

Transitional Protection - Rollback

December 2023



Introduction

This factsheet is for active and deferred members, who are affected by the Transitional Protection changes to help them understand why their service has been rolled back into the final salary scheme and what's available as a new member of the career average scheme.

Why am I affected?

You're affected by the Transitional Protection remedy as you had pensionable service in the Teachers' Pension Scheme (or another public service pension scheme) on 31 March 2012, have pensionable service in the remedy period (1 April 2015 – 31 March 2022) and don't have a disqualifying break.

In 2015, the government introduced reforms to public service pension schemes, including the Teachers' Pension Scheme, which meant some members moved to the career average scheme. This approach has since been found to be discriminatory on age grounds and a remedy has been agreed to correct this. Further details on Transitional Protection and the remedy can be found on the [Transitional Protection section on our website](#).

What is rollback?

In line with the agreed remedy, on 1 October 2023 all pensionable service accrued during the remedy period was rolled back to the final salary scheme. This means any service you accrued during this time in the career average scheme is, from 1 October, in the final salary scheme.

At rollback, career average scheme flexibilities (career average Additional Pension, Faster Accrual and Buy Out) can't be rolled back as they aren't available in the final salary scheme. If you've purchased any of these flexibilities during your remedy period service, you'll be provided with options on a Remediable Service Statement (RSS) and be asked to make a choice.

Excess service or overtime accrued in the career average scheme during the remedy also can't be rolled back as it's not pensionable in the final salary scheme. If you carried out excess service or overtime during this period, you'll be provided with options and asked to make a decision.

If you hadn't yet retired by 1 October 2023 your service was automatically rolled back and your Benefit Statement will be updated to reflect this. Although your current statement will only show your final salary option, we're working hard to show both options. However you'll receive final salary and career average options when you make your retirement application.

At retirement, you must decide for your remedy period service to remain as final salary or alternatively be calculated under career average scheme rules – this is known as the Deferred Choice Underpin (DCU).

If I'm an active/deferred member, what do I do?

If you took out Faster Accrual, Buy Out or career average scheme Additional Pension, worked overtime or held excess service in the career average scheme during the remedy period, you're required to make a decision on how these are now managed - we'll be in touch with you separately to do this.

As a result of rollback, this also means you entered the career average scheme for the first time on 1 April 2022. As a new entrant to the scheme there are some opportunities for you to increase your benefits, and those of your family. These are available for a limited time from entering the scheme, and you must understand what options are available and decide if you want to request these in the time available, using the information below and information available on our website.

What is available to me as a new member in the Career Average scheme?

As an active/deferred career average member you've the opportunity to:

- transfer service from another pension scheme into the Teachers' Pension Scheme within 12 months (members who had any pensionable service between 1 April 2022 and 30 September 2023 only)
- buy-out the actuarial reduction that'll be made to your career average benefits if you decide to retire before reaching your Normal Pension Age. This must be purchased within the first six months
- increase your accrual rate each year through a Faster Accrual election. This must be requested by the January before the year in which it takes effect
- retrospectively purchase final salary Additional Pension benefits to be paid when you retire.

As rollback is effective from 1 October, the time available to request these benefits starts on 1 October 2023.

Transfers

If you've not yet retired in full, you may have the opportunity to complete a transfer into the Teachers' Pension Scheme from another pension provider.

If you wish to transfer in from a non-public sector pension scheme, you have 12 months from being active in the Teachers' Pension Scheme to complete the transfer process. If you wish to transfer in from another public sector pension scheme, you have 12 months from joining the Teachers' Pension Scheme to complete the transfer process.

You can only undertake a transfer if it meets HM Revenue & Customs' rules and your previous scheme is willing to pay a transfer value. **As a result of the Transitional Protection rollback, if you wish to make a transfer, your transfer must be complete by 30 September 2024.**

More information on transfers and how to apply is available on our website.

Buy Out

Your Normal Pension Age (NPA) in the career average scheme is the higher of your State Pension Age (SPA) or age 65. Providing you've not yet retired in full, you have the option to buy out the actuarial reduction that'll be made to your benefits if you decide to retire before reaching your NPA.

You can buy out the actuarial adjustment for up to three years, depending on the number of years between 65 and your career average normal retirement age by making a Buy Out election.

