



# Active Teachers Guide To The Teachers Pension 2023-24



**Teachers**  
Financial Planning



# Active Teachers Guide To The Teachers Pensions

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# About Teachers Financial Planning

Teachers Financial Planning Ltd are a firm of independent financial advisers, this means that we are employed by our clients to provide unbiased advice to help them plan for the future.

We don't have ties to banks, insurance companies or fund houses and when we make recommendations to our clients, it is based on what is in their best interest rather than of a product provider.

Our clients include private individuals, charities, trusts and businesses.

Established in 2011 as an Appointed Representative of Corbel Partners Limited we offer advice on savings, investments, pensions, mortgages, protection and tax planning.

We work with both Teachers and non-Teachers but the majority of our clients have some link to education. All of our financial advisers are experienced in general practice and also have a comprehensive knowledge of the Teachers' Pension as well as understanding the challenges of your profession.

## About This Guide

This pension guide is designed for active teachers like you to help you understand your pension as well as the recent changes which have taken place within the Scheme. The Teachers Pension is a key component of every teacher's remuneration package that gains more importance as you get closer to retirement age.

We've created this pension guide so that, however much knowledge you may already have about the TPS, you're sure to find something helpful in it but you should not consider this guide personal financial advice and you should check that any information in this guide is still up to date before making any important financial decisions.

# The Teachers Pension Scheme – What Is It?

A top benefit of working in the teaching profession is the teacher's pension scheme (TPS). It provides you with excellent security, not only during your teaching career, but also later in your life.

## How Can I Join The TPS?

You don't have to do anything to join the TPS as your employer does it for you in a process called contractual enrolment.

## What Do I Need To Know About My Pension?

There are several things you should understand about the benefits that come with your pension:

- It gives you an income during your retirement. You're also able to take some of the pension on your retirement as a lump sum free from tax either as an automatic lump sum in the 1/80th scheme or through commutation in the 1/60th or CARE schemes.
- Both you and your employer pay contributions into your pension each month. It represents an excellent way of saving for the future while also reducing the amount of tax you pay, since there is no tax to pay on pension contributions.
- The pension benefits don't belong either to the government or your employer.
- So long as you work in an eligible role, you're able to carry on building up and paying into your pension no matter where you go during your career.
- You're able to check how much pension you've built up by registering for My Pension Online through the TPS and going online to view your Benefit Statement.
- As a Defined Benefit Scheme, the TPS has its basis on the annual pensionable amount you earn each year. This amount is re-valued annually. The Scheme doesn't rely on the performance of investments, so you'll never need to have any worries about where the pension is held.

# Final Salary And Career Average

There are two schemes in the TPS: Final Salary and Career Average.

Final salary schemes were closed to new contributions from 31st March 2022.

As of 1st April 2022, every active member now builds up their pension in a career average pension scheme.

The date that you became a TPS member impacts the benefits that you'll have as well as when you're able to take them. It's possible to have either a mix of career average and final salary or only career average.

You need to be aware of the differences between these two schemes.

Your death benefits will also be worked out based on which scheme you are in.



# What Are The Different Schemes In The TPS?

As a Defined Benefits Scheme, the benefits that you accrue under the TPS have their basis on your salary and service. They are worked out in line with the regulations of the Scheme. Your pension's final value doesn't depend on your contributions' investment performance.

## Career Average Pension Scheme

All members who currently contribute to the TPS are in a Career Average pension scheme. As of 1st April 2015, all new members became part of this scheme. Final salary pension scheme existing members transitioned to a career average pension scheme for their future pension build-up on 1st April 2015 with the exception of members who had transitional protection.

A Career Average pension scheme involves the accrual of benefits every year on the basis of 1/57th of the pensionable earnings you make each year. The benefits you receive are added to the "pot" which is then revalued in total every year so that it stays in line with price increases. So long as you are actively paying into the scheme Teachers Pensions also add on 1.6% extra.

As of 1st April 2022, every active member became part of the career average pension scheme including members who formerly had protection after the changes in 2015.

## Final Salary Pension Scheme

31st March 2022 saw the closure of our final salary pension scheme. There were two sections in this scheme:

- Members joining before 2007 accrued benefits under the NPA (Normal Pension Age) 60 section.
- Members joining after or on 1st January 2007 accrued their benefits under the Normal Pension Age 65 section.

Any member who was in the Normal Pension Age 60 section stayed in this section after 1st January 2007 with the exception of those who left the TPS for 5 years or more.

In such cases, their NPA60 section benefits were frozen and they rejoined in section NPA 65.

