



Government Actuary's Department

Teachers' Pension Scheme

Final salary sections and career average section

Early retirements in normal health

Factors and guidance

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Author: Matt Wood and Donal Cormican



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1 Introduction

- 1.1 This note is provided for the Department for Education (DfE) as scheme manager of the Teachers' Pension Scheme (TPS) and sets out how to determine the appropriate reduction to be applied to a member's benefits when retiring early in normal health.
- 1.2 This guidance is intended to supersede any factors or advice previously issued, for the purposes of early retirement calculations, which rely on input from the Scheme Actuary. In particular, this guidance supersedes:
- > *Teachers' Pension Scheme: Early retirements in normal health: Factors and guidance* dated 30 June 2011.
 - > *Teachers' Pension Scheme: Factors for calculating debits in respect of annual allowance tax charges¹* dated 19 July 2012. This guidance document set out the appropriate reduction to be applied to a member's annual allowance debit(s) when retiring early in normal health.
- 1.3 The factors provided in this note have been prepared in light of our advice to DfE dated 14 October 2014 and its instructions following that advice.
- 1.4 The regulations to which this document relates, and the corresponding factors provided, are set out in Appendix A.
- 1.5 A member may have benefits in both the final salary sections and the career average section. For the purposes of calculating a member's early retirement pension before any commutation option is exercised, the member's final salary early retirement pension and career average section early retirement pension should be calculated separately using the relevant parts of this guidance.

Exclusions

- 1.6 This note covers early retirements in normal health only. In particular, this note does not cover enhancements to be applied in the cases of early retirement in ill health.

Implementation

- 1.7 DfE will determine the implementation date for the factors applying in the final salary sections of the scheme. The factors in the career average section apply from 1 April 2015.
- 1.8 The remainder of this note covers the factor tables, guidance on their use and a number of worked examples. These are provided separately for the final salary and career average sections of the scheme.

¹ This note only supersedes those parts of paragraphs 2.15 – 2.22, Table 820 and Table 830 of this annual allowance guidance document that relate to implementing debits on early retirement in normal health.



2 Early retirement with actuarial reduction – final salary sections

General information

- 2.1 These factors are used to reduce the benefits of final salary section members who wish to retire before their normal pension age.
- 2.2 This section refers only to benefits payable in accordance with Regulations 61, 62, 73, 75, 81 and 105 of the Teachers' Pension Regulations 2010 (SI 2010/990), that is those Regulations relating to the early payment of main scheme benefits, Additional Pension, admitted service benefits and pension credits of final salary section members.
- 2.3 The benefits payable on early retirement are determined by applying the appropriate reduction factor to the accrued benefit entitlement(s) at the date of retirement using the formula below and factors in the Appendix B.
- 2.4 Worked examples are provided in Section 3.

Pre-2007 entrants

Active or deferred members below age 60 at retirement

- 2.5 Early retirement pension =
 - Main scheme pension x Factor ER1
 - + Additional Pension (option exercised on or before 22 June 2010) x Factor ER2
 - + Additional Pension (option exercised after 22 June 2010) x Factor ER3
 - pension debit(s) pension x Factor ER1
- 2.6 Early retirement lump sum =
 - Main scheme lump sum x Factor ER1
 - pension debit(s) lump sum x Factor ER1
- 2.7 Points to note in using factors:
 - > Main scheme pension and lump sum includes any transferred-in, added years' and admitted service pension and lump sum.
 - > Additional Pension and pension debits need to be revalued to the date of retirement.
 - > The early retirement factors should be selected with reference to a member's age at retirement (in years and complete months).
 - > Reduced benefits should be calculated before commutation option is exercised.



Pre-2007 entrants

Active members aged between 60 and 65 at retirement with NPA 65 Additional Pension

- 2.8 Pre-2007 entrants who have already reached the age of 60 can purchase Additional Pension with a normal pension age of 65. Where the Additional Pension comes into payment before age 65, it should be reduced for early payment by multiplying by the appropriate factor from Table ER5 (where the option was exercised on or before 22 June 2010) or Table ER6 (where the option was exercised after 22 June 2010).
- 2.9 No adjustments for early retirement are to be made to other elements of the pension.

2007 or later entrants

Early retirement of active or deferred members

- 2.10 Early retirement pension =
- Main scheme pension x Factor ER4
 - + Additional Pension (option exercised on or before 22 June 2010) x Factor ER5
 - + Additional Pension (option exercised after 22 June 2010) x Factor ER6
 - pension debit(s) pension x Factor ER4
- 2.11 Points to note in using factors:
- > Main scheme pension includes any transferred-in service.
 - > Additional Pension and pension debits need to be revalued to the date of retirement.
 - > The early retirement factors should be selected with reference to a member's age at retirement (in years and complete months).
 - > Reduced benefits should be calculated before any lump sum commutation option is exercised.



Persons with mixed service Early retirement of active or deferred members

- 2.12 Early retirement pension =
- Main scheme pension (where NPA is 60) x Factor ER1
 - + Main scheme pension (where NPA is 65) x Factor ER4
 - + Additional Pension (option exercised on or before 22 June 2010 where NPA is 60) x Factor ER2
 - + Additional Pension (option exercised on or before 22 June 2010 where NPA is 65) x Factor ER5
 - + Additional Pension (option exercised after 22 June 2010 where NPA is 60) x Factor ER3
 - + Additional Pension (option exercised after 22 June 2010 where NPA is 65) x Factor ER6
 - pension debit(s) pension (where NPA is 60) x Factor ER1
 - pension debit(s) pension (where NPA is 65) x Factor ER4
- 2.13 Early retirement lump sum =
- Main scheme lump sum x Factor ER1
 - pension debit(s) lump sum x Factor ER1
- 2.14 Points to note in using factors:
- > Main scheme pension and lump sum includes any transferred-in and added years' pension and lump sum with the appropriate NPA.
 - > Additional Pension and pension debits need to be revalued to the date of retirement.
 - > The early retirement factors should be selected with reference to a member's age at retirement (in years and complete months).
 - > Reduced benefits should be calculated before commutation option is exercised.

