

## Guidance to phased withdrawal – employer (Independent schools only)

### What is phased withdrawal?

Phased withdrawal is freezing the membership in a phased withdrawal school at a particular point in time. No new entrants will be allowed to join except for a bulk TUPE transfer from another participating school.

### Why would you choose phased withdrawal?

This is an alternative option to leaving the Teachers' Pension Scheme. Phased withdrawal allows existing members to remain in the Scheme, while offering an alternative pension provision to new teaching staff (as it's mandatory for you to comply with auto enrolment legislation for workplace pensions).

### What you should consider before choosing phased withdrawal

It's important for you to consider the benefits that new employees will be missing out on if you take phased withdrawal, which may impact on you recruiting new employees who would want to continue their service in the Teachers' Pension Scheme. These are:

- It's a guaranteed, index linked pension
- It's a Defined Benefit (DB) scheme, based on their salary and service rather than investments – so there'll be no surprises when they come to claim their pension
- They're a member of a pension scheme which follows them through their teaching career, making financial planning easier
- They can take part of their pension as a tax-free lump sum
- It provides benefits for both the member and their loved ones
- It offers flexible retirement options, ill-health benefits and opportunities to increase their pension. Further information on benefits can be found in our [factsheet](#).

In helping to make your decision, you should consult with your staff and trade unions (if appropriate) in line with relevant legislation.

You should ensure all staff are aware that new members of staff will not be given the opportunity to be in the Teachers' Pension Scheme. This will be particularly important if your employees are recommending job opportunities.

## How will phased withdrawal work for your employees?

Should you choose to transfer to a phased withdrawal school, then your employees will need to be managed in different ways, depending on their circumstances.

### Existing employees

- Existing members could remain in the Teachers' Pension Scheme until they leave your employment (or join another fully participating school)
- Employees who opt out of the Scheme prior to your phased withdrawal date will be able to join the Teachers' Pension Scheme at a later date. However, at your next auto enrolment staging date you'll need to bring them back into the Scheme, and if they choose to opt out at that point they'll no longer be eligible to return to the Scheme and should be offered your alternative pension scheme
- Employees who opt out after your phased withdrawal date won't be eligible to return to the Teachers' Pension Scheme and should be offered your alternative pension scheme. They'll no longer have access to the benefits outlined in our [factsheet](#)
- Employees who are no longer in pensionable service as a result of sick leave or family leave would be able to resume active participation in the Scheme where the period involved is covered by statutory rights or their contract of employment, if they return to service within five years. If they return to service after five years, they should be offered your alternative pension scheme.

### New employees

- Under workplace pension legislation, you must enrol all eligible staff into a qualifying pension scheme. Further information can be found on The Pensions Regulator [website](#). New employees should be offered your alternative pension scheme and should be advised that they'll not be eligible to join the Teachers' Pension Scheme. The type of qualifying pension scheme you offer is up to you, but you should be aware that members can't transfer their existing pension unless it's to another Defined Benefit scheme.

## What happens if you decide you want to return to offering all employees the Teachers' Pension Scheme

You can apply to re-join the Scheme at any time and would then enrol all eligible staff, including those that were ineligible due to the conditions of phased withdrawal.

To do this you'd follow the process set out [here](#) which would include providing a bond.

### **What do I need to do to change to a phased withdrawal school?**

- All staff should be made aware of the conditions of phased withdrawal as set out in this guide
- You must inform all your teaching staff of your decision and the date you propose to change. In most cases you'll have completed a consultation exercise with your employees to get to this stage
- You need to put your request in writing to the Scheme Manager – you can do this by emailing us at: [tpestaff@teacherspensions.co.uk](mailto:tpestaff@teacherspensions.co.uk), specifying the date from which you wish to leave the Scheme under the phased withdrawal legislation. You must also confirm that you've read this guidelines document
- We'll then confirm your phased withdrawal date
- After your transition date you'll need to supply a Monthly Data Collection submission (or Monthly Contributions Reconciliation, if applicable) for those members who remain in the Scheme.
- Going forward you don't need to provide us with details of any employees who'll not be enrolled in the Scheme
- There may be a time in the future where we need you to rectify a member's service and salary data. It's important this information is amended as soon as possible to prevent their benefits being calculated incorrectly
- You'll still need to complete an End of Year Certificate (EOYC) annually.

### **What you need to know for your employees**

There are key guidelines which you need to be aware of when considering how becoming a phased withdrawal school will affect your individual employees in specific circumstances.

