

Deferred Member: A guide to your pension

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

Introduction

What is a deferred member?

A deferred member is someone who has retained benefits in a pension scheme but is no longer paying contributions into that scheme.

If you have two or more years of qualifying membership, or one year in additional service after retirement, you have retained benefits in the Teachers' Pension Scheme.

If you had transferred in benefits from another pension, you qualify for benefits in the Teachers' Pension Scheme irrespective of the length of time you have been in it.

If you haven't qualified for benefits in the Scheme, you can either take a refund of your contributions or, if you think you'll be returning at a later date, you can leave the contributions where they are and pick up where you left off when you return.

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What do I need to do about my benefits?

If you've qualified for benefits in the Scheme then you have two options:

1. Leave your pension benefits in the Scheme and take them as a pension. You can take your benefits from age 55, however where you take them before your Normal Pension Age, they'll be reduced as the pension will be paid out for a longer period of time.
2. Transfer your pension to another recognised scheme. Under overriding pension legislation, transfers out of unfunded schemes such as the Teachers' Pension Scheme can only be to schemes that don't provide flexible access to benefits. In practice this means to another Defined Benefits Scheme, which includes the other main public service pension schemes.

If you're affected by Transitional Protection, you won't make your choices on this until you come to take your benefits, which have built up in the remedy period (1 April 2015 to 31 March 2022). If you have transferred to another public sector service scheme, it will be their responsibility to provide you with the options you need to choose from.

You can find out more details for this on our website.

If you choose to leave your benefits in the Scheme and then return to teaching, you'll accrue further benefits in the Scheme.

If you've not qualified for benefits because you currently have less than two years pensionable service, you can have a repayment of your contributions. However if you were in additional service after retirement and haven't qualified for benefits you can't take a repayment but will be paid an annuity, calculated on an actuarial basis, which takes your age and the contributions you have into account.

If you haven't qualified and have more than three months service you can transfer to another scheme, including non-Defined Benefits schemes. Restrictions may apply if you have reached the your Normal Pension Age. With any transfer you consider you should always independent financial advice.

Will my benefits increase while I am out of pensionable employment?

Career average scheme

If you've earned benefits in the career average scheme then they'll continue to be index linked but at a lower rate than when you're in service.

If you return to pensionable service after a break of not more than five years, then the benefits you earned before your break will be revised and index linked as though you had never been out of service. Those benefits and any future ones will continue to be index linked at the higher in-service rate, as long as you remain in service.

If you return to pensionable service after a break of more than five years, then the benefits you earned before your break will continue to be index linked at the lower rate after your return to service. Any future benefits you earn will be index linked at the higher in-service rate as long as you remain in-service.

Final salary scheme

If you've benefits in the final salary scheme, these benefits are protected and will remain in final salary. They'll be increased in line with inflation. If you return to pensionable service your new pension benefits will be built in the career average scheme.

Your Benefit Statement

You can access your Benefit Statement at any time via [My Pension Online](#). It's worth reading through this to check it's accurate and to see what your pension value is worth. Here's what to do if you think your salary or service information may be incorrect or incomplete:

- Your first contact should be the employer who employed you for the relevant period where you believe your salary and service is incorrect as it's the information they provide that goes into your Statement.
- If your query relates to a period of multiple employment you need to get in touch with us first and we'll provide you with a breakdown by employer. Unlike your Benefit Statement, which aggregates this information, we'll give you details of your individual employers and periods of employment. This way you can fully check your record and contact the relevant employer.
- For most of you, your benefit statement will appear as a web page. However, if you're affected by Transitional Protection, we need to clearly demonstrate to you what your options will be at retirement. The easiest way to do this currently is by creating a PDF of your Benefit Statement detailing the two options as opposed to the current web page. This is the simplest method of providing this to you and still allows you to access your Benefit Statement whenever you need to.

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What if I become ill after I leave service?