Allowance for pension debits

- 2.15 The formulae set out above make explicit allowance for pension debits (which includes annual allowance debits). The pension debits are also reduced to reflect that the pension debit will be in effect for a longer period.

Pension credit members

- 2.16 Early retirement reductions apply to pension credit members dependent on their NPA. For credit members with NPA 60, the calculation is the same as for a pre-2007 joiner ignoring pension debits and additional pension (paragraph 2.5 and, if a lump sum is payable, paragraph 2.6). For credit members with NPA 65, the calculation is the same as for a 2007 or later entrant (paragraph 2.10).



Eligibility for actuarially reduced early retirement

- 2.17 Actuarially reduced early retirement is not allowed if the reduced main scheme pension in respect of service given on or after 6 April 1978 and on or before 5 April 1997 is expected to be less than a member's guaranteed minimum pension (GMP) at GMP payment age (65 for males and 60 for females).
- 2.18 GMP data is not routinely held by the administrator. Where GMP data is not held, an initial test as described in paragraph 2.19 should be carried out to decide which cases require further investigation. The test in paragraph 2.22 can be carried out directly if GMP data is held.
- 2.19 If the following condition holds then the scheme pension is expected to be greater than the GMP at GMP payment age and no further investigation is required.

$$\frac{\text{final average salary}}{\text{highest FTE salary in the GMP accrual period} \times \text{PI}} > 1.2$$

where:

- > final average salary is that used to determine the amount of the scheme benefits
 - > highest FTE salary in the GMP accrual period is the highest FTE salary attained between 6 April 1978 and 5 April 1997
 - > PI is the pension increase multiplier for the period between (i) the date on which the member first earned the highest FTE salary in the GMP accrual period and (ii) the date which the final average salary relates to.
- 2.20 If the condition in paragraph 2.19 does not hold then the following test should be applied to check whether a member is eligible for actuarially reduced early retirement.
- 2.21 The GMP test is applied to the reduced value of the pension after a member has exercised any commutation option. It may be therefore that actuarially reduced early retirement is permitted but only if no pension is commuted.
- 2.22 The GMP test is set out below:
- > Calculate the pension in relation to service before 6 April 1997, excluding any added years but including any (pre-97) transferred-in service and apply the relevant early retirement factor and the reduction for the proposed level of commutation.



- > Take revalued annual GMP at date of retirement and apply the relevant factor from the following table.

Number of tax years commencing before GMP payable	Factor
1	1.030
2	1.055
3	1.085
4	1.115
5	1.145
6	1.175
7	1.210
8	1.240
9	1.275
10	1.310

- > Early retirement is permitted if the reduced pension is greater than the GMP multiplied by the factor.



3 Examples – final salary sections

- 3.1 This Section sets out a number of worked examples to help illustrate how the factors should be applied for retirements from the final salary sections. The examples covered are as follows:
- A.** Early retirement of a pre-2007 entrant with a NPA 60 Additional Pension contract exercised after 22 June 2010
 - B.** Early retirement of a pre-2007 entrant with a NPA 60 Additional Pension contract exercised on or before 22 June 2010
 - C.** Pre-2007 entrant with a NPA 65 Additional Pension contract exercised after 22 June 2010, retiring before age 65
 - D.** Early retirement of a 2007 or later entrant with an annual allowance debit
- 3.2 In all examples, the member is assumed to be eligible for early retirement.



Example A

Early retirement of a pre-2007 entrant with a NPA 60 Additional Pension contract exercised after 22 June 2010

Member Details

NPA	60
Sex	Male
Date of birth	1 January 1960
Date of retirement	1 August 2015
Age at retirement (years and complete months)	55 years and 7 months
Pension at retirement	£2,000 pa
Lump sum at retirement	£6,000
NPA of Additional Pension (AP)	60
Date of AP election	1 September 2010
Amount of AP purchased	£500 pa

Pension

Main scheme pension

Factor table	ER1
Pension factor	0.817
Reduced main scheme pension	= Accrued main scheme pension x ER1
	= £2,000 x 0.817
	= £1,634.00 pa

Additional pension

Factor table	ER3
Pension factor	0.810
Reduced additional pension	= Paid-up additional pension x ER3
	= £500 x 0.810
	= £405.00 pa

Total reduced pension = £1,634.00 + £405.00 = £2,039.00 pa

Lump Sum

Main scheme lump sum

Factor table	ER1
Lump sum factor	0.817
Reduced lump sum	= Accrued main scheme lump sum x ER1
	= £6,000 x 0.817
	= £4,902.00



Example B

Early retirement of a pre-2007 entrant with a NPA 60 Additional Pension contract exercised on or before 22 June 2010

Member Details

NPA	60
Sex	Female
Date of birth	1 December 1957
Date of retirement	1 April 2015
Age at retirement (years and complete months)	57 years and 4 months
Pension at retirement	£4,500 pa
Lump sum at retirement	£13,500
NPA of Additional Pension (AP)	60
Date of AP election	21 June 2006
Amount of AP purchased	£1,500 pa

Pension

Main scheme pension

Factor table	ER1
Pension factor	0.885
Reduced main scheme pension	= Accrued main scheme pension x ER1
	= £4,500 x 0.885
	= £3,982.50 pa

