

A cluster of autumn leaves in shades of orange and red, positioned on the left side of the page against a dark blue background.

Member Newsletter

Welcome to your first Teachers' Pension Scheme (TPS) member newsletter.

This newsletter is for members of the TPS and aims to raise awareness of the TPS arrangements and latest news, enabling you to better understand what the TPS means for you. In this issue, we pay particular attention to the new TPS arrangements that came into effect from 1 January.

We hope you will find the newsletter interesting and informative, however, if you have any suggestions or comments for improving the way we keep you informed, please contact TP.

In this issue:

- + Changes to the TPS arrangements
- + Pension Commutation
- + Phased Retirement
- + Additional Pension
- + Part-time Employees
- + Nomination Forms

Changes to the TPS arrangements

Retirement Options

1 January 2007 saw the implementation of a number of changes to the TPS designed to provide you with greater flexibility and choice. These changes are:

- + You can now receive a pension based on either your last year's salary or the re-valued average of your best three consecutive years' salary in the last ten years of your service up to retirement, whichever is the greater.
- + You have the option to draw up to 75% of the value of your benefits whilst continuing to work in a reduced capacity – this is known as phased retirement and is only available where this is supported by your employer (see page 2).
- + You have the option to purchase up to £5,000 of additional annual pension (see page 3).
- + Your benefits may be payable to nominated dependent partners (this includes same-sex partners) in the event of your death.
- + A revised ill-health retirement package has been introduced for those members permanently incapacitated and unable to continue a career in teaching. A tiered approach, with two levels of benefits, providing a higher level of benefits for total incapacity and a lower level of benefits for partial incapacity.
- + You have more scope to take a higher tax-free lump sum and a lower level of pension upon retirement – see 'What is commutation?' across.
- + Spouses', surviving civil partners' and nominated dependent partners' pensions will be paid for life.
- + An increase in the death grant payable to three times your salary.

For more information please visit our revamped TP website www.teacherspensions.co.uk, which now provides new resources for members including online calculators, your members guide, fact sheets and leaflets to download.



You can access your Annual Benefit Statement online

What is commutation?

Commutation is the means by which you convert some of your annual pension in return for a larger tax-free retirement lump sum – you can give up £1 of pension in return for £12 of tax-free retirement lump sum up to a maximum of 25% of your overall pension fund value.

We advise that you speak to an Independent Financial Adviser before making your decision.

Do I have to retire at Normal Pension Age?

The revised arrangements remove the 'cliff edge' approach to retirement and allow you to take part of your benefits whilst remaining in employment in a reduced capacity, for example, by working part-time.

How? – See the section below on Phased Retirement.

What is Phased Retirement?

If you opt for phased retirement, you will receive part of your pension benefits alongside your earnings, which will be reduced by at least 25% for a minimum of one year following the commencement of your phased retirement. Ask your employer for a fact sheet on Phased Retirement or visit the TP website for more information.

Case study: Why might phased retirement be an option for you?

Carolyn, a KS1 teacher, tells us why she opted to take phased retirement:

"I was planning to retire in July 2009, a little after my husband, and financial planning was important to us as we wanted to ensure that we maximised our retirement income.

The primary school where I am a KS1 teacher, is in the fifth year of a seven year staff reduction situation. The consultation process began in Spring 2007 to identify members of staff to be redeployed at the end of the academic year. Union representatives attend the meetings and as a member of the ATL, I read about the new phased retirement arrangements in one of their booklets.

I realised that I now had another option to working full time until retirement, and although I had not previously considered a reduction in hours this new arrangement seemed to be tailor made for me. After discussion with my husband I decided to reduce my teaching commitment to 0.7 per week, and to also access some of my pension - albeit at an actuarially reduced rate. This new flexible approach has meant that the impact on my income and financial planning is minimal, but my work life balance has greatly improved. I now enjoy relaxing weekends which I love and I would recommend the arrangement to anyone who feels that it is suitable for them."