If you're ill, you may have to stop working before your Normal Pension Age. If you want to apply for Ill-health Retirement, it's up to you to provide any medical evidence to support your application. You'll have to pay any fees associated with providing that evidence. If your medical condition is severe enough to warrant consideration of Ill-health Retirement, it will generally be expected that you'll have had the benefit of a specialist opinion during your illness.

Your evidence will be considered by the Scheme's Medical Advisors who'll make a recommendation based on their consideration as to whether your application can be accepted or not. If there's insufficient evidence to allow the Medical Adviser to make a fully considered recommendation, your application for Ill-health Retirement will not be accepted. They'll not seek further medical evidence to support your application, so it's important that you submit as much evidence as possible to provide a current and comprehensive view of your condition.

If you left pensionable service due to ill-health and you apply for benefits within two years because of the same condition, your application will be treated as if you're applying in service and you may be eligible for enhanced benefits.

If you left pensionable service more than two years ago, your application is treated as an out of service application. In this case, it will be assessed to determine if you're capable of undertaking any form of employment, not just teaching, and you won't be entitled to enhanced benefits.

If you're no longer teaching you can download the two application forms you need ([Medical Information form](#) and [Ill-health Retirement form](#)) from the Teachers' Pensions website. You'll need to return both forms to us along with detailed medical evidence to support your application.

If you left pensionable service within 12 months of submitting your application, the medical sections of your form must still be completed by your ex employer. You should also check that your ex employer has provided us with your service and salary up to the date of your leaving.

What happens if I divorce or end a civil partnership?

If you and your spouse or civil partner decide to legally end your relationship, you may need to request information on the value of your pension. This is to allow the Courts to consider whether or not your pension should be shared with your partner and by how much.

We'll calculate a Cash Equivalent Transfer Value (CETV) representing the cash value of the benefits you've accrued in the Scheme, including your pension, any lump sum and dependant's pension.

The Courts may award a percentage of this CETV to your ex-spouse or ex-civil partner, giving them pension benefits based upon the amount awarded by the Courts. If this happens your benefits will be reduced and your ex-spouse or ex-civil partner will become a pension credit member of the Scheme. A pension credit member is not allowed to transfer their share out of the Scheme, transfer into it or add flexibilities to boost this type of pension.

Does the length of time I'm out of pensionable service affect my benefits?

If you're out of pensionable employment for more than five years ending after 1 April 2015, it can have an impact on the benefits you can receive (we sometimes refer to this as a qualifying break).

- If you return to service you'll re enter in the career average scheme. You can find out more about [career average with our factsheet](#).
- If you had final salary and career average benefits when you left, then the salary link between these benefits may be broken if you return to pensionable service after more than five years. This means when you take your benefits we'll use the salaries at the time of the break to calculate your final salary benefits. If you were out of pensionable service for not more than five years then we'll use the salaries you've earned in the last 10 years, including those earned in career average service to carry out the calculation for both your final salary benefits and your career average benefits.
- If you return to pensionable service after more than five years, then the career average pension benefits you earned before your break will continue to be index linked at the lower rate after your return to service. Any future benefits you earn will be index linked at the higher in-service rate, as long as you remain in service.
- If your break is as a result of you working elsewhere in the Public Sector, then this may not be considered a disqualifying break. Please complete the [Joiner Questionnaire](#) in the forms section of the Teachers' Pensions website to inform us of pensionable service in another public service pension scheme while you've been away.

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What happens about any employment I undertake during a break in pensionable service?

When you return to pensionable service, you may be able to transfer any benefits you accrued in another scheme into the Teachers' Pension Scheme.

Transfers of benefits between the public service pension schemes will be made on a 'Club' basis if you meet the qualification criteria: a gap of no more than five years between leaving your previous scheme and returning to the Teachers' Pension Scheme and completing the transfer within 12 months of first being eligible to re-enter pensionable service under the Teachers' Pension Scheme.

If you want to transfer in a pension from any other scheme you must do so within 12 months of entering pensionable service in the Teachers' Pension Scheme.