Additional pension

Factor table	ER2
Pension factor	0.906
Reduced additional pension	= Paid-up additional pension x ER2
	= £1,500 x 0.906
	= £1,359.00 pa

Total reduced pension = £3,982.50 + £1,359.00 = £5,341.50

Lump Sum

Main scheme lump sum

Factor table	ER1
Lump sum factor	0.885
Reduced lump sum	= Accrued main scheme lump sum x ER1
	= £13,500 x 0.885
	= £11,947.50



Example C

Pre-2007 entrant with a NPA 65 Additional Pension contract exercised after 22 June 2010, retiring before age 65

Member Details

NPA	60
Sex	Male
Date of birth	25 July 1954
Date of retirement	22 August 2015
Age at retirement (years and complete months)	61 years and 0 months
Pension at retirement	£6,000 pa
Lump sum at retirement	£18,000
NPA of Additional Pension (AP)	65
Date of AP election	1 September 2014
Amount of AP purchased	£1,500 pa

Pension

Main scheme pension

Factor table	n/a
Pension factor	n/a
Main scheme pension	= Accrued main scheme pension
	= £6,000.00 pa

Additional pension

Factor table	ER6
Pension factor	0.810
Reduced additional pension	= Paid-up additional pension x ER6
	= £1,500 x 0.810
	= £1,215.00 pa

Total reduced pension = £6,000.00 + £1,215.00 = £7,215.00

Lump Sum

Main scheme lump sum

Factor table	n/a
Lump sum factor	n/a
Lump sum	= Accrued main scheme lump sum
	= £18,000.00



Example D
Early retirement of a 2007 or later entrant with an annual allowance debit

Member Details

NPA	65
Sex	Female
Date of birth	1 March 1956
Date of retirement	1 August 2017
Age at retirement (years and complete months)	61 years and 5 months
Pension at retirement	£4,500 pa
Annual allowance debit at retirement	£200 pa

Pension

Main scheme pension

Factor table		ER4
Pension factor		0.828
Reduced main scheme pension	=	Accrued main scheme pension x ER4
	=	£4,500 x 0.828
	=	£3,726.00 pa

Annual allowance debit

Factor table		ER4
Pension factor		0.828
Reduced annual allowance debit	=	Annual allowance debit x ER4
	=	£200 x 0.828
	=	£165.60 pa

Total reduced pension = £3,726.00 - £165.60 = £3,560.40 pa



4 Early retirement with actuarial reduction – career average section

General information

- 4.1 These factors are used to reduce the benefits of career average section members who wish to retire before their normal pension age.
- 4.2 This section refers only to benefits payable in accordance with Regulations 76, 77, 80, 96, 102, 105 and 156 of the Teachers' Pension Regulations 2014 (SI 2014/512), that is those Regulations relating to the early payment of full retirement earned pension benefits, Additional Pension and pension credits of career average section members.
- 4.3 For members retiring early from active service, the standard reduction of 3% a year applies for a maximum of 3 years between age 65 and a member's normal pension age. However, members do have the option to pay contributions to buy out the standard reduction ("buy-out election") for a period of up to 3 years.
- 4.4 The benefits payable on early retirement from active service are determined by applying the standard reduction (if any) and the appropriate reduction factor (if required) to the accrued benefit entitlement at the date of retirement using the formula in paragraph 4.7 below and factors in the Appendix C.
- 4.5 The benefits payable on early retirement from deferred status are determined by applying the appropriate reduction factor to the accrued benefit entitlement at the date of retirement using the formula in paragraph 4.9 below and factors in the Appendix C. An adjustment to the early retirement reduction is required for those members who made a buy-out election. The formula in paragraph 4.11 should be used for any part of a deferred member's pension that is subject to a buy-out election.
- 4.6 Worked examples are provided in Section 5.



Active members

4.7 Early retirement pension =

- Full retirement earned pension x standard reduction x Factor ER7
- + Additional Pension x Factor ER8
- pension debit(s) pension x Factor ER8

4.8 Points to note in using factors:

- > Full retirement earned pension includes any transferred-in pension and any extra pension purchased through a faster accrual election.
- > Additional Pension and pension debits need to be revalued to the date of retirement.
- > The standard reduction should be adjusted accordingly if a member has made a buy-out election. If a member revokes, or is taken to revoke, the buy-out election, the election only applies to the pension accrued before the date of the revocation. In such cases, separate calculations are required for the elements of the pension which are and are not covered by the buy-out election, with the total pension payable being the sum of these separate calculations.
- > Factor ER7 should be selected with reference to a member's age at retirement (in years and complete months).
- > Factor ER8 should be selected with reference to the period to a member's NPA (in years and months, with part months rounded up to the nearest month).
- > Reduced benefits should be calculated before commutation option is exercised.

Deferred members – pension not subject to a buy-out election

4.9 Early retirement pension =

- Full retirement earned pension x Factor ER8
- + Additional Pension x Factor ER8
- pension debit(s) pension x Factor ER8

4.10 Points to note in using factors:

- > Full retirement earned pension includes any transferred-in pension and any extra pension purchased through a faster accrual election.
- > Additional Pension and pension debits need to be revalued to the date of retirement.
- > Factor ER8 should be selected with reference to the period to a member's NPA (in years and months, with part months rounded up to the nearest month).
- > Reduced benefits should be calculated before commutation option is exercised.



Deferred members – pension subject to a buy-out election

4.11 Early retirement pension =

- Full retirement earned pension x [Factor ER8 + 0.03 x N x Factor ER9]
+ Additional Pension x Factor ER8
- pension debit(s) pension x Factor ER8

where N is the minimum of:

- > the number of years for which the standard reduction has been bought out; and
- > the period to the member's NPA (in years and months, with part months rounded up to the nearest month) minus $\frac{1}{24}$.

