

# Pre-retirement access to Additional Voluntary Contributions (AVCs)

## Chapter 30

This document should be read in conjunction with section 782A of the Taxes Consolidation Act 1997

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## 1. General

Section 782A Taxes Consolidation Act 1997 (TCA) provided for a three year period, from 27 March 2013 until 26 March 2016, during which members of occupational pension schemes (including members with deferred benefits) could opt to draw down, on a once-off basis, up to 30% of the accumulated value of certain additional voluntary contributions (AVCs). Members exercised the option by making an irrevocable written instruction to their pension fund administrator.

During this period, individuals could avail of the AVC early access option notwithstanding:

- section 32 Pensions Act 1990, which precludes a member of a scheme from getting a refund of contributions made to the scheme,
- the rules of a retirement benefits scheme or the terms of a Personal Retirement Savings Account (PRSA) contract which may otherwise prohibit early withdrawals of contributions, etc., and
- the provisions of a pension adjustment order (PAO), which would normally require the trustees of a scheme to pay the designated benefit in accordance with the scheme rules in force at the date of the PAO, which would not permit early access to AVCs (section 782A(2) TCA).

## 2. Qualifying AVCs

The AVC early access option was only available for AVCs made for the purposes of benefits in retirement. Section 782A(1)(c) TCA excludes the following contributions for the purposes of pre-retirement access to AVCs:

- employer contributions (howsoever described) to a scheme or PRSA
- employee contributions to a main pension scheme,
- PRSA contributions made by an individual (other than to an AVC PRSA), or
- AVCs made for the purposes of purchasing notional service.

## 3. AVCs subject to a Pension Adjustment Order

In the case of an AVC fund which was subject to a Pension Adjustment Order (PAO), both parties to the order were entitled to exercise the option independently in respect of their respective “share” of the AVCs (section 782A(1)(b) TCA). In effect, there was deemed to be two separate AVC funds, and the value was determined on the basis that the designated benefit under the PAO was payable at the time the AVC access option was exercised. For information in relation to PAOs, please refer to [Chapter 22 Pension Adjustment Orders](#).

## 4. Taxation

Where the early access option was exercised, the amount transferred to a scheme member was taxed under the PAYE system at source by the administrator as Schedule E emoluments. The administrator was required to deduct tax at the higher rate, unless a certificate of tax credits and standard rate cut-off point had been received by Revenue in respect of the individual (section 782A(4) TCA).

Payments made under the early access option are not liable to USC (section 531AM TCA) or PRSI.

Amounts transferred under the AVC access option were not treated as benefit crystallisation events at the point of retirement in the context of the Standard Fund Threshold and chargeable excess regime in Part 30 Chapter 2C TCA.

## 5. Further information

Please refer to the [TCA Notes for Guidance for section 782A](#) on the Revenue website for further information.