If during a break in service you're a member of a public service pension scheme (such as the Local Government Pension Scheme (LGPS) or the NHS Pension Scheme, that period of pensionable employment does not count towards a qualifying break. That means if you're out of service on a continuous break of more than five years, but during that time are working in the Local Government, for example, and contributing to the LGPS, when you return to pensionable teaching the break in service will not be considered to be a qualifying break.

If you have protection as a result of service in another public service scheme, please complete the [Joiner Questionnaire](#) available in the forms section of the Teachers' Pensions website.

We need to know any service you have in another public sector role as you may be impacted by the Transitional Protection changes, which relate to service between 1 April 2015 – 31 March 2022. You can use our [decision tree](#) to see if you're impacted by the changes.

Can I increase my benefits while I'm out of pensionable service?

Flexibility options are only available when you're in pensionable service.

After you leave service any election that you've made ceases, but if you were buying Additional Pension or Past Added Years you can choose to pay the outstanding balance. We'll calculate the amount that is due and send you an invoice for payment. We must receive the payment within two months of you leaving service so, please don't delay in letting us know your plans.

If you were purchasing Buy Out when you left service then, provided you return to pensionable service after a break of not more than five years, you can resume your Buy Out election. You will need to inform your new employer of the need to deduct contributions from your salary.

What is my death grant?

It goes without saying that your pension isn't just about you. It's also about the people you love and care for.

It's up to you to remember to keep your nominations up to date.

Death grant

Your surviving spouse or civil partner will automatically receive your death grant unless you nominate someone else. You can nominate an unmarried partner or someone else of your choice regardless of their age and relationship to you. We're not able to make a death grant payment to a trust or charity.

If you choose to nominate somebody to receive your death grant, it's important to keep that information up to date. You can nominate more than one person but if you want to do that, you must tell Teachers' Pensions what proportion of the death grant you want each person to receive.

If there's no adult beneficiary or death grant nomination at the time of your death, the grant will be paid to your estate.

So how much will my beneficiary or nominee receive if I die out of service?

If you die after leaving pensionable employment and have two or more years of pensionable service, your death grant will depend on which pension scheme you were in when you left service.

If you were in the career average scheme it will be:

- Your accrued pension multiplied by 2.25; or
- Your pension contributions plus interest of 3%.

If you were in the final salary scheme it will be either:

- Your retirement lump sum at your date of death; or
- Your pension contributions plus interest of 3% if there's no adult pension payable.

However, if you've not qualified for pension benefits your beneficiaries will receive your pension contributions plus interest at 3%.

If you've retained rights in both the final salary and career average scheme you'll receive both.

Pensions for a spouse or civil partner

If you're married or in a civil partnership, your spouse or civil partner will automatically receive a pension after you die, provided you've qualified for pension benefits.

What is my death grant?

Pension Nominees

If you're unmarried you can nominate either a partner or close dependant relative to receive your pension. You'll need two or more years service after 1 January 2007 to qualify for partner benefits on death.

You do not need to nominate a partner but we recommend you do so that we're aware of your relationship status in the event of your death. In order for a survivor's pension to be paid, certain conditions must be met:

- Have you lived with your partner in a permanent exclusive relationship for a minimum of two years?
- Have you both been legally free to marry or enter into a civil partnership for more than two years? In other words, has anything like a previous divorce or dissolution been finalised and over with for more than two years?
- Are you and your partner financially interdependent? This will be checked should you die, but it typically means things like sharing bank accounts or mortgage, naming each other in your wills or running a household together and sharing the spending.

You can nominate a parent, step-parent, brother or sister, provided that they're either unmarried or widowed, not a civil partner or cohabiting with another person as husband and wife or as civil partners. Your nominee must be wholly or mainly financially dependent on you. You can complete a nomination form on the [website](#).

If you marry or register as a civil partner, their nomination ends. It also ends if they die, marry or otherwise stop being dependent on you.