4.12 Points to note in using factors:

- > Full retirement earned pension includes any extra pension purchased through a faster accrual election which is also subject to a buy-out election.
- > Additional Pension and pension debits need to be revalued to the date of retirement.
- > If a member revokes, or is taken to revoke, the buy-out election, the election only applies to the pension accrued before the date of the revocation. In such cases, separate calculations are required for the elements of the pension which are and are not covered by the buy-out election. The former is covered by paragraph 4.11 and the latter by paragraph 4.9, with the total pension payable being the sum of these separate calculations.
- > Factor ER8 should be selected with reference to the period to a member's NPA (in years and months, with part months rounded up to the nearest month).
- > Factor ER9 should be selected with reference to a member's age at retirement (in years and complete months).
- > Reduced benefits should be calculated before commutation option is exercised.

Allowance for pension debits

- 4.13 The formulae set out above make explicit allowance for pension debits (which includes annual allowance debits). The pension debits are also reduced to reflect that the pension debit will be in effect for a longer period.

Pension credit members

- 4.14 Early retirement reductions apply to pension credit members. Calculation of the early retirement pension for pension credit members follows the same process outlined above for career average section deferred members who did not make a buy-out election (paragraph 4.9).



5 Examples – career average section

- 5.1 This Section sets out a number of worked examples to help illustrate how the factors should be applied for retirements from the career average section. The examples covered are as follows:
- E.** Early retirement of an active member with an Additional Pension contract and a pension debit from a pension sharing order on divorce
 - F.** Early retirement of an active member who made a buy-out election
 - G.** Early retirement of a deferred member who did not make a buy-out election
 - H.** Early retirement of a deferred member who made a buy-out election



Example E

Early retirement - Active member with an Additional Pension contract and a pension debit from a pension sharing order on divorce

Member Details

NPA	66
Sex	Male
Date of birth	1 April 1955
Date of retirement	1 November 2015
Age at retirement (years and complete months)	60 years and 7 months
Period to NPA (rounded up to the nearest month)	5 years and 5 months

Full retirement earned pension at retirement	£2,000 pa
Amount of AP purchased	£500 pa
Pension debit at retirement	£800 pa

Standard reduction (for age 65 to 66)	3% (or 0.03)
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Pension

As the member is retiring from active service the formula in paragraph 4.7 should be used.

Full retirement earned pension

Factor table	ER7
Pension factor	0.793

$$\begin{aligned} \text{Reduced pension} &= \text{Full retirement earned pension} \times \text{standard reduction} \times \text{Factor ER7} \\ &= £2,000 \times (1 - 0.03) \times 0.793 \\ &= £1,538.42 \text{ pa} \end{aligned}$$

Additional Pension

Factor table	ER8
Pension factor	0.750

$$\begin{aligned} \text{Reduced AP} &= \text{Paid-up Additional Pension} \times \text{Factor ER8} \\ &= £500 \times 0.750 \\ &= £375.00 \text{ pa} \end{aligned}$$

Pension debit

Factor table	ER8
Pension factor	0.750

$$\begin{aligned} \text{Reduced pension debit} &= \text{Pension debit} \times \text{Factor ER8} \\ &= £800 \times 0.750 \\ &= £600.00 \text{ pa} \end{aligned}$$

$$\text{Total reduced pension} = £1,538.42 + £375.00 - £600.00 = £1,313.42$$



Example F
Early retirement - Active member who made a buy-out election

Member Details

NPA	66
Sex	Female
Date of birth	1 September 1957
Date of retirement	1 September 2020
Age at retirement (years and complete months)	63 years and 0 months

Full retirement earned pension at retirement:

Subject to the buy-out election	£1,000 pa
Not subject to the buy-out election	£3,000 pa
Total	£4,000 pa

Standard reduction (for age 65 to 66)	3% (or 0.03)
Number of years for which the standard reduction has been bought out	1

On joining the career average section the member elected to buy-out the standard reduction applying for 1 year. However, the member revoked this option before their retirement date. £1,000 of the full retirement earned pension relates to the period during which the buy-out election was in force and £3,000 relates to the period after the buy-out election was revoked.

Pension

As the member is retiring from active service the formula in paragraph 4.7 should be used.

Full retirement earned pension subject to the buy-out election

Factor table	ER7
Pension factor	0.899

$$\begin{aligned} \text{Reduced pension} &= \text{Full retirement earned pension} \times \text{standard reduction} \times \text{Factor ER7} \\ &= £1,000 \times 1 \times 0.899 \\ &= £899.00 \text{ pa} \end{aligned}$$

Full retirement earned pension not subject to the buy-out election

Factor table	ER7
Pension factor	0.899

$$\begin{aligned} \text{Reduced pension} &= \text{Full retirement earned pension} \times \text{standard reduction} \times \text{Factor ER7} \\ &= £3,000 \times (1-0.03) \times 0.899 \\ &= £2,616.09 \text{ pa} \end{aligned}$$

$$\text{Total reduced pension} = £899.00 + £2,616.09 = £3,515.09$$



Example G
Early retirement - Deferred member who did not make a buy-out election

Member Details

NPA	66
Sex	Male
Date of birth	1 March 1958
Date of retirement	5 June 2020
Period to NPA (rounded up to the nearest month)	3 years and 9 months
Pension at retirement	£5,000 pa

Pension

As the member is retiring from deferred service and did not make a buy-out election, the formula in paragraph 4.9 should be used.