The calculation of final salary benefits is based on average final salary which is multiplied by service and multiplied by correct accrual rate. This rate depends on which final salary section you are under:

- If your NPA = 60 your rate of accrual works out at 1/80th
- If your NPA = 64 your rate of accrual works out at 1/60th

If you became a member of the Teachers Pension scheme before or on 1st April 2012 with pensionable service after or on 1st April 2015 (this includes qualifying breaks of 5 years maximum), you're impacted by the remedy to discrimination – known as the McCloud Judgement. This was brought into being due to the way in which the changes were brought about under the rules regarding Transitional Protection.

For pension benefits between 1st April 2015 and 31st March 2022 you're able to select if you want them to be taken on the basis of career average or final salary .

You cannot combine both. This is known as the DCU (Deferred Choice Underpin). The Teachers Pension will give you information to help you make a decision, as independent financial advisers we can help our clients by making a recommendation on the most suitable course of action.

\*The Teachers Pension Scheme can offer you this choice after the legislation has been implemented and an update made to the TPS systems to reflect the legislation. That will be October 2023 at the latest. If you'll be retiring before the legislation being put in place, Teachers Pensions will get in touch with you after your retirement once they can let you know about your different options. If you're retiring after the changes are implemented, you'll learn your options when you make your application to retire.

# What Should My (NPA) Normal Pension Age Be?

The Normal Pension Age (NPA) means the age when your benefit would typically be paid out in full. Should you retire at an earlier date than your Normal Pension Age, your benefits will be reduced in order to reflect it as you'll be in retirement for longer. If you have benefits in career average and final salary schemes you need to understand that each has a different NPA.

## Career Average

For career average pension schemes the NPA is age 65 or your own State Pension Age, whichever date is later.

## Final Salary

Your NPA for final salary pension benefits is either 65 or 60 depending on the date when you began pensionable service. It's possible to have pension benefits in both section 60 and 65 if you've taken a career break of 5 years or more starting on or spanning 1st January 2007.

## Benefits In Both Career Average And Final Salary Pension Schemes

For members who were moved onto a career average pension scheme having formerly been on final salary pension benefits, your final salary pension benefits will be retained. They will be deferred until it's time for you to take the pension.

Teachers Pensions use the average salary you earned throughout your career to work out the final salary benefit. That is known as a final salary link. It ensures you will continue benefiting from the usually higher salary you will earn as you progress through your teaching career.

But, in the event you decide to take a career break of over 5 years from your pensionable service, your final salary link will be broken and your average salary when you took your service break will be used to determine your pension.



# What Happens If I Join From A Different Role In The Public Sector?

## Continuous Pensionable Public Service

Should you have had protection in a different public sector pension scheme such as civil service, NHS, or local government, those protections may be carried forward to the TPS. You'll need to let us know all the details about your service as well as the protection you had under the previous scheme. Teachers Pensions can then determine whether, if you've been part of the TPS on 1st April 2012, you would have qualified to have protection with the TPS scheme.

If you have service in a different public sector scheme it may count towards keeping your protection of your final salary link. Should you take a break from the TPS of over 5 years, this protection will be lost.

However, if you had membership of a different public sector scheme in that timeframe, your protection is able to be retained so long as there was no break of over 5 years from pensionable public sector service. As a result, you can have the final salary pension worked out using the salary you earned before retiring.

If you believe you could benefit from a retained protection you can visit the Teachers Pension website to fill in a Joiner Questionnaire and let them know about any pensionable public sector service.



# What Will Happen If I'm Working Part Time?

For members who began their part-time teaching post before 1st January 2007 with no contractual changes to your employment, your service is only pensionable when you elect for your service to be included. However, if contractual changes occurred after or on 1st January 2007, then your employer will have made an enrolment for you in the TPS at that stage. If you began to work part-time after or on 1st January 2007 then your service will be pensionable immediately unless you've opted out.

## Career Average Pension Scheme

Pension accrual in the career average pension scheme is based on actual pensionable earnings. No matter what these are, TPS will apply the correct rate of accrual.

## Final Salary Pension Scheme

If you've worked on a part-time basis under a final salary pension scheme Teachers Pensions work out how many actual service days you've worked (the days that counted towards your total amount of pensionable service under the scheme). Teachers Pensions do this by comparing your actual earnings with the equivalent full-time rate of salary during that period. It's worked out like this:

Your earnings divided by your Annual Salary Rate. This figure is multiplied by the amount of days during the period (or 365 whichever is less) to work out how many days of service will count for your pension.



# What Happens If I Work More Hours Than A Full Time Job And Have Several Employments?

## Career average pension scheme

Under a career average pension scheme all of your eligible employments will be pensionable even if, when combined, their total is more than a single full-time role.

