



Faster Accrual

www.teacherspensions.co.uk



Introduction

Please note you need to be in pensionable service to make a flexibilities application.

Changes were introduced to the Teachers' Pension Scheme from April 2015, with the introduction of a new Career Average arrangement. Some members remained in the existing Final Salary arrangement whilst others have either transitioned to Career Average on 1 April 2015 or will at a later date.

As a member you're able to choose from a range of new flexibilities depending on which arrangement you're in. Some of the flexibilities are only available to you if you're in the Career Average arrangement. If you're unsure as to which arrangement you're in then read our factsheet 'Understand which member type you are'.

Who can apply for Faster Accrual?

Faster Accrual is available to members in the Career Average arrangement so it's important that you know which arrangement you're in.

What is Faster Accrual?

In Career Average, your pension builds up based on a standard rate of 1/57th of your pensionable earnings. You can elect to purchase a faster build-up, known as the accrual rate, by paying higher contributions. You've one month to make an election from when you join the Career Average arrangement. Each Faster Accrual election lasts for a maximum of one year and ceases at the end of the Scheme year, which runs from 1 April to 31 March.

Subsequent elections must be received by Teachers' Pensions by 31 March to cover the next Scheme year. Transition members who entered the Career Average arrangement on 1 April 2015 will need to elect before 30 April 2015 if they wish to purchase Faster Accrual for the Scheme year 1 April 2015 to 31 March 2016.

The accrual rates a member can elect to purchase are:
1/55th, 1/50th or 1/45th

Examples of Faster Accrual

Dianne - a transition member, will be aged 39 on 1 April 2015

Earnings for 1 April 2015 -31 March 2016 are £30,000

Pension for the year will be £30,000 x 1/57th = £526.31

Accrual Rate	Pension bought in one year	Extra pension from higher accrual	Additional contributions
1/57 th Standard	£526.31	-	-
1/55 th	£545.45	£19.14	0.81% of pensionable earnings (£243)
1/50 th	£600.00	£73.69	3.12% of pensionable earnings (£936)
1/45 th	£666.67	£140.36	5.94% of pensionable earnings

How is your Faster Accrual contribution calculated?

To calculate the contribution percentage for a Faster Accrual election, Teachers' Pensions will look at:

1 . What was your age (last birthday, so whole years) when the election will take effect? e.g. The Scheme year runs from 1 April - 31 March. So for an election to run the whole Scheme year, what will the member's age be on 1 April, 2015?

2 . What Faster Accrual rate are you electing for?

- 1/55th, 1/50th or 1/45th? We'll then use this information to determine your 'Faster Accrual factor' from the Faster Accrual tables.

For example

A member aged 24 years, taking 1/45th Faster Accrual will pay an additional 4.88% in contributions.

What if you have also opted for the 'Buy Out' flexibility?

If you've also taken out the 'Buy Out' flexibility we also include a factor for the Buy Out and add this to the contribution rate for the Faster Accrual election. (If you need further information on 'Buy Out' please refer to our flexibilities factsheet).

For example

A member aged 24, with 3 years of Buy Out, taking 1/45th Faster Accrual. We'll calculate the contribution rate as follows:
Factor for age and Faster Accrual rate + corresponding factor for Buy Out multiplied by the number of years the buy-out is for
In this example the factor for a 1/45th Faster Accrual for a member aged 24 = 4.88.
The corresponding buy-out factor is 0.16, multiplied by 3 years = 0.48
The overall Faster Accrual contribution rate will be $4.88 + 0.48 = 5.36$.

The member will pay additional contributions of 5.36% on their pensionable earnings.
If your Buy Out isn't in whole years (as your Normal Pension Age isn't exactly 65, 66, 67 or 68), then we'll simply use the number of years and months for which the Buy Out applies.

For example

A member aged 24, with 2 years and 2 months of buy-out, taking 1/45th Faster Accrual will pay an additional $4.88\% + (2 \text{ and } 2/12 \text{ years} \times 0.16)$. The member will pay a contribution rate of 5.23% ($4.88\% + 0.35\%$).

Is there an overall maximum value of Faster Accrual you can purchase?

If you're in the Career Average arrangement you can also purchase Faster Accrual or Buy Out in addition to Additional Pension, which together are subject to an overall maximum value. For the current maximum please refer to the [Updates](#) section of our website.

For further details on the other flexibilities available, read our 'Increasing your Pension Benefits' [factsheet](#).

What if I have multiple employments?

If you have more than one eligible employment in the Scheme, you must indicate on your application which employment(s) the Faster Accrual election applies to.

You can choose to take the election for all or only some of your employments and can select a different rate of Faster Accrual for each.

How will your Faster Accrual option be processed?

The process for purchasing Faster Accrual is as follows:

- As a member you'll need to complete the flexibilities form on My Pension Online. One form covers all three flexibilities and you're only required to complete the section which you're applying for. You'll only see the options which are available to you and an eligibility check will take place to make sure you're only applying for flexibilities within your limit
- By submitting the application online it will be sent to your employer to confirm your employment
- Your employer will then submit confirmation of employment to Teachers' Pensions or reject your application
- Teachers' Pensions will then accept or reject your request.

We'll inform:

- The employer, if the request has been accepted / rejected. If accepted the employer will provide the percentage deduction and confirm dates (for Faster Accrual and Buy Out) and lump sum or monthly amount for Additional Pension
- You, if the request has been accepted /rejected and indicate the reasons why.

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