It's up to you to remember to keep your nomination up to date. When any application for a pension is received, checks will be undertaken to ensure that the criteria is still met.

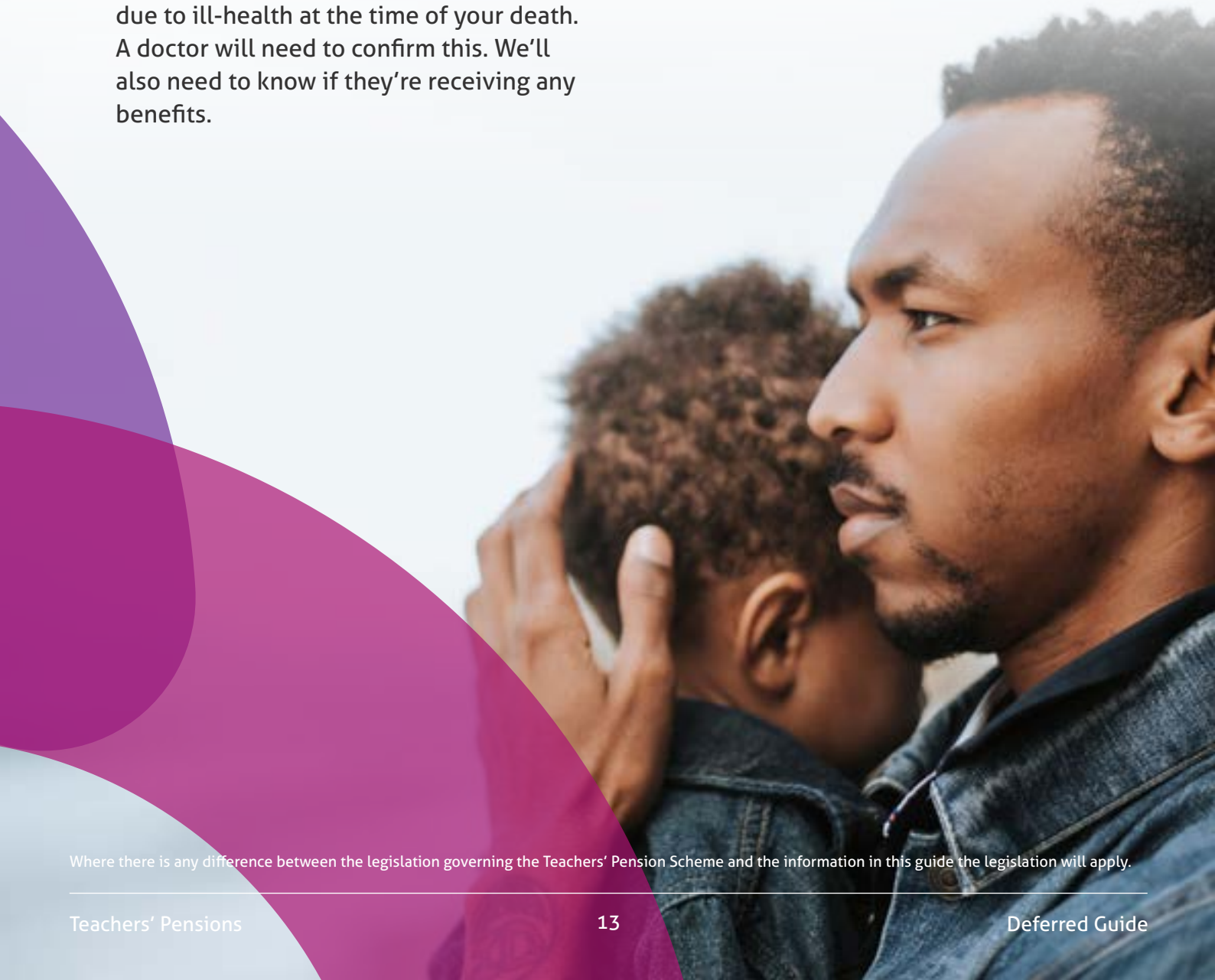
What about my children if I die?