If you've transitioned to the career average pension scheme from a final salary pension scheme with part-time employment pensionable under the Local Government's Pension Scheme, that employment should have been moved to the TPS by your employer.

## Final Salary Pension Scheme

For those who were previously part of a final salary pension scheme it wasn't possible to accrue over 365 days of service during a single year. As a result, any service over 365 days within a single Scheme year wouldn't count to the total service amount (or "reckonable service").

If, however, you undertook several part-time roles that added up, when combined, to over 365 service days within one scheme year, your contributions will all be retained since the salaries will continue to count to the calculation of your average best salary.

Should one of the employments have been full-time, any of your part-time roles were deemed non-pensionable under the TPS but might have been deemed eligible under the Local Government's Pension Scheme.



## How Much Do I Pay Every Month?

No matter whether you're working part-time or full-time, you pay a specified percentage of the gross total pensionable earnings you make every month towards your pension. Contributions are also paid by your employer. These have their basis on your total pensionable earnings. Tax relief is applied to your contributions.

Your rate of contributions will depend on your pensionable earnings' annual rate during every pay period and different rates will apply to various earning bands. As a result, your rate of contribution may vary if you've had fluctuations in pensionable earnings. This may happen if you're in irregular part-time employment, or if you receive a bonus that is pensionable one month.

Earnings bands will be reviewed annually and adjusted every April in alignment with any CPI annual rate increases the September before. Contribution rates will usually be reviewed every 4 years after any Scheme valuation. You can find the most up-to-date contribution rates and tiers on the [Teachers Pensions website's updates section](#).

Like all financial transactions you make, you need to ensure you're making the correct payments. Therefore, it's always wise to check all of your payslips carefully and should you believe a mistake has been made, you should get in touch with your employer straight away.

If you're currently on any pensionable form of family leave such as parental leave, adoption leave, paternity leave, or maternity leave, or on pensionable leave due to sickness, your employer uses your usual rate of contributions but applies it to the actual amount of pensionable earnings you've accrued during that period. You accrue your pension benefits in the same way as if you're receiving your typical pensionable earnings amount.

# Is It Possible To Boost My Benefits?

There are several ways that the TPS allows you to boost your pension before you retire. These are often called “pension flexibilities”. These are:

- Buy-Out
- Faster Accrual
- Additional Pension

The DoE also has made an arrangement with Prudential (the provider of an Additional Voluntary Contribution scheme for teachers). This money purchase scheme is separate entirely from the TPS and has limitations both in terms of how benefits can be drawn without transferring to a new plan at retirement or on death.

Before making any decisions, Teachers Pensions recommend that you should advice from an independent financial adviser since boosting your pension may have some tax implications should you go above your Annual or Lifetime Allowances.

You can only purchase extra pension up to a limited total amount per each scheme. You can find the most up-to-date maximum amounts on the [Teachers Pensions website's updates section.](#)

## Buy Out

If you retire early from a defined benefit pension scheme your pension will be actuarially reduced since it is going to be paid over a longer timeframe than if you took it at your NPA. The TPS has a standard reduction rate of 3% per year between the ages of 65-68. So, as an example, if you're retiring at 65 but your Normal Pension Age is 67, there will be a reduction of 6% immediately after you cease your pensionable employment in your career average pension.

It's possible to Buy Out 1, 2 or 3 years of your standard reduction rate depending on what your NPA is for the career average pension scheme. For those whose pension age for their career average pension is 66 it's possible to Buy Out 1 year of your standard reduction rate. If your NPA is 67, it's possible to Buy Out 2 years, and 3 years if your NPA is 68.

You'll only get one chance to elect to Buy Out your standard reduction rate and the application must be received within 6 months of first entering the career average pension scheme.

## Faster Accrual

This gives you a chance to make higher contribution payments so your pension can be increased for a specific Scheme year (1st April – 31st March). You must elect to do a Faster Accrual before that Scheme year takes effect and ideally in January or before.

It will only apply for a single year. You need to make a fresh election every year, with election beginning on 1st April and ending on 31st March the following calendar year. If you take up a different role mid-year, it's possible to elect for Faster Accrual for the rest of the year however the election must be made within a month of starting the new job.

You can build up your benefits at 3 different rates (rather than the regular 1/57th rate of pensionable earnings). They are:

- 1/55th
- 1/50th
- 1/45th

If you don't get your election processed before the April payroll, then your employer might have to recover contribution arrears. The amount of increased contributions you'll need to pay will be based on several factors including the rate you're purchasing and your age. You must check the right amount is deducted and, should an error be identified, you should get in touch immediately with your employer.

