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Adding to your pension with Flexibilities

Want to add more to your pension? Here are the answers to some frequently asked questions about the process to help you along.

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What is Additional Pension?

Additional Pension gives members in either the Final Salary or Career Average arrangement the option to make additional contributions to buy extra annual pension in addition to their main scheme benefits. You can choose whether the additional pension will be included in your pension benefits only, or will also be included in the family benefits payable to your dependents' in the event of your death. More details can be found on our [Additional Pension factsheet](#).

What is Buy Out?

When members take their pension before the Normal Pension Age for the payment of their benefits, pension schemes reduce the amount of the pension to take into account that it will be paid out for a longer period of time. This is known as actuarial reduction. In its career average arrangement the Teachers' Pension Scheme offers a standard rate of actuarial reduction, between the ages of 65 to 68, of 3%. However, you can choose to Buy Out this standard rate and retire at age 65 without any reduction if you're retiring early. The Buy Out is purchased through regular monthly contributions throughout your career. You only have one opportunity to 'Buy Out' the reduction and this must be done within six months of you first entering the career average arrangement. More details can be found in our [Buy Out Factsheet](#).

What is Faster Accrual?

Faster Accrual gives Career Average members the opportunity to pay higher contributions to increase your pension for a particular scheme year (1 April

Related Information

- [My Pension Online](#)
- [Register](#)



A to Z
Find links to all of the key topics >

How much does Additional Pension cost?

You can buy Additional Pension in multiples of £250 pa, subject to the maximum amount of extra pension permitted in each arrangement of the Teachers' Pension Scheme (see [here](#) for details of the maximum). The cost depends on various aspects such as your age, how much Additional Pension you want to receive and the way in which you purchase it. The factors used to calculate the cost of Additional Pension can be found [here](#).

How much does Buy Out cost?

Buy Out is a long term commitment and you'll pay contributions from the point you make the election up to when you retire. Contributions are based on factors such as your age and the period you wish to Buy Out. The factors used to calculate the cost of Buy Out can be found [here](#).

How much does Faster Accrual cost?

There are three rates you can choose to pay instead of the standard accrual rate of 1/57th of your pensionable earnings. The rates are 1/45th, 1/50th or 1/55th. 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. The factors used to calculate the cost of Faster Accrual can be found [here](#).

How can I apply for Flexibilities?

You can apply for any of the flexibilities via [My Pension Online](#) or by completing a paper application form [here](#).

Can my employer buy Additional Pension on my behalf?

Yes, but there's an overall limit on the amount of Additional Pension that can be purchased either by you or your employer and this is reviewed each financial year. If the salary used to calculate your benefits at retirement is reduced because of the restricted salary provision, your employer also has the option (with your consent) of purchasing an amount of Additional Pension - provided the application is made within 6 months of leaving pensionable employment.



If I purchase Additional Pension will that cover my dependants too?

Faster Accrual is included as part of your main scheme benefits and will count towards dependents' pensions. Buy Out does not directly affect the value of any dependents' pension, but can result in higher main scheme pension and hence result in higher dependents' pensions. With Additional Pension you must specifically purchase dependants' benefits as well as personal benefits. If you didn't, the Additional Pension won't be paid after your death as part of a dependents' pension, but only to the dependents pension paid to a spouse, civil partners and nominated partners, not to a child.

If I retire before Normal Pension Age (NPA) what happens to my Additional Pension?

If you draw your benefits before NPA, your Additional Pension will be

actuarially reduced as it will be paid out for a longer period of time. If you take Phased Retirement, you can choose to whether to take your Additional Pension benefits at first, second or third Phased Retirement or wait until your final retirement.

What happens to my Additional Pension if I retire on Ill-health grounds?

If you are granted Ill-health retirement within one year of commencing payments, your Additional Pension contributions will be refunded. However, if you're granted Ill-health retirement more than a year after commencing payment, you will receive an unreduced Additional Pension. Faster Accrual is included as part of the Career Average benefits, while Buy Out isn't applicable when taking Ill-health retirement as benefits are not actuarially reduced (but note that any contributions for Buy Out are not refunded).

Whats the effect of the Annual Allowance on the growth in my benefits?

If the growth in your benefits exceeds the Annual Allowance, you may be subject to an Annual Allowance charge.

For further details on pensions and taxation see our guides [here](#).

Given the potential tax consequences, you should seek advice from an Independent Financial Advisor if you're planning to make a lump sum payment to purchase Additional Pension.

Further information can be found in our [planning for retirement guide](#) and you can assess the impact of this allowance on your own pension by using HMRCs annual allowance calculator available [here](#)

Forms

Ready to apply? Our forms page has everything you'll need to get started.

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