



## Breaks in service

### Introduction

The Teachers' Pension Scheme changed from 1 April 2015. The new arrangements saw the introduction of Career Average as well as Final Salary arrangements.

If you have a break in service, this can impact upon your benefits if that break is considered to be a disqualifying one.

A disqualifying break will affect individual members differently and will depend on what type of member you are.

### What is a disqualifying break?

A disqualifying break for protections occurs when you've been out of pensionable public service for more than 5 years and return to pensionable service on or after 1 April 2012.

A disqualifying break for the Final Salary link occurs when you're out of pensionable service for more than 5 years but return on or after 1 April 2015.

To help you interpret the impact a break in service may have on your benefits it's important that you understand what type of member you are. We recommend you read our factsheet ['understanding what member type you are'](#).



### What is a salary link?

The salary link is where you have benefits in both the Final Salary and Career Average arrangements. At retirement the salaries you've earned in the Career Average arrangements are used to calculate your Final Salary benefits.

If you have a disqualifying break this will mean that the salary link is broken and we'll use the salaries that you were earning when the break commenced to calculate your Final Salary benefits.

### If you're a protected member, how does a disqualifying break affect you?

If you are a protected member and have a disqualifying break of more than five years, you'll join the Career Average arrangement when you re-enter pensionable employment. However, if you return to pensionable employment after a break of five years or less, you will return to the Final Salary arrangement.

### If you're a tapered member, how does a disqualifying break affect you?

If you're a tapered member and have a disqualifying break of more than five years you'll join the Career Average arrangement when you return to pensionable employment. This is regardless of whether you have or haven't passed your transition date (the date you would have moved from Final Salary to Career Average arrangement) if you'd still been in service.

Further details on the transition date can be found in the factsheet 'Understanding what member type you are'.

Having a disqualifying break means you'll lose your salary link. The link is where you have benefits in both the Final Salary and Career Average arrangement. When you retire we'll use the salaries you have earned in Career Average to calculate your Final Salary benefits.

If you've a disqualifying break then the salary link is broken and we'll use the salaries you were earning when the break commenced to calculate your Final Salary benefits.

If you've a break in pensionable service of five years or less then you'll return to the Final Salary arrangement, unless you have passed your transition date during your break in service. If you've passed your transition date, you'll have moved into the Career Average arrangement. You'll not lose your Final Salary link.

### **If you are a transition member, how does a disqualifying break affect you?**

If you are a transition member and have a disqualifying break you will lose your salary link.

If you leave teaching, while you're out of service your deferred Career Average benefits will be increased each year by the amount in the Treasury Order only.

If you return to pensionable employment after a disqualifying break your deferred benefits will continue to be increased at that rate. Any future benefits earned in the Career Average arrangement after your return to work will increase by Treasury Order plus 1.6%, as long as you continue to remain in service.

If you return to work and your break in service was not a disqualifying one (i.e. less than five years) then all your benefits, those before and after your break, will be increased by Treasury Order plus 1.6%, until such time as you next leave service.

### **If you are a member who only has Career Average service, how does a disqualifying break affect you?**

If you're a member who started pensionable teaching service after 1 April 2015 and then goes on to have a disqualifying break, your accrued Career Average benefits will be increased each year by the amount in the Treasury Order only. If you return to pensionable teaching service after a disqualifying break, then your deferred benefits will continue to be increased at that rate. Any future benefits earned after your return will increase by Treasury Order plus 1.6%, as long as you continue to remain in service.

If you returned after a break of five years or less then this wasn't a disqualifying break. Therefore all of your benefits, those before and after your break, will continue to be increased by Treasury Order plus 1.6% until such time as you leave service.

### **What if you join another public service pension scheme?**

If during a disqualifying break in service you join another public service pension scheme, such as the Local Government Pension Scheme or the NHS pension scheme, that period of pensionable employment will not count towards the disqualifying break.

For example - you're a transition member and:

- Leave pensionable teaching service on 31 August 2015
- Take up an appointment with a major retail company from 1 September 2015
- Leave that employment on 31 October 2018
- Commence pensionable employment in the NHS on 1 November 2018
- Leave the NHS on 31 December 2021
- Return to pensionable teaching service on 1 January 2022.

Although your overall break was more than five years, for three of those years you were employed in pensionable employment in another public service scheme. That means your break in pensionable public service was less than five years, which means it was not a disqualifying break.

Evidence will be required from the other public service pension scheme to confirm the period of membership when a member returns to pensionable teaching service.

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