Bear in mind this commitment is long-term, and you'll need to pay different rates during your career. Your contributions will be based on several factors including the period you're wanting to Buy Out and your age. You must check that your employer is deducting the right amount and, should you spot an error, you should get in touch with them immediately.

Should you revoke your election you won't get any refunded contributions except in cases where you haven't fulfilled the minimum amount of service in order to qualify. If you have already retired and are now in additional service, a contributions refund isn't permissible. Instead, you'll get an annuity rather than a refund. In other cases, the election is applied to benefits accrued during its time in force.

Should you leave your pensionable service, you're able to resume your election when you return so long as the break wasn't a continuous single one of over 5 years. You'll need to let the new employer know to start deducting contributions otherwise your election is treated as revoked when you left your pensionable service.

Should you retire early after you leave pensionable service the standard actuarial reduction rate isn't applicable. In such cases, your actuarial deduction will be based on the age you were when you retired.

If you bought out your standard rate, the actuarial reduction rate is reduced by 3 percent for every year you bought out. So, if you left your pensionable employment when you were 60 but chose to take a career average Normal Pension Age 68 pension early when you were 65, your actuarial deduction would be c.5% for every year between the ages of 65-68 (i.e., c.15% overall).

However, if you'd bought out your standard reduction rate for three years, your actuarial reduction will probably be c.2% for every year (i.e., c.6% overall).

Should you decide to continue working until your Normal Pension Age, your benefits will not have any actuarial reduction applied and no Buy Out contributions will be refunded.

Should you retire due to ill-health, actuarial reduction won't be applied to the pension you've accrued but none of your Buy Out contributions will be refunded. Your Buy Out doesn't provide any extra family benefits should you die before reaching NPA and before you take your pension.

# Purchasing Additional Pension

If you buy additional pension you are buying more annual pension as well as your main existing pension benefits. This is done in £250 blocks. The cost will be based on several factors including:

- Your age at the time of making the election.
- Your NPA for those benefits you're purchasing.
- Whether the pension will count towards your partner's benefits or for you alone.
- Your payment method. You can pay additional pension through deduction from your salary, via regular contributions each month through your employer, or by paying your one-off payment to the TPS.

Since your pension is an annual one, it will cost more to buy than the £250 multiple you're purchasing. You should use the [most up-to-date factors](#) to work out your calculation.

The maximum period for payment is twenty years and you must complete it before you reach your NPA. However, you should note that reviewing of payments takes place after every Scheme valuation so your contributions could decrease or increase depending on that valuation's outcome.

You should always check your employer is deducting the right amount and get in touch with them straight away if you spot an error.

## Paying AVCs

It's also possible to an occupational pension scheme member to pay contributions towards an entirely separate Additional Voluntary Contributions Scheme. Prudential has partnered with the DoE for a TAVC (Teachers' AVC) but there are other companies to choose from too. Administration of the Teachers' AVC is entirely separate from the TPS. You can learn more about Prudential and AVCs by checking out their website or talking to one of our advisers.



# Benefit Statements Overview

After qualifying for benefits (which will be after 2 years or 1 year if you are in additional service following retirement) Teachers Pensions can give you your Benefits Statement. This will show how much your current overall pension amount is estimated to be.

The statement might also contain a breakdown of your career average and final salary where applicable. It will also not provide you with an outline of how much your total pension could be on the basis of assumed accrual in the future.

It simply shows you the amount of estimated pension you will receive each year based on your accrued benefits to date should you take your pension when you reach your NPA.

This estimate also shows none of the deductions you'll make when you retire, for example actuarial reductions, for pension shares that result from divorce or deductions for Scheme Pays elections.

You're able to view your own Benefit Statement whenever you like from your own MPO account, so signing up is a great idea. On the benefit statement, you'll also see your aggregated salary information and service recorded supplied by your employers.

Should the information be incomplete or incorrect you should first get in touch with the employer that you had during that employment since they were the original source of the information Teachers Pensions present.

If you have multiple employers, though, you'll need to contact Teachers Pensions first as they can give you a full breakdown of the times when you were in multiple employments.

Unlike benefit statements which aggregate these details, Teachers Pensions supply you with the details of the individual employers that you worked for as well as the periods that you were employed by them so that you can check your full record yourself and get in touch with the correct employer.

# What Will Happen If I've Left Pensionable Service?

Once you leave your pensionable service you become a "Deferred" scheme member. If you are yet to qualify for your pension, you're able to either transfer-out (so long as you've got a minimum of 3 months' service) or take a contributions repayment.