Any children, born during your lifetime or within 12 months of your death, may be eligible for a child's pension. This also applies to any children born to a previous partner, adopted children and financially dependent children who are living as part of your family at the time of your death.

To be eligible, your children can't be married or in a civil partnership. They must be:

- Under 17 or, if over 17, have remained in full-time education, or been in training for a trade or profession for at least two years, without a break of more than one academic year and up to age 23 at the latest.
- Incapacitated and unable to earn a living due to ill-health at the time of your death. A doctor will need to confirm this. We'll also need to know if they're receiving any benefits.

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



How is a family pension calculated?

If you're in the career average scheme the long term pension is the value of 37.5% of the pension you have earned up to your date of death.

If your benefits were in the final salary scheme the pension for an adult beneficiary is 1/160 of the final average salary for each year of your survivor benefits service.

If you've benefits in both schemes two calculations will be made, one for each type of benefit and these will be paid together.

If you've no more than two children then they'll receive half of any adult's pension. If you've more than two children the adult's pension is divided by the number of children.

How long will my family continue to receive a pension?

If you were in service on or after 1 January 2007, any adult pension will be paid for your beneficiary's lifetime. If you were not in service on or after 1 January 2007 then any adult pension will cease if the recipient remarries, registers a civil partnership or cohabits with another person as husband and wife or as civil partners.

Your children will receive a pension as long as they're under age 17. Once they're over age 17, if they are receiving full-time education or vocational training their pension will stop when they reach age 23. If they're in full-time vocational training there's an upper limit on earnings after which the pension will cease - see the [updates section](#) of the Teachers' Pensions website for the latest limit.

How much of my service counts towards family benefits?

If you've a surviving qualifying partner for family benefits your service from 1 January 2007 will automatically be used in the calculation of family benefits. You can pay for service before that date to be counted towards family benefits if you apply within six months of nominating your partner.

If you're married or have registered a civil partnership prior to retiring, whether same sex or opposite sex, all your service from 6 April 1972 automatically counts for family benefits.

Different rules apply for female teachers who died before 5 December 2005. In those instances, the survivor will have received or be in receipt of a pension based on the female teachers' service from 6 April 1988.

What happens if I marry or register a civil partnership after I retire?

Only your service from 6 April 1978 will count for an adult beneficiary's pension if your marriage or civil partnership occurred following your retirement. When marrying, forming a civil partnership, those meeting the surviving qualifying partner criteria, or nominating a financial dependent, it may be possible to make an election to cover pensionable service for inclusion in adult pension qualification service. For further information on the family benefits available with the Teachers' Pension Scheme please see the [Family Benefits Guide](#).

Transitional Protection

If you're affected by Transitional Protection, your beneficiaries will be required to make a choice between final salary and career average for the remedy period, before full payment can be made.

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When can I claim my pension and what is my Normal Pension Age (NPA)?

That depends on which pension scheme or schemes you were in when you left service.

Career average scheme

The NPA of members in the career average scheme is either their State Pension age or age 65, whichever is the later date.

Members who have benefits in more than one scheme will have more than one NPA.

If you have benefits in both the final salary and career average schemes, your final salary benefits are protected and remain in final salary. When you retire we may use the salaries earned in career average scheme depending on if you return to service and how long you are out of service.

Final salary scheme

The NPA for members with final salary service is 60 or 65 depending on when you entered pensionable service.

If you entered pensionable service on or after 1 January 2007 or after a break, your final salary NPA will be 65.

What are the different types of retirement available to a deferred member?

Age

Once you reach your Normal Pension Age (NPA) and provided you are out of service you should claim your benefits. If you continue in pensionable service after you reach your Normal Pension Age your benefits will be paid from the last day of pensionable service. If you delay making your claim then your benefits will be backdated to your last day of service or when you reached your NPA, whichever is the later. Any backdated payments will be paid as a lump sum and will be subject to tax.