Full retirement earned pension

Factor table	ER8
Pension factor	0.817

$$\begin{aligned}\text{Reduced pension} &= \text{Full retirement earned pension} \times \text{Factor ER8} \\ &= £5,000 \times 0.817 \\ &= £4,085.00 \text{ pa}\end{aligned}$$



Example H
Early retirement – Deferred member who made a buy-out election

Member Details

NPA	66
Sex	Female
Date of birth	1 November 1959
Date of retirement	1 November 2021
Age at retirement (years and complete months)	62 years and 0 months
Period to NPA (rounded up to the nearest month)	4 years and 0 months

Full retirement earned pension at retirement:

Subject to the buy-out election	£1,500 pa
Not subject to the buy-out election	£1,000 pa
Total	£2,500 pa

Number of years for which the standard reduction has been bought out

1

On joining the career average section the member elected to buy-out the standard reduction applying for 1 year. However, the member revoked this option before leaving active service. £1,500 of the full retirement earned pension relates to the period during which the buy-out election was in force and £1,000 relates to the period after the buy-out election was revoked.

Pension

Full retirement earned pension subject to the buy-out election

As the member is retiring from deferred service the formula in paragraph 4.11 should be used for that part of the member's pension that is subject to the buy-out election.

Reduced pension = Full retirement earned pension x [Factor ER8 + 0.03 x N x Factor ER9]

where N is the minimum of:

- > the number of years for which the standard reduction has been bought out; and
- > the period to the member's NPA (in years and months, with part months rounded up to the nearest month) minus $\frac{1}{24}$.

Factor table	ER8
Pension factor	0.806

N	= minimum of (1 , $4 - \frac{1}{24}$)
	= minimum of (1 , $3\frac{23}{24}$)
	= 1

Factor table	ER9
Pension factor	0.853



$$\begin{aligned}\text{Reduced pension} &= \text{Full retirement earned pension} \times [\text{Factor ER8} + 0.03 \times N \times \text{Factor ER9}] \\ &= £1,500 \times [0.806 + 0.03 \times 1 \times 0.853] \\ &= £1,247.39 \text{ pa}\end{aligned}$$

Full retirement earned pension not subject to the buy-out election

As the member is retiring from deferred service the formula in paragraph 4.9 should be used for that part of the member's pension that is not subject to the buy-out election.

Factor table	ER8
Pension factor	0.806

$$\begin{aligned}\text{Reduced pension} &= \text{Full retirement earned pension} \times \text{Factor ER8} \\ &= £1,000 \times 0.806 \\ &= £806.00 \text{ pa}\end{aligned}$$

$$\text{Total reduced pension} = £1,247.39 + £806.00 = £2,053.39 \text{ pa}$$



Appendix A: Regulations to which this document relates and corresponding factors

Final salary section

Factor Table Number	Regulation (The Teachers' Pensions Regulations 2010 - SI 2010/990)
ER1 <ul style="list-style-type: none"> pension and lump sum reduction factors Normal Pension Age (NPA) 60 applicable to NPA 60 main scheme pension and lump sum, including any pension debits retirement from active or deferred status 	61 Annual rate of phased retirement and retirement pension 62 Amount of phased retirement and retirement lump sum 81 Annual rate of admitted service pension and amount of admitted service lump sum 105 Pension credit retirement benefits
ER2 <ul style="list-style-type: none"> pension reduction factors NPA 60 applicable to NPA 60 Additional Pension (contracts exercised on or before 22 June 2010) 	73 Election to receive additional pension with phased retirement pension 75 Additional pension paid with retirement pension
ER3 <ul style="list-style-type: none"> pension reduction factors NPA 60 applicable to NPA 60 Additional Pension (contracts exercised after 22 June 2010) 	73 Election to receive additional pension with phased retirement pension 75 Additional pension paid with retirement pension
ER4 <ul style="list-style-type: none"> pension reduction factors NPA 65 applicable to NPA 65 main scheme pension, including any pension debits retirement from active or deferred status 	61 Annual rate of phased retirement and retirement pension 105 Pension credit retirement benefits
ER5 <ul style="list-style-type: none"> pension reduction factors NPA 65 applicable to NPA 65 Additional Pension (contracts exercised on or before 22 June 2010) 	73 Election to receive additional pension with phased retirement pension 75 Additional pension paid with retirement pension
ER6 <ul style="list-style-type: none"> pension reduction factors NPA 65 applicable to NPA 65 Additional Pension (contracts exercised after 22 June 2010) 	73 Election to receive additional pension with phased retirement pension 75 Additional pension paid with retirement pension



Career average section

Factor Table Number	Regulation (The Teachers' Pension Scheme Regulations 2014 – SI2014/512)
<p>ER7</p> <ul style="list-style-type: none"> • pension reduction factors • all NPAs • applicable to career average section pension • retirement from active status only 	<p>76 Pension accounts for active or deferred members who become pensioner members</p> <p>77 Pension accounts for phased retirement members</p> <p>96 Annual rate of phased retirement pension</p> <p>102 Annual rate of premature retirement pension</p> <p>105 Annual rate of early retirement pension</p>
<p>ER8</p> <ul style="list-style-type: none"> • pension reduction factors • all NPAs • applicable to career average section pension • retirement from deferred status – full retirement earned pension • retirement from active or deferred status - Additional Pension and pension debits • retirement of a pension credit member 	<p>76 Pension accounts for active or deferred members who become pensioner members</p> <p>77 Pension accounts for phased retirement members</p> <p>80 Pension credit member's pension account</p> <p>96 Annual rate of phased retirement pension</p> <p>102 Annual rate of premature retirement pension</p> <p>105 Annual rate of early retirement pension</p> <p>156 Annual rate of pension credit retirement pension</p>
<p>ER9</p> <ul style="list-style-type: none"> • pension reduction factors • all NPAs • applicable to career average section pension • retirement from deferred status – pension subject to a buy-out election 	<p>76 Pension accounts for active or deferred members who become pensioner members</p> <p>105 Annual rate of early retirement pension</p>