Alternatively, it's possible to leave your pension benefits as they are because if you go back, you'll carry on in the same place as you left, building up more pension benefits and qualifying service.

Should you already be receiving pension scheme benefits, you can't receive any contributions repayments with regard to additional service. Instead, you'll get extra pension benefits. Should you qualify to receive pension benefits, be aware the pension entitlement will be triggered should you still no longer be in pensionable service at the time you reach the NPA.

It's still required that you make an application for your pension, but your payable date is the date on which you reach your NPA. If that date has already passed, Teachers Pensions will backdate your payment then apply any increase to the pension that is due.

## Revaluing Deferred Benefits

If you're a Deferred scheme member, the career average benefit revaluation from the point you become one will equate to the API (Annual Pensions Increase) instead of the active service revaluation which is CPI plus 1.6%.

Should you then go back to a pensionable service role after taking a maximum break of 5 years, TPS will treat that break period as active service, revaluing the deferred benefits in accordance. Should you return following one break lasting over 5 years, your deferred benefits carry on being revalued in alignment with the API (Annual Pensions Increase), with only new accrual to the pension being revalued as active.

## Transferring-Out

As of April 2015, those members qualifying for benefits are only able to transfer them if their new pension scheme accepts transfers and is also a defined benefits scheme. The receiving pension scheme must also be a recognized one satisfying HMRC's requirements. You must also extinguish your TPS retained rights within twelve months of joining your new scheme. (That means you'll receive a transfer that is guaranteed from TPS in exchange for your signed declaration that transfers your rights).

In the case of "Club" transfers taking place between different public sector pension schemes, you must complete your transfer within twelve months of becoming eligible for your receiving scheme. Therefore, if you choose to delay becoming part of your new pension scheme, it'll still count towards your 12-months' time limit. A Club transfer will also be restricted to cases where the time period between becoming eligible for one pension scheme and leaving another isn't over 5 years.

Should you not qualify for pension scheme benefits then, so long as a proportion of the pensionable service you've completed took place after 1985 as well as having pensionable service that is over 3 months, it's possible to transfer to another defined contributions scheme accepting transfers and satisfying the HMRC requirements.

Another option is to accept a contributions repayment. If, however, the contributions relate to additional service following retirement it isn't possible for contributions to be repaid. A small amount of annual pension will be provided instead.

## What Will Happen If I Go On Family Leave?

Should you be receiving statutory or contractual pay during Paternity or Maternity leave, pensionable service continues. That will also apply if you are adopting a child. Your rate of contributions will stay at the amount you'd get if receiving your typical pay, but it will only be applied to the actual pensionable amount you earn.

The same rate of contributions is used as you continue to accrue your pension benefits just like you were getting your standard pay instead of your reduced amount. That means you won't lose any pension while on your pensionable adoption, family, paternity or maternity leave.

Should you be receiving no pay, whether or not it is statutory pay, you'll no longer be deemed to be in pensionable service with regard to the Scheme. Therefore, you'll accrue no further pension when receiving no pay.

You should note, though, that during periods of family non-pensionable leave immediately following a pensionable service period, you will be deemed as being still in-service should a pension or death grant to your beneficiaries or beneficiary becomes payable.



## What Happens If I Get Sick?

If you become ill, it's possible you may need to quit work before you reach your NPA. Before applying for retirement on ill health grounds, both your employer and you yourself must arrange an appointment with occupational health to explore ways of helping you to return to or remain in work.

The options could include reducing the number of hours you work or taking a role that has less responsibility associated with it. You should only take retirement due to ill-health as a final resort. You must consider some issues before you apply for retirement on these grounds.

You must supply medical evidence that supports your application and either your employer or you yourself must pay fees relating to the provision of that evidence. Should you have a severe enough medical condition to warrant you considering retirement due to ill health, it'll be generally expected that you've taken advice from a specialist.

The evidence you provide will be thoroughly weighed up by the medical advisors to the scheme who make their recommendation on the basis of their consideration of whether or not your application is accepted. Should there be too little evidence available to enable the scheme's Medical Advisor to make their properly considered recommendation, they won't accept your application.

They won't seek out any more medical evidence supporting your application so you must take responsibility for ensuring the evidence that you supply is both comprehensive and current.

## What Happens If I've Already Left Service Then Become Ill?

Should you not be teaching any more, there are some application forms to complete. The Medical Information and Ill-Health Retirement Forms can be downloaded from the Teachers Pensions website.

You must return both completed forms together with the medical evidence that supports your application. Should you have left a pensionable teaching post within a 12-month period of submitting the application, you must still ask your former employer to complete the form's medical sections. If you are no longer in a pensionable role, you must pay the costs involved in supplying medical evidence.

