

# Teacher's Pensions Cookie Preferences

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- Lifestyle
- Resources
- Videos
- FAQs
- Calculators
- Forms
- News

- New starter
- Working life
- Planning retirement
- Once retired
- Scheme changes
- My Account

Scheme membership
Working life
Taking a break
Planning retirement
Types of retirement
Calculations
The application process
Repayments
Once retired
P60
Payslips
Re-employment
Divorce and Pension credit members
Bereavement and family benefits
My Pension Online (MPO)
Your Benefit Statement

Web maintenance will take place on Sunday 28 April. We apologise for any inconvenience.

## Calculations

Got a question about calculations? You've come to the right place.

Open all FAQs

Close all FAQs

### Frequently Asked Question 1: How are my pension benefits calculated?

Answer:

Career average benefits are calculated by using an accrual rate of 1/57th\* applied to your pensionable earnings in the Scheme year. At the end of each Scheme year the accrued earned pension is then revalued. The pension accrued in the following Scheme year is then added to this and at the end of that year the total amount is then revalued.

\*or 1/55th, 1/50th or 1/45th if you have taken out a Faster Accrual election in a particular year.

Final salary pension benefits are calculated based on your final average salary, multiplied by your service, multiplied by the appropriate accrual rate. The accrual rate is dependent on the section of the final salary scheme:

- Normal Pension Age = 60: Accrual rate is 1/80th
- Normal Pension Age = 65: Accrual rate is 1/60th

Adjustments for early or late retirement, pension sharing, earmarking, Scheme pays, or lifetime allowance charges are then applied to the pension.

### Frequently Asked Question 2: What's average salary?

Answer:

The [final] average salary is the salary we use when calculating final salary benefits when you retire. There are two different methods for calculating the average salary and we'll use the method that provides you with the

Transitional Protection	<ul style="list-style-type: none"> <li>• The salaries for the last ten pensionable years are increased at each salary change to current day value in line with inflation. The average of the best consecutive three years re-valued salaries in those ten years will be used;</li> </ul>
Local Government Pension Scheme	<ul style="list-style-type: none"> <li>• The pensionable salary received in the last 12 months of employment before the date of retirement. But if you've no pensionable service on or after 1 January 2007, your average salary will be the best 365 days in the last 1095 days before you left service.</li> </ul>
Valuation	
Secure chat	If you've moved from the final salary to career average then, as long as you've not had a single break of more than five years, you have Salary Link. This means that when you retire the salaries you've earned during your career average service will be used when determining the best average salary for your final salary benefits. But if you've had a single break in service after 1 April 2015 of more than five years, then only the salaries in your career average service up to the start of that break will be used.
WhatsApp	

### Frequently Asked Question 3: What's the impact on my benefits if I work part-time?

Answer:

If you work part-time, you're treated in the same way as a full-time member.

All your periods of service, both full and part-time, are added together when calculating if you have qualified for benefits. In career average your benefits are based on 1/57th of your earnings, the same as full-time members.

If you die in service while in the career average scheme a death grant of three times your annual rate of pensionable earnings (if you were employed full-time) is payable at the time of your death (the same as a full-time member).

If you had past service in the final salary scheme, this was calculated using your full-time equivalent salary rates and not your part-time salary.

### Frequently Asked Question 4: Are pensions from the Teachers' Pension Scheme increased?

Answer:

Your pension is index-linked to protect it from increases in the cost of living. The increases are paid in April (normally payable with effect from the 1st Monday after 6 April), which is the same date as increases in state social security benefits and based on figures provided by HM Treasury (i.e. CPI).

Pensions Increase also applies to pensions paid by the Teachers' Pension Scheme to widows, widowers, nominated partners, civil partners, pension credit members, children and dependants.

### Frequently Asked Question 5: Are there any salary restrictions that can apply to the calculation of my

Answer:

If your salary has increased in any of the three years used in your average salary period by more than the current limit the salary used to calculate any final salary benefits will be restricted.

The figures are increased annually, in line with regulations. If the average salary is restricted, any unused contributions will be refunded.

You can find the current limit [here](#).

### Frequently Asked Question 6: I've recently lost my management allowances and I will retire in a few

Answer:

The average salary is calculated using the better of:-

- the average of your best consecutive three years re-valued salaries in your last ten calendar years or;
- your last recorded 12 months of pensionable service before your retirement.

This means that management allowances might still be used in your pension calculation.

Frequently Asked Question 7: Are there any restrictions to the amount of service that is used in the calculation of final salary pension?

Answer:

The maximum total pensionable employment that can be used in the calculation of final salary pension is 45 years. This restriction doesn't apply in the career average scheme.

If you continue teaching after your 75th birthday, any service after that date is not treated as pensionable but your retirement benefits are payable from your 75th birthday.

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Frequently Asked Question 8: Can I find out what my benefits will be due to me at retirement and how much I can take as a lump sum?

Answer:

You can find estimates of your benefits by going to **My Pension Online** and if you haven't already, signing up for an account. You can also use our **calculators** to create benefit projections using different retirement dates and salaries.

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Frequently Asked Question 9: I am entitled to an automatic lump sum. Can I still convert some of my pension to a higher lump sum?

Answer:

Provided you have service, on or after 1 January 2007, you'll be able to exchange some of your annual pension for an increased lump sum when you retire, subject to the HMRC maximum. If you don't have any service after 1 January 2007 you can't convert any of your pension to receive a higher lump sum.

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Frequently Asked Question 10: Am I able to increase my pension or lump sum by adjusting my benefit commutation option?

Answer:

Providing you have pensionable service on/or after 1 January 2007 then yes the commutation option is available to you. This allows flexibility to increase your lump sum by sacrificing one pound of your annual pension for twelve pounds of lump sum. You can do this up to the limit of 25% of the fund value. You are able to work out your limit by using the calculators or by following the formula below.

**For members in the 1/80th scheme** the formula is  $\text{pension} \times 33 / 14 = \text{max additional lump sum}$ .

$\text{Max additional lump sum} / 12 = \text{cost to the annual pension}$

**For members of the 1/60th scheme** the formula is  $\text{pension} \times 30 / 7 = \text{lump sum}$ .

$\text{Lump sum} / 12 = \text{cost to your pension benefits}$ .

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Frequently Asked Question 11: How can I calculate the amount of lump sum I can take when I retire?

Answer:

Our **calculator** will help you to