Appendix B: Early retirement factor tables – final salary sections

Table ER1

Teachers' Pension Scheme: Actuarial Factors
Benefits payable to the member on early retirement (with actuarial reduction)

Final Salary Section, NPA 60 members, Main Scheme Pension and Lump Sum

Age	Completed Months											
	0	1	2	3	4	5	6	7	8	9	10	11
55	0.796	0.799	0.802	0.805	0.808	0.811	0.814	0.817	0.820	0.823	0.826	0.829
56	0.833	0.836	0.839	0.842	0.845	0.849	0.852	0.855	0.858	0.861	0.865	0.868
57	0.871	0.875	0.878	0.881	0.885	0.888	0.892	0.895	0.898	0.902	0.905	0.909
58	0.912	0.916	0.919	0.923	0.927	0.930	0.934	0.937	0.941	0.945	0.948	0.952
59	0.956	0.960	0.963	0.967	0.971	0.975	0.979	0.983	0.987	0.990	0.994	0.998

- Notes:
- 1) These factors are to be used for calculating the actuarial reduction on early retirement for NPA 60 main scheme benefits
 - 2) Benefits to be awarded are obtained by multiplying the accrued benefits by the relevant factor
 - 3) Reduced benefits are to be calculated before any lump sum commutation option is exercised



Table ER2

**Teachers' Pension Scheme: Actuarial Factors
Benefits payable to the member on early retirement (with actuarial reduction)**

Final Salary Section, NPA 60 members, Additional Pension, contract exercised on or before 22 June 2010

Age	Completed Months											
	0	1	2	3	4	5	6	7	8	9	10	11
55	0.833	0.836	0.838	0.841	0.843	0.846	0.848	0.851	0.853	0.856	0.858	0.861
56	0.863	0.866	0.868	0.871	0.874	0.876	0.879	0.882	0.884	0.887	0.889	0.892
57	0.895	0.898	0.900	0.903	0.906	0.909	0.912	0.914	0.917	0.920	0.923	0.925
58	0.928	0.931	0.934	0.937	0.940	0.943	0.946	0.949	0.952	0.955	0.958	0.961
59	0.964	0.967	0.970	0.973	0.976	0.980	0.983	0.986	0.989	0.992	0.995	0.998

- Notes:
- 1) These factors are to be used for calculating the actuarial reduction on early retirement for NPA 60 Additional Pension where contracts were exercised on or before 22 June 2010
 - 2) Benefits to be awarded are obtained by multiplying the accrued benefits by the relevant factor
 - 3) Reduced benefits are to be calculated before any lump sum commutation option is exercised
 - 4) Factors allow for increases based on RPI before coming into payment and PI Act increases in payment



Table ER3

**Teachers' Pension Scheme: Actuarial Factors
Benefits payable to the member on early retirement (with actuarial reduction)**

NPA 60 members, Additional Pension, contract exercised after 22 June 2010

Age	Completed Months											
	0	1	2	3	4	5	6	7	8	9	10	11
55	0.788	0.791	0.794	0.797	0.801	0.804	0.807	0.810	0.813	0.816	0.819	0.822
56	0.826	0.829	0.832	0.836	0.839	0.842	0.846	0.849	0.852	0.856	0.859	0.862
57	0.866	0.869	0.873	0.876	0.880	0.883	0.887	0.890	0.894	0.897	0.901	0.905
58	0.908	0.912	0.916	0.920	0.923	0.927	0.931	0.935	0.938	0.942	0.946	0.950
59	0.954	0.958	0.962	0.966	0.970	0.974	0.978	0.982	0.986	0.990	0.994	0.998

- Notes:
- 1) These factors are to be used for calculating the actuarial reduction on early retirement for NPA 60 Additional Pension where contracts were exercised after 22 June 2010
 - 2) Benefits to be awarded are obtained by multiplying the accrued benefits by the relevant factor
 - 3) Reduced benefits are to be calculated before any lump sum commutation option is exercised
 - 4) Factors allow for increases based on the PI Act both prior to and in payment



Table ER4

Teachers' Pension Scheme: Actuarial Factors
Benefits payable to the member on early retirement (with actuarial reduction)

Final Salary Section, NPA 65 members, Main Scheme Pension

Age	Completed Months											
	0	1	2	3	4	5	6	7	8	9	10	11
55	0.605	0.607	0.610	0.612	0.615	0.617	0.619	0.622	0.624	0.627	0.629	0.631
56	0.634	0.636	0.639	0.642	0.644	0.647	0.649	0.652	0.654	0.657	0.659	0.662
57	0.665	0.667	0.670	0.673	0.676	0.678	0.681	0.684	0.686	0.689	0.692	0.695
58	0.697	0.700	0.703	0.706	0.709	0.712	0.715	0.718	0.721	0.724	0.727	0.729
59	0.732	0.736	0.739	0.742	0.745	0.748	0.751	0.754	0.757	0.760	0.764	0.767
60	0.770	0.773	0.777	0.780	0.783	0.787	0.790	0.793	0.797	0.800	0.803	0.807
61	0.810	0.814	0.817	0.821	0.824	0.828	0.831	0.835	0.839	0.842	0.846	0.849
62	0.853	0.857	0.861	0.864	0.868	0.872	0.876	0.880	0.884	0.887	0.891	0.895
63	0.899	0.903	0.907	0.911	0.916	0.920	0.924	0.928	0.932	0.936	0.940	0.945
64	0.949	0.953	0.958	0.962	0.967	0.971	0.976	0.980	0.984	0.989	0.993	0.998