## **What Happens If I Receive A Terminal Diagnosis?**

If you've received a terminal diagnosis with life expectancy under one year, it's possible to take your payment in one lump sum instead of taking your ill-health pension. You'll need to ask when applying for your ill-health benefits since you cannot convert your pension into a lump sum after it's come into its payment. Your lump sum will be around 5 times your pension amount.

If you're under 75, the amount that is more than the Lifetime Allowance is the only amount that's taxable. If you're aged 75 or over it'll be subject to tax as your income. Once you've applied for and received your lump sum, you have no further pension rights. If you recover, you will not receive any pension.

## **Serious Ill-Health Grants For Short-Service**

If your life expectancy is under one year but you have not been in your role for a long enough qualifying period to receive ill-health benefits (a period of 2 years) it's possible that you could receive an ill-health grant for short service on the condition that you've been in pensionable employment for a minimum of a year.

# Ending Relationships

If you legally end the relationship with your civil partner or spouse, you may have to ask for information about your pension's value. That will enable the Court to consider if you'll be required to share your pension with your former partner, and if so, how much of it must be shared.

Teachers Pensions will work out a CETV (Cash Equivalent Transfer Value) that represents your accrued benefits' cash value including any dependent's pension, lump sum, and pension itself. A proportion of your CETV may be awarded by the Court to your former partner or spouse, giving them a portion of pension benefits that is based on the amount the court awarded.

Should this happen, you'll find your benefits are reduced. Your ex-partner or spouse will then become one of the Scheme's pension credit members.

You should note that pension shares may take place only if the Scheme member has enough qualifying service time for benefits to be received at the time the pension share is enacted. Pension credit members are not permitted to either transfer out their share from the Scheme or boost their benefits through pension flexibilities.

# Are There Different Kinds Of Retirement?

Implementation of Transitional Protection Remedy For Those Who Retire After April 2022

Members should currently make a retirement application as normal since legislation for Transitional Protection has not yet been put in place. Teachers Pensions processes and systems must also be updated when it is. Once this has been done, if you're already retired then Teachers Pensions will get in touch with you to tell you your different options with regard to your remedy period.

## Age

After reaching your NPA and as long as you're not longer in pensionable service, it's possible to make an application for your pension benefits. If you're continuing to work in a pensionable service following the date on which you reach the NPA, your pension benefits are paid starting from the final day of your pensionable service.

Should there be any delay in making your pension claim, Teachers Pensions will backdate your benefits to your final service day or the date on which you reached NPA, whichever is latest. Your backdated payments are paid in one lump sum. They are also subjected to tax.

### Career Average And Final Salary Benefits

If you have benefits in career average and final salary schemes and you are no longer in service, it's possible for you to claim both your final salary and career average benefit. There will be a reduction in the amount of career average benefit you receive as it will be paid before you reach your NPA.

Should you prefer, those benefits can be left untouched until you get to the NPA for career average benefits at which point you'll receive them in full. Any final salary pension benefits that remain unclaimed at the time you claim the career average pension benefits must then be taken at the same time.



# Early Retirement

You can take your pension benefits before reaching your NPA as long as you're at least 55 years of age and will be leaving service. As of 6th April 2028, the age of minimum pension receipt will be changing. It is set to rise to 57 from 55 years. You can learn more about this on the Teachers Pensions website.

They will actuarially adjust your benefits to reflect their payment before you reach the NPA. If you currently are in a pensionable service, your employer must agree to your leaving and taking your benefits. Should they fail to agree at first, they cannot withhold consent for over 6 months. Your benefits will be paid the day following your end of pensionable employment.

For members who aren't in a pensionable role, you can select the date of your retirement however it has to be a minimum of 6 weeks following the date on which the application form is signed. If you have benefits in career average and final salary schemes, you must take all of the benefits simultaneously.



# A Guide To Calculations

## Career Average Pension Benefits

You accrue career average pension benefits every year on a basis of 1/57th or your chosen faster accrual rate when applicable, of all your pensionable salary for that given year. For each year you remain in service, your pension pot will increase. Once you've left service, the pot will still increase, albeit at a rate that is lower. Benefit Statements reveal the amount your pension has already accumulated.

## Final Salary Pension Benefits

When calculating final salary pension benefits, the amount of salary you earned on average is important since it's the figure used in the calculations.

If you've moved from a final salary scheme to a career average one and have had no service break of over 5 years after the transition, the figure used will be the highest amount of either:

1. The salary that you were receiving in the 365 days immediately before you retired.
2. The average salary you received across your three best consecutive years (these are revalued so inflation can be taken into account) over the 10 years before leaving your service.

