and remitted into your Sigma Pensions RSA along with your regular pension contributions.

# Rationale for Additional Voluntary Contributions



Increased funds available at retirement.



AVC gives you access to contributed funds before retirement to solve any specific needs. It is a means for targeted savings



When the mandatory 18% contributions are inadequate, AVC enables a smooth transition into retirement by making available increased funds.



# Advantages of Additional Voluntary Contributions




- A higher Retirement Savings Account balance at the time of retirement.
- AVC is pooled into the Sigma Pensions Active fund and therefore invested in the same meticulous manner as the statutory pension contributions. Therefore, contributors also benefit from an attractive investment income at a higher interest rate than the conventional savings account.
- Access to AVC account before the age of fifty years. Fifty years of age or thirty-five years of service are not binding for the voluntary saver.

- Savings are done at RSA holder's convenience. This means that savings can either be done weekly, monthly quarterly or half yearly.
- Unlike the statutory contributions, 50% of AVC can be withdrawn every two years (from your last approved withdrawal date) before retirement to meet personal needs
- AVC deductions are tax exempt and therefore reduce your tax liability.



# Getting Started



Start AVC by sending an e-mail to your HR Manager or Pension Desk Officer indicating the amount and frequency with which you would like to contribute, as an addition to your statutory contributions. You may also inform your designated Pensions Relationship Manager of your interest.

# AVC Withdrawal

## To withdraw your AVC

Complete and submit our benefit withdrawal form, attaching a passport photograph and letter requesting for the specified funds. Your application will be processed, and benefits paid within 2 weeks. This also includes providing your Tax Identification Number (TIN).



Alternatively, you can send an email to your Relationship Manager or [info@sigmapensions.com](mailto:info@sigmapensions.com) and we will put you through.



## A Typical AVC Scenario

Here is an example of Mrs. Ngozi Bakare, a 40-year-old banker who currently has an RSA balance of N10,000,000 and recently decided to double her monthly contributions by making an Additional Voluntary Contribution of N100,000. This is in addition to her statutory contribution of N100,000.

Based on the assumption of retirement at the age of 60 and an annual investment return of 13% she can expect an RSA balance of N359,416,392.12 as opposed to N246,092,156.84 which would have resulted from just her statutory contributions.



## AVC / RETIREMENT BALANCE SIMULATOR

Name:	Ngozi Bakare			
RSA PIN:	PEN1026327409			
Employer	XYZ Bank			
Required Information	Variables	Investment Assumptions		
Current Age	40		Months/ Year	12
Expected Retirement Age	60		Total No of Periods	240
Current RSA Balance	N10,000,000.00		Annual Investment Return (%)	*13%
Statutory contribution	N100,000.00		Monthly Return	1.1%
Additional Voluntary contributions	N100,000.00			
Monthly Contribution	N200,000.00			
Output	With AVC	Without AVC		
RSA Balance at Retirement	N359,416,392.12	N246,092,156.84		

Based on the calculations above, it is evident that RSA with Additional Voluntary Contributions remains the best way of properly planning towards your retirement. Saving for retirement is imperative. Don't take chances, secure your future now!

\*The rate of return is subject to prevailing market conditions not a promised rate of return.