You only have one opportunity to purchase Buy Out and this must be done within six months of you first entering career average. As you've been rolled back into the final salary scheme on 1 October 2023, you have six months from this date to make your election. Contributions to purchase Buy Out must be paid throughout your career unless you decide to revoke your election.

Contributions are based on factors such as your age and the number of years you wish to buy out. This is a long-term commitment and the rates you'll be required to pay may change throughout your career. It's important that you check that the correct amount is being deducted, if you identify a mistake, you must contact your employer immediately.

If you revoke the Buy Out election, you'll only receive the Buy Out adjustment in respect of those benefits earned while you were paying the additional contributions. If you take early retirement any benefits you've accrued revoking the election will have the normal actuarial adjustment. Buy Out isn't refundable if you choose to work past your NPA, taking into account any years bought out.

If you're eligible and wish to apply for Buy Out, you must [apply for Buy Out using our Flexibilities form](#) by 31 March 2024.

If you already have a Buy Out flexibility, we'll be contacting you with your options as Buy Out can no longer exist in the remedy period due to rollback. If you would like your Buy Out to be re-instated from joining the career average scheme on 1 April 2022, you must reapply and this will be backdated.

Faster Accrual

Faster Accrual gives active and deferred members the opportunity to pay higher contributions in order to increase their pension, for a particular scheme year (1 April to 31 March).

An election for Faster Accrual must be made before the year it takes effect, ideally no later than January and it only applies for one year. A new election needs to be made every Scheme year and each election starts on 1 April and ends the following 31 March.

There are three rates you can choose to pay instead of the standard contribution rate of 1/57th of your pensionable earnings, these are 1/45th, 1/50th or 1/55th. If an election is not processed before your April payroll your employer may need to recover arrears. The increased contributions that you'll have to pay are based on a number of factors such as your age and the rate you are purchasing.

Additional Pension (career average)

Providing you've not yet retired in full and you're an active member, you can purchase extra pension for when you retire. Additional Pension can be bought in multiples of £250 per annum and paid for either by lump sum or regular payments. The maximum payment period is 20 years and must be completed before you reach Normal Pension Age (NPA), or choose to retire.

Additional Pension is index-linked, which means that the value of extra pension purchased increases in line with cost of living rises.

For more [information on flexibilities and how to apply](#), visit our bespoke pages on our website.

Retrospective Final Salary Additional Pension

You'll have six months from the date of your initial Remediable Service Statement to apply to purchase retrospective final salary Additional Pension, which is extra pension for when you retire.

Additional Pension can be bought in multiples of £250 per annum and the arrears of contributions plus interest would need to be paid.

For more information and how to apply, visit the [relevant page on our website](#).

Rollback and Annual Allowance

A Pension Savings Statement (PSS) is sent automatically to members where the total growth in their pension benefits in the Teachers' Pension Scheme exceeds the Annual Allowance (£40,000 for the 2022/23 tax year).

For protected members expecting to exceed the Annual Allowance (AA), a PSS will be issued by the usual timescale of 6 October 2023.

For unprotected and tapered members expecting to exceed the AA for 2022/23, a PSS will be issued to you by 6 October 2024, or following retirement the later of:

- the date your election for career average scheme benefits is made; or
- the end of the 12 month election period if you choose the final salary scheme.

Once you receive the re-calculated Pension Input Amounts (PIAs) for the remedy period years, you'll need to reassess your Annual Allowance position.

If you made a scheme pays election this will need to be adjusted. If you now owe an additional AA charge for a relevant tax year (2019/20, 2020/21, 2021/22 and 2022/23), you'll be able to request that the Scheme administrator pays this amount through the scheme pays mechanism.

Those members who wish to elect for scheme pays will be able to request this once the Scheme have issued their revised PSS. The scheme pays election must be requested by 6 July 2025, unless you're a pensioner member, where you have up to 6 July 2027.

Additional support and guidance will be available from October through HMRC on gov.uk.

What's next?

Take time to consider if you wish to take any of these opportunities. If you purchased any during the remedy period, you'll have a decision to make and we'll be in touch with your options and how you want them adjusted during this period.

Where can I find more information?

To understand more about the changes to the Scheme, why not visit our [Transitional Protection web pages](#), [Transitional Protection decision tree](#) or watch our [Transitional Protection videos](#).