Planning for Retirement

Hilary also decided to take advantage of the phased retirement option. She tells us why:

"I had thought about resigning and taking advantage of 100% of my pension actuarially reduced before returning to work on a shorter timetable but when I discussed this with my NASUWT rep he suggested speaking to the area rep who told me about phased retirement. The phased retirement meant that I would have sufficient funds to maintain my present income, almost, but I would keep security of tenure so that made sense to me.

The Head allowed me to keep my responsibility points for Subject Leader of PSHE, I no longer teach English so there is no marking, less lesson preparation because my PSHE lessons are more or less done year on year with a little tweaking and I repeat modules on a carousel system. I can devote more time to arranging visitors, checking out new resources and begin to think about assessment in my subject in a more formal way, some things I rarely had time to address when I was full time.

As far as my work/life balance is concerned, it is much better: now I don't have to pack everything into the weekend because I can do some jobs/activities during my days off. Whoever thought of phased retirement needs a knighthood!"

How can I work out the value of my pension?

Various calculators are available on the TP website to assist you in your pension planning. If you are seriously considering retirement, you should contact TP using the contact details provided on the last page of this newsletter.

Additional Pension

With effect from 1 January 2007 you can buy additional pension up to a maximum of £5,000 a year.

- + This can be done at different times and you can buy the additional pension in multiples of £250 either by deductions from your salary or by a lump sum payment.
- + You can purchase additional pension solely for personal benefits or for a combination of personal and partners' benefits.
- + The cost is calculated using a number of factors such as your age and the amount of pension you want to buy.
- + Please see the fact sheet on Additional Pension and the calculator available on the TP website to find out the cost to you of purchasing an additional pension.

Part-time employees

Can I join the TPS if I work part-time?

From 1 January 2007, new part-time teachers are automatically enrolled in the TPS unless they opt out. If you are already a part-time teacher and have previously opted out of the TPS you will remain opted out. Existing part-time teachers who have not previously opted out will be enrolled into the Scheme automatically if you change your contract of employment unless you choose to opt out.

Opting out of the TPS is a very important decision and one which should not to be taken lightly. It means you would not receive a pension and that your dependents would not be eligible to receive any benefits should something happen to you. To opt out you need to complete an opting out election form and send it to us via your employer, but we advise that you speak to an independent financial adviser before making your decision.

How is my pension calculated if I work part-time?

The full-time equivalent of your salary and your actual service in the TPS will be used to calculate your retirement benefits.

Nomination Forms

Did you know that the average life expectancy of a teacher on retirement at age 60, NPA for most members, is 27.5 years for men and 30.5 years for women? (Figures from the Government Actuary's Department).

As a member of the TPS you can plan for your future and your family's future. To ensure that your wishes are considered, it is vital that you complete a Nomination Form. If you are unsure of the nominations that you have made previously, please arrange for a new form to be completed as soon as possible. Using this form, you can:

- + Nominate your partner to receive your death grant.
- + Nominate your partner to receive a pension when you die (as long as certain conditions are met at the time of your death).
- + Inform us of any changes in your wishes or circumstances (e.g. the birth of a child, marriage or divorce).

You can make or amend your death grant nominations by using the form on the TP website or by requesting one from the TP administration team.



Did you know that only your service from 1 January 2007 will count automatically towards a pension for your nominated partner? If you were a member before that date you may be able to cover previous service by paying extra contributions. Ask your employer for a form or view further details on the website.

Contact Us

For more information about the TPS arrangements please visit the website, www.teacherspensions.co.uk, or contact your employer or the TP administration team who will be happy to help. You can contact them:

By telephone: 0845 6066 166 – lines are open 8.30am to 6.00pm Monday to Friday.

By post:

Teachers' Pensions
Mowden Hall
Darlington
DL3 9EE

By fax: 01325 745789

By email (general enquiries): TPMail@capita.co.uk



Your personal details

The TP website features 'My Pension Online' where you can update your personal details, access an estimate of your benefits, elect to pay contributions and make or amend your death grant nomination.