If you've benefits in both final salary and career average, provided you are out of service you can also claim your career average as well as your final salary benefits. Your career average benefits will be reduced because they're being paid before your NPA in that scheme. If you wish you can leave your career average benefits until you reach your NPA and they'll then be paid in full.

When you claim your career average benefits, if you've any unclaimed final salary benefits you must take them too.

Early Retirement (Actuarially Adjusted Benefits)

It's possible to take your benefits before you reach your Normal Pension Age (NPA) provided you're age 55 or over, were in pensionable employment on or after 30 March 2000 and are out of service. Your benefits will be actuarially adjusted to reflect that they're being paid before you have reached your NPA. The minimum pension age is changing from 6 April 2028, when it will rise from age 55 to 57. [Find out more about what this means on our website.](#)

If you're not in pensionable service then you can choose your retirement date but it must be six weeks after the date you sign your application form.

If you've benefits in both the final salary and career average schemes then you need to take all your benefits at the same time.

Doing the sums

Your average salary is important because it's used to calculate your final salary benefits.

If you left while in final salary or moved over from final salary to career average and you haven't had a break in service of more than five years following this transition then it's the highest of:

- The salary you received in the last 365 days before leaving service.
- Your average salary across the best three consecutive years salaries (revalued to take inflation into account) during the ten years prior to leaving service.

If after moving over from final salary to career average you've had a break and then returned to service after more than five years then it's the highest of:

- The salary you received in the last 365 days before the break commenced.
- Your average salary across the best three consecutive years salaries (revalued to inflation into account) during the ten years prior to the start of the break.

What are the different types of retirement available to a deferred member?

Your career average benefits are accruing each year based on 1/57th of your pensionable earnings for that year including any overtime. For every year you're in service the amount of pension 'banked' in a year is increased. If you leave service it's increased but at a lower rate.

If you regularly check your Benefit Statement you'll be able to see what you've accumulated in your pension.

Under present legislation, you won't pay tax on a retirement lump sum paid by the Scheme.

If a lump sum is not an automatic payment in the pension scheme you're in, you can decide to give up some of your pension to create a lump sum. If you're due to receive an automatic lump sum and were in service on or after the 1 January 2007, you can give up some pension to increase that lump sum. For each £1 of pension you give up you'll receive £12 of lump sum or additional lump sum.

There are HMRC maximum limits to the amount of lump sum you can take. This is currently 25% of the value of your Scheme benefits. You don't have to take the maximum and there are [calculators](#) on the website to illustrate what this could mean depending on how much pension you want to receive.

Need a hand?

The easiest way to contact us is via My Pension Online and to explore our website for any queries you may have.



Visit us at:

www.teacherspensions.co.uk

My Pension Online (MPO)

MPO is the best way to access your pension information online anytime you want, you can interact with your pension in a whole new way. Log in or register online today. The tools and resources available online are designed to make things easier and give you all the answers you need. www.teacherspensions.co.uk/login



Message us on:

Secure web messaging

Open 24 hours day, responses will be sent Monday - Friday, 9:00am to 4:20pm (excluding bank holidays)



Write to us at:

Teachers' Pensions, 11b Lingfield Point,
Darlington, DL1 1AX



Call us on:

0345 606 6166

Monday–Friday, 8.30am–6.00pm



The information contained in this guide is correct at the time of press, but may be subject to change. If there is any difference between the legislation governing the Teachers' Pension Scheme and the information contained in this guide, the legislation will apply.

Department for Work and Pensions – For questions about State Pension please contact the Department for Work and Pensions on: 0800 731 0175.

HM Revenue & Customs (HMRC) – If you have any other questions about your income tax or P45 please contact: HMRC, HM Revenue & Customs Customer Operations, PSA PO BOX 4000, Cardiff, CF14 8HR. Contact telephone number: 0300 200 3300. The P AYE number in respect of your teacher's pension is 948 400.

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