### **Re-enrolment of employees into the Teachers' Pension Scheme**

A recognised break can occur in the following circumstances:

- If you've an opted out employee whose opt out was in place at the time that you moved to phased withdrawal
- If you've a member (employed before the phased withdrawal date) returning from non-pensionable family leave or non-pensionable sick leave (e.g. extended maternity leave), which ends at any time after you moved to phased withdrawal, they'll be eligible for the Teachers' Pension Scheme, provided that the break is no more than five years. For example, a member who leaves service on 1/9/2022 and returns to service on 1/9/2027 has not had a break exceeding five years. If this member returned on 2/9/2027, this would be a break of more than five years
- If you've a new employee taking up new employment at your school, you wouldn't re-enrol them into the Teachers' Pension Scheme (unless it was a compulsory transfer of employment)

- If you've a new employee who's subject to a compulsory transfer (for example following a merger of two schools) and was previously employed in a school participating in the Teachers' Pension Scheme and was eligible, they should be enrolled in the Scheme upon taking up the new contract of employment. The only exceptions to this are:-
  - Ill-health retirees who retired before 1/4/1997, who are still in receipt of their Ill-health pension and are under the age of 60 aren't permitted to re-join. However, you'll have to offer them an alternative pension scheme
  - If you've a member in the final salary scheme who has a full-time contract with another employer and a part-time contract for employment in your phased withdrawal school, they're not permitted to be in the Scheme for their part-time contract so you must offer them an alternative pension scheme.

Any breaks in employment, other than a recognised break, means your employee can't be a member of the Teachers' Pension Scheme while you're a phased withdrawal employer.

### **Active members not on a 'recognised break'**

The following are circumstances which would not be classed as a 'recognised break' and will lead to an employee not being eligible to join the Teachers' Pension Scheme in the future are:

- A break in pensionable service of at least one day, other than for the reasons stated above (e.g. sickness absence), will lead to the loss of future Teachers' Pension Scheme membership
- A member who opts out of the Scheme after the phased withdrawal date will also cease to be in eligible employment. If a member opts out after you've become a phased withdrawal school, they'll no longer be eligible to be in the Scheme. You must offer them an alternative pension scheme, which they can join at any time or will be enrolled into if you have 'enrolment duty'. If a member retires in any way that results in a break in employment after the phased withdrawal date, they'll no longer be eligible for the Scheme. If they return to employment with the same employer, they'll need to be offered an alternative pension scheme
- Earnings for ineligible employment aren't taken into account for abatement assessments
- If a member has a break in service which isn't related to Ill-health or, who opts out, they'll no longer be covered for death in service benefits (though they may be entitled to out of service death benefits). If the break is related to Ill-health (unpaid sick leave for example) and the member dies within 12 months, they may be entitled to in service death benefits. Medical evidence would be required
- If a member has a break in service which isn't related to Ill-health, or who opts out, they'll no longer be covered for enhanced in service Ill-health benefits. If they subsequently become permanently incapacitated, they may be entitled to out of service Ill-health benefits. If the break is related to Ill-health (unpaid sick leave for example) and the member applies for Ill-health benefits within two years, they may be entitled to in service Ill-health benefits. Medical evidence would be required.

Members who leave service or opt out of the Scheme will have the same rights and options as anyone who had left such as repayment, transfer, deferred benefits or claim benefits if they have reached their minimum normal pension age (currently age 55).

More information on different types of retirement can be found [here](#).

### Notes

This certificate must be completed and signed by a responsible officer of the governing body. This can't be a member of your teaching staff.

### Certification

I certify that I have read and understood the guidelines above and have shared this information with all relevant staff within the organisation applying for phased withdrawal.

Having done so I would now like to apply for phased withdrawal from

To complete this form you'll need to use the Adobe Fill & Sign functionality, which can be found in the tool pane on the right hand side. Simply click in each box and input the relevant information, and once complete, click the 'Sign' button in the toolbar at the top of the page.

**Establishment Name**

**Establishment Number**

**Name of authorised officer**

**Position**

**Signature of authorised officer**

**Telephone number**

**Date**

**Name of contact for admin purposes**

**Telephone number**

**Email address**

**Full address (including postcode)**

### Instruction to school

Once completed and signed please email this document to [tpestabs@teacherspensions.co.uk](mailto:tpestabs@teacherspensions.co.uk) to apply for phased withdrawal.