If you've taken a service break of over 5 years after transitioning to a career average scheme from a final salary one, the figure used will be the highest amount of either:

1. The salary that you were receiving during the 365 days immediately before your break began.
2. The average salary you received across your three best consecutive years (these are revalued so inflation can be taken into account) over the 10 years before your break began.

# Retirement Lump Sums

Current legislation states that there is no tax to pay on any retirement lump sums paid out by the TPS (unless the Lifetime Allowance has already been exceeded).

The final salary scheme's NPA 60 section includes an automatic lump sum on retirement which equates to 3 times your annual pension.

The NPA 63 final salary scheme as well as the career average pension scheme allow you to opt to convert a portion of your total pension into a lump sum on retirement. You also have this option in the scheme's NPA 60 section if you left service after or on 1st January 2007. Every £1 of your pension given up gives you £12 in a lump sum.

HMRC puts a maximum limit on the total amount you're able to take in a lump sum. Currently, this equates to 25% of the total value of your fund. You don't need to take your maximum amount. The HMRC website has calculators that can show you how much you're able to take as a lump sum (subject to your Lifetime Allowance). You'll also be able to see how the amount of annual pension will be affected.



## Death Grants

If you have a surviving civil partner or spouse, they'll receive a discretionary death grant so long as you haven't nominated another individual as the recipient. You're permitted to nominate any other person including your unmarried partner, regardless of your relationship with them or their age. You cannot, however, nominate a Charity or Trust for your death grant.

Should you nominate someone as your death grant's recipient, you must ensure it's kept updated. You're permitted to nominate multiple people, but should you wish to do this, you need to tell TPS which proportion of your death grant each person should receive.

If no nomination for your death grant exists when you pass away, your estate receives the grant.

## How Much Do Nominees Or Beneficiaries Receive Should I Die While In Service?

Should you pass away while in service, Teachers Pensions will pay out a death grant equivalent to 3 times your salary (or full-time equivalent) as of the date of your death. There isn't any minimum period to qualify for in-service death grants.

If you have nominated somebody to receive your death grant but then later get married or form a civil partnership your nomination won't be cancelled. Therefore, if you don't want somebody to receive your death grant you'll need to revoke the nomination. For this reason, you have to ensure your nomination is kept updated.

## How Much Do Nominees Or Beneficiaries Receive Should I Die While No Longer In Service?

Should you pass away after you've left pensionable employment having completed at least 21 years of your pensionable service, the death grant paid out will depend on the scheme that you were part of at the time of leaving service.

If your benefits are in a career average pension scheme the grant will equate to either 2.25 times the amount of pension you've accrued or the amount of pension contributions you've made plus 3% interest if there isn't any adult pension to pay.

If your benefits are in a final salary pension scheme the grant will equate to either the lump sum as of the date of your death or, alternatively, the total amount of pension contributions you've made plus 3% interest if there isn't any adult pension to pay.

## **I'm Retired, So What Does My Nominee Or Beneficiary Receive?**

If you've retired and have been receiving your pension for under 5 years, the amount of death grant paid out will equate to your annual pension multiplied by 5 with the amount of pension that you've already received subtracted. The treatment of your death grant will be the same whether you were in a career average or final salary scheme at the time of leaving service.

## **What Happens To My Family?**

Should you have a civil partner or spouse, following your death they'll receive a pension automatically so long as you've completed at least 2 years of pensionable service. Unmarried partners or other close dependent relatives may also be able to receive payment of a pension. You must have completed a minimum of two years of service after 1st January 2007 for qualification for benefits for your partner on your death.

You can nominate your partner as long as you're able to register your civil partnership or get married and also have financial interdependence. They will only receive payment of a pension if you have lived together for a minimum of 2 years at the time of your death. You can nominate your partner by simply completing the appropriate nomination forms.

Your partner may be able to receive the "long-term survivor pension" if you are neither spouses nor civil partners, but this only applies if you've completed at least 2 years of pensionable service after 1st January 2007 which must have run continuously for a minimum of 2 years immediately before passing away.

You must also have been cohabiting as if you'd been civil partners or married, legally permitted to become civil partners or get married and neither of you must have been cohabiting with somebody else as if you'd been civil partners or married. Your partner and you must also have been financially interdependent. Alternatively, your partner must have been dependent financially on you.

Your partner will be required to supply evidence of all the above conditions to receive their long-term survivor pension. It's best to complete a nomination form in respect of your partner so that Teachers Pensions are aware of your relationship however it isn't obligatory to do this in order to have benefits paid out.

