

# Understanding the member types

April 2015



## Introduction

The new scheme arrangements saw the introduction of career average as well as final salary benefits. Some members have remained in the final salary arrangement only, some will have a pension in both final salary and career average and new members will enter career average arrangements.

To understand which members are protected and which are tapered, it's important to know whether a member was an active member immediately before 1 April 2012 and the number of years to their NPA on that date. (Further details can be found in Factsheet Understanding the member types.

## How will I know which member type they are?

As an employer, it's important for you to know what type of member an employee is. To help you understand this, our factsheet will:-

- Provide guidelines on what you need to know to ensure you can identify which member type each employee is
- Help you understand why it's important to know what type of member they are and therefore what benefits they have access to
- Support you in helping a member understand what type of member they are.

## How do I know if a member is a protected member?

### The key things to check are:

- a) Was / is the person a member of the Teachers' Pension Scheme?
- b) Was the person an active member of the Scheme immediately before 1 April 2012?
- c) If the person wasn't a member - could they be deemed to have been an active member (i.e. had they opted out or were they a deferred member with a break of five continuous years or less)?
- d) Were they within ten years of their Normal Pension Age (NPA) on 1 April 2012?

If the answers to all of the above is yes then they're a protected member.

## What does that mean for them and you as their employer?

They have remained in the final salary arrangements with their existing NPA of 60 or 65 depending on when they joined the Teachers' Pension Scheme. There will be no change to the benefits they or their dependents receive. If however a protected member goes on to have a continuous break in service that is more than five years, that position will change.

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### How do I recognise a tapered member?

#### The key things to check are:

- Was / is the person a member of the Teachers' Pension Scheme?
- Was the person an active member of the Scheme immediately before 1 April 2012?
- If the person wasn't a member - could they be deemed to have been an active member (i.e. had they opted out or were they a deferred member with a continuous break of five years or less)?
- Were they more than 10 years but less than 13.5 years away from their Normal Pension Age (NPA) on 1 April 2012?

If the answers to all of the above is yes then they're a tapered member.

#### What does that mean for them?

They have remained in the final salary arrangements beyond 1 April 2015 and will move into career average at a later date. Those dates are dependent on their date of birth and details can be found here.

Depending on when they joined the Scheme, a tapered member's existing NPA of 60 or 65 will still apply to their final salary benefits, but in career average their NPA will be their State Pension Age (SPA) or age 65, whichever is the later date.

When they do move into career average, they'll have access to the new flexibilities. If a member with tapered protection goes on to have a break in service that is more than five continuous years, they will lose the protection and will enter career average on their return.

### How do I recognise a transition member?

#### The key things to check are:

- Was / is the person a member of the Teachers' Pension Scheme?
- If the person wasn't a member - could they be deemed to have been an active member (i.e. had they opted out or were they a deferred member with a continuous break of 5 years or less)?
- Were they more than 13.5 years away from their NPA on 1 April 2012?

Where there is any difference between the legislation governing the Teachers' Pension Scheme and the information in this fact sheet the legislation will apply.

If the answers to all of the above is yes then the person is a transition member.

#### What does that mean for them?

They entered the career average arrangements on 1 April 2015. Depending on when they joined the Scheme, a transition member's existing NPA of 60 or 65 will still apply to their final salary benefits, but in career average their NPA will be their State Pension Age (SPA) or age 65, whichever is the later date.

They have access to the new flexibilities as well as additional pension which are faster accrual and buy out.

#### So what about new starters?

Anyone who joins the Teachers' Pension Scheme after 1 April 2015 will enter the career average arrangement. They will have access to the new flexibilities.

#### What about retired pensioners who return to employment?

When a member retires they lose any protection that they had in the final salary arrangement. If they return to work they'll enter career average benefits. Depending on the level of their earnings, their final salary benefits may be affected and it's important that they inform Teachers' Pensions as soon as they take up employment.

However, if a member was re-employed prior to the 1 April 2012 then they could be considered as active members and should be considered for the protections above.

### All Members Report / Monthly Changes Report

Prior the changes being introduced we provided you with a report via the Employer Portal which identified which scheme each employee would belong to on 1 April 2015. This can be provided again on request. From May 2015 we'll also be providing you with a monthly changes report to show which members have entered the Scheme, changed employers changed arrangements or are within three months of their tapered protection ending.