

New to Teachers' Pensions?

What you need to know

April 2016



Introduction

If you're new to the Teachers' Pension Scheme you'll have lots of questions about the Scheme and what it means to you. This factsheet has been created to help you understand the main points you need to be aware of.

What is a teachers' pension exactly?

Put simply your teachers' pension is the way that you, your employer and the government help you save for your future. Each time you get paid, you pay a percentage of your salary into your pension, topped up with a contribution from your employer. The government also helps out through tax relief, as you don't pay tax on the earnings paid into your pension (subject to a maximum annual allowance of pension growth).

These savings will provide an income for your retirement and you can even take part of it as a tax free lump sum.

Teachers' Pensions is a Defined Benefit Scheme, registered with HM Revenue and Customs, and because it's based on your salary and service (final salary arrangement) or annual pensionable earnings, revalued each year (career average arrangement), rather than investments, there'll be no surprises when you come to claim your pension.

What do I need to qualify for Teachers' Pensions benefits?

To qualify for benefits you need to complete a minimum of two years' qualifying service. People sometimes get confused between qualifying

service and the actual service that counts towards their benefits. What's the difference? Well, if you're working part-time, the whole period counts towards your qualifying service including the days you don't work. However, your benefits are based on the pensionable earnings you receive.

How does my pension work?

Most new starters who enter teaching will join the 'career average' pension arrangement, which gives you an income when you retire, based on your annual pensionable earnings, revalued each year. You accrue benefits each year based on 1/57th of your pensionable earnings, including overtime, and at the start of the next year the total cumulative pension you've built up is revalued.

Is the money mine?

Your teachers' pension is for only you and your loved ones. It doesn't belong to your employer and it doesn't belong to the government. It will stay with you throughout your teaching profession. And if you decide to move jobs (outside of teaching), your money could be moved to your new pension (if this is allowed), or be put to one side for when you decide to retire.

Lower Salary	Higher Salary	Contribution Rate in 2015/16
0	£25,999.99	7.4%
£26,000	£34,999.99	8.6%
£35,000	£41,499.99	9.6%
£41,500	£54,999.99	10.2%
£55,000	£74,999.99	11.3%
£75,000 +		11.7%

What will I pay into my pension?

This table outlines the contributions you'll make to your pension depending on how much you earn. Your contributions are based on the amount you're paid each month, so if you're paid more in a month than you earned the previous month your contributions may go up.

How do I check on how much I am building up in my pension?

Every year you're a part of the scheme you'll be able to access your online Benefit Statement showing what your benefits are currently worth. It's worth reading through this to check it's accurate. You'll find it on My Pension Online and you have to be **registered** to login and view your statement.

Your Benefit Statement will show your Retirement Benefits, your Death in Service Benefits, and your Teaching Service History. Keeping an eye on how your pension is building up is an important part of ensuring you take care of your families' future in retirement.

What if I get ill?

If you become ill and can't teach anymore you may be able to receive your benefits straight away. You might decide not to apply for **ill-health benefits** but agree with your employer to make adjustments to your working life.

What happens if I die?

If you've made a death grant nomination your nominee will receive an **in-service death grant** of three times your annual rate of pensionable earnings.

Can I increase the amount I pay?

You can **increase your pension benefits** by paying extra contributions. There are a number of ways you can do this but you'll need to act quickly for some. They're subject to a maximum amount, which is

reviewed each year and you may want to seek Independent Financial advice as there might be tax implications.

I've got another public service pension - can I transfer it?

If you've previously been a member of a public service pension scheme you may wish to consider transferring your pension to us - see our "**Got another pension?**" page for more details.

You must complete the transfer within 12 months of first becoming eligible for the Teachers' Pension Scheme.

I've got a private pension - can I transfer it?

Yes, but you must complete the transfer within 12 months of joining the Teachers' Pension Scheme. If you're **registered** for My Pension Online you can access the pension transfer form online.

Do I have to be in the Teachers' Pension Scheme?

It's your pension and your choice. Want to opt out and make your own arrangements? Feel free, it's entirely up to you.

But think very carefully about what you'll lose before you decide to opt out. It might be worth discussing your options with an Independent Financial Adviser or your teachers' association before doing anything.

Remember - the best way to make looking after your pension easy is by signing up for My Pension Online. Visit www.teacherspensions.co.uk/registration

All you need is:

- a) Your Teachers' Pensions reference number (also known as your DfE number)
- b) Your National Insurance number
- c) An email address - we recommend a personal email address