- Notes:
- 1) These factors are to be used for calculating the actuarial reduction on early retirement for NPA 65 main scheme benefits
 - 2) Benefits to be awarded are obtained by multiplying the accrued benefits by the relevant factor
 - 3) Reduced benefits are to be calculated before any lump sum commutation option is exercised



Table ER5

Teachers' Pension Scheme: Actuarial Factors
Benefits payable to the member on early retirement (with actuarial reduction)

Final Salary Section, NPA 65 members, Additional Pension, contract exercised on or before 22 June 2010

Age	Completed Months											
	0	1	2	3	4	5	6	7	8	9	10	11
55	0.676	0.678	0.681	0.683	0.685	0.687	0.689	0.691	0.693	0.695	0.697	0.699
56	0.701	0.703	0.705	0.707	0.709	0.712	0.714	0.716	0.718	0.720	0.722	0.725
57	0.727	0.729	0.731	0.734	0.736	0.738	0.740	0.743	0.745	0.747	0.749	0.752
58	0.754	0.757	0.759	0.761	0.764	0.766	0.769	0.771	0.773	0.776	0.778	0.781
59	0.783	0.786	0.788	0.791	0.793	0.796	0.798	0.801	0.804	0.806	0.809	0.811
60	0.814	0.817	0.819	0.822	0.825	0.828	0.830	0.833	0.836	0.838	0.841	0.844
61	0.847	0.850	0.853	0.855	0.858	0.861	0.864	0.867	0.870	0.873	0.876	0.879
62	0.882	0.885	0.888	0.891	0.894	0.897	0.900	0.903	0.907	0.910	0.913	0.916
63	0.919	0.922	0.926	0.929	0.932	0.936	0.939	0.942	0.946	0.949	0.952	0.956
64	0.959	0.963	0.966	0.970	0.973	0.977	0.980	0.984	0.988	0.991	0.995	0.998

- Notes:
- 1) These factors are to be used for calculating the actuarial reduction on early retirement for NPA 65 Additional Pension where contracts were exercised on or before 22 June 2010
 - 2) Benefits to be awarded are obtained by multiplying the accrued benefits by the relevant factor
 - 3) Reduced benefits are to be calculated before any lump sum commutation option is exercised
 - 4) Factors allow for increases based on RPI before coming into payment and PI Act increases in payment



Table ER6

Teachers' Pension Scheme: Actuarial Factors
Benefits payable to the member on early retirement (with actuarial reduction)

Final Salary Section, NPA 65 members, Additional Pension, contract exercised after 22 June 2010

Age	Completed Months											
	0	1	2	3	4	5	6	7	8	9	10	11
55	0.605	0.607	0.610	0.612	0.615	0.617	0.619	0.622	0.624	0.627	0.629	0.631
56	0.634	0.636	0.639	0.642	0.644	0.647	0.649	0.652	0.654	0.657	0.659	0.662
57	0.665	0.667	0.670	0.673	0.676	0.678	0.681	0.684	0.686	0.689	0.692	0.695
58	0.697	0.700	0.703	0.706	0.709	0.712	0.715	0.718	0.721	0.724	0.727	0.729
59	0.732	0.736	0.739	0.742	0.745	0.748	0.751	0.754	0.757	0.760	0.764	0.767
60	0.770	0.773	0.777	0.780	0.783	0.787	0.790	0.793	0.797	0.800	0.803	0.807
61	0.810	0.814	0.817	0.821	0.824	0.828	0.831	0.835	0.839	0.842	0.846	0.849
62	0.853	0.857	0.861	0.864	0.868	0.872	0.876	0.880	0.884	0.887	0.891	0.895
63	0.899	0.903	0.907	0.911	0.916	0.920	0.924	0.928	0.932	0.936	0.940	0.945
64	0.949	0.953	0.958	0.962	0.967	0.971	0.976	0.980	0.984	0.989	0.993	0.998

- Notes:
- 1) These factors are to be used for calculating the actuarial reduction on early retirement for NPA 65 Additional Pension where contracts were exercised after 22 June 2010
 - 2) Benefits to be awarded are obtained by multiplying the accrued benefits by the relevant factor
 - 3) Reduced benefits are to be calculated before any lump sum commutation option is exercised
 - 4) Factors allow for increases based on the PI Act for both prior to and in payment



Appendix C: Early retirement factor tables – career average section

Table ER7

Teachers' Pension Scheme: Actuarial Factors
Benefits payable to the member on early retirement (with actuarial reduction)
Career average section, Active members, All NPAs, Full retirement earned pension

Age	Completed Months											
	0	1	2	3	4	5	6	7	8	9	10	11
55	0.605	0.607	0.610	0.612	0.615	0.617	0.619	0.622	0.624	0.627	0.629	0.631
56	0.634	0.636	0.639	0.642	0.644	0.647	0.649	0.652	0.654	0.657	0.659	0.662
57	0.665	0.667	0.670	0.673	0.676	0.678	0.681	0.684	0.686	0.689	0.692	0.695
58	0.697	0.700	0.703	0.706	0.709	0.712	0.715	0.718	0.721	0.724	0.727	0.729
59	0.732	0.736	0.739	0.742	0.745	0.748	0.751	0.754	0.757	0.760	0.764	0.767
60	0.770	0.773	0.777	0.780	0.783	0.787	0.790	0.793	0.797	0.800	0.803	0.807
61	0.810	0.814	0.817	0.821	0.824	0.828	0.831	0.835	0.839	0.842	0.846	0.849
62	0.853	0.857	0.861	0.864	0.868	0.872	0.876	0.880	0.884	0.887	0.891	0.895
63	0.899	0.903	0.907	0.911	0.916	0.920	0.924	0.928	0.932	0.936	0.940	0.945
64	0.949	0.953	0.958	0.962	0.967	0.971	0.976	0.980	0.984	0.989	0.993	0.998