When no death grant nominations have been completed, your partner will receive a death grant as long as the above conditions have all been met. But the conditions are inapplicable when you've already made a nomination. Therefore, you may prefer to let us know about your wishes and complete a nomination in advance.

If you haven't made a nomination and the criteria for your unmarried partner hasn't been met and therefore no survivor pension can be paid, your death grant is, instead, paid to your estate.

## **Surviving Nominated Beneficiaries**

You're able to nominate your parent, sister, brother, or step-parent so long as they're not married or in a civil partnership, or they're widowed, and not cohabiting with someone else as their civil partner or spouse. The person you nominate must be mainly or wholly dependent financially on you.

Should you get married or form a civil partnership, their nomination will end. It will also end if they get married, die, or become no longer dependent financially on you.

You must ensure your nomination is always kept updated. Whenever a pension application is received, Teachers Pensions will undertake checks to make sure the criteria have been met.

# How Do I Calculate My Family Pension?

If you are in service at the time you pass away, the TPS pays the equivalent of 3 months of your salary. Should you pass away after retirement, Teachers Pensions will continue paying your full pension for 3 months. Those payments are known as a "short-term pension". Once that short-term pension has ended, the long-term pension begins to be paid.

## Career Average Pension Scheme

For those in a career average pension scheme, their long-term pension represents 37.5 percent of all the pension that you've earned to the date you die. Should you pass away in service and be in a career average pension scheme, then an enhancement will be made to your pension equivalent to a 1/57th of the full-time earnings you've earned at the date you die multiple by 50% of your prospective service between your death and your NPA.

## Final Salary Pension Scheme

If you've accrued benefits in a final salary pension scheme, your long-term adult survivor's pension will be 1/160 of your average final salary for every year of survivor's benefits service.

## What Happens if I'm In Both Of The Schemes?

If you have benefits in a final salary and a career average scheme, there will be two calculations to make but although a calculation for each benefit type is carried out, the amount is received as a single pension.

For members with two or fewer children, they receive 50% of an adult's pension. For members with three or more children, the pension for an adult is divided between the amount of children.

## Beneficiaries Claiming Benefits

If the worst happens, your beneficiary must let us know about your death, either by getting in touch with the Teachers Pensions Contact Centre by telephone 0345 6066166 between 8:30am and 6:00pm on weekdays, or by submitting an online form. Your beneficiary should complete the application form for death benefit in every case, even when they believe there are no benefits to receive.

## What Happens To My Dependents?

If you have children who were born when you were alive or within a year of you passing away, they may have an entitlement to receive a child pension. That is also applicable to children who were adopted, born to another partner, or living children who are financially dependent and living with your family when you die. Children will not be eligible if they've formed a civil partnership or are married.

Eligible children must be either 17 or under, or have been consistently in full time education if over the age of 17 for a minimum of 2 years with no break longer than an academic year and be no older than 23. Full time education includes any vocational full-time training course running for a minimum of 2 years.

Eligible children must also not be paid over a specific amount each year (this amount will increase in alignment with any increase in pensions and you can see the most up to date figures on MyPension Online). Alternatively, they must be incapacitated and therefore unable to work because of poor health when you pass away. This must be confirmed by a doctor. Teachers Pensions must also be informed about any benefits they receive.

## How Long Do Civil Partners Or Spouses Receive The Pension For?

For members in service either after or on 1st January 2007, adult pensions are paid out for the entire lifetime of your beneficiary. For members who were not in service after or on this date, adult pensions cease should your civil partner or spouse cohabit with a third party as a civil partner or spouse, remarry, or form a new civil partnership.

## What Percentage Of Service Will Count Towards My Family Benefits?

Should you have a qualifying surviving partner to receive family benefits, the service you completed from 1st January 2007 is used automatically when calculating family benefits. It's possible to pay for any service completed before this date to count towards your family benefits as long as you make your application within 6 months of making a nomination for your partner.



For members who marry or register their civil partnership before they retire, all service after 6th April 1972 will count towards family benefits.

There are, however, different rules that are application for all female teachers passing away before 5th December 2005. Those cases will see the survivor having received a pension that is based on that female teacher's service after 6th April 1988.

## **If I've Already Retired, What Will Happen If I Then Form A Civil Partnership Or Get Married?**

If you marry or form a civil partnership following retirement, only the service you completed after 6th April 1978 counts towards the pension for your adult beneficiary. When you marry or form your civil partnership and your partner meets the criteria for surviving qualifying partners, or you nominate your financial dependent, it's possible to elect to cover your pensionable service to be included in your adult's pension qualification service.





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