- Notes:
- 1) These factors are to be used for calculating the actuarial reduction on early retirement for career average section benefits
 - 2) These factors apply only to members who are currently in active service seeking to retire early
 - 3) These factors are to be used regardless of a member's NPA
 - 4) These factors need to be used in combination with the standard reduction which applies (for a maximum of 3 years) between age 65 and NPA
 - 5) Benefits to be awarded are obtained by multiplying the accrued benefits by the relevant factor in combination with the standard reduction (if any)
 - 6) Reduced benefits are to be calculated before any lump sum commutation option is exercised



Table ER8

Teachers' Pension Scheme: Actuarial Factors

Benefits payable to the member on early retirement (with actuarial reduction)

Career average section - Deferred members, All NPAs - Full retirement earned pension

Career average section - Active and Deferred members, All NPAs - Additional Pension and pension debits

Career average section - Pension credit members, All NPAs

Period to NPA Years	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
0	1.000	0.998	0.993	0.989	0.984	0.980	0.975	0.970	0.966	0.961	0.957	0.952
1	0.948	0.943	0.939	0.935	0.931	0.926	0.922	0.918	0.914	0.910	0.905	0.901
2	0.897	0.893	0.889	0.885	0.881	0.877	0.873	0.870	0.866	0.862	0.858	0.854
3	0.850	0.846	0.843	0.839	0.835	0.832	0.828	0.825	0.821	0.817	0.814	0.810
4	0.806	0.803	0.800	0.796	0.793	0.789	0.786	0.783	0.779	0.776	0.773	0.769
5	0.766	0.763	0.759	0.756	0.753	0.750	0.747	0.744	0.740	0.737	0.734	0.731
6	0.728	0.725	0.722	0.719	0.716	0.713	0.710	0.707	0.704	0.701	0.698	0.695
7	0.692	0.690	0.687	0.684	0.681	0.679	0.676	0.673	0.670	0.668	0.665	0.662
8	0.659	0.657	0.654	0.652	0.649	0.646	0.644	0.641	0.639	0.636	0.634	0.631
9	0.628	0.626	0.623	0.621	0.619	0.616	0.614	0.611	0.609	0.607	0.604	0.602
10	0.599	0.597	0.595	0.592	0.590	0.588	0.586	0.583	0.581	0.579	0.576	0.574
11	0.572	0.570	0.568	0.565	0.563	0.561	0.559	0.557	0.555	0.552	0.550	0.548
12	0.546	0.544	0.542	0.540	0.538	0.536	0.534	0.532	0.530	0.528	0.526	0.524
13	0.522	-	-	-	-	-	-	-	-	-	-	-

Notes:

- 1) These factors are to be used for calculating the actuarial reduction on early retirement for career average section benefits
- 2) These factors apply to deferred members or pension credit members seeking to retire early
- 3) These factors are to be used for any Additional Pension and pension debits an active or deferred member may have
- 4) Factors should be selected with reference to the period to the member's NPA (in years and months, with part months rounded up to the nearest month).
- 5) Benefits to be awarded are obtained by multiplying the accrued benefits by the relevant factor
- 6) For those members who made a buy-out election, the factors above need to be used in combination with factor Table
- 7) Reduced benefits are to be calculated before any lump sum commutation option is exercised



Table ER9

Teachers' Pension Scheme: Actuarial Factors

Benefits payable to the member on early retirement (with actuarial reduction)

Career average section, Deferred members, All NPAs, Full retirement earned pension subject to a buy-out election

Age	Completed Months											
	0	1	2	3	4	5	6	7	8	9	10	11
55	0.605	0.607	0.610	0.612	0.615	0.617	0.619	0.622	0.624	0.627	0.629	0.631
56	0.634	0.636	0.639	0.642	0.644	0.647	0.649	0.652	0.654	0.657	0.659	0.662
57	0.665	0.667	0.670	0.673	0.676	0.678	0.681	0.684	0.686	0.689	0.692	0.695
58	0.697	0.700	0.703	0.706	0.709	0.712	0.715	0.718	0.721	0.724	0.727	0.729
59	0.732	0.736	0.739	0.742	0.745	0.748	0.751	0.754	0.757	0.760	0.764	0.767
60	0.770	0.773	0.777	0.780	0.783	0.787	0.790	0.793	0.797	0.800	0.803	0.807
61	0.810	0.814	0.817	0.821	0.824	0.828	0.831	0.835	0.839	0.842	0.846	0.849
62	0.853	0.857	0.861	0.864	0.868	0.872	0.876	0.880	0.884	0.887	0.891	0.895
63	0.899	0.903	0.907	0.911	0.916	0.920	0.924	0.928	0.932	0.936	0.940	0.945
64	0.949	0.953	0.958	0.962	0.967	0.971	0.976	0.980	0.984	0.989	0.993	0.998
65	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
66	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
67	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
68	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

- Notes:
- 1) These factors are to be used for calculating the actuarial reduction on early retirement for career average section benefits
 - 2) These factors apply to deferred members who made a buy-out election
 - 3) These factors are to be used in combination with factor Table ER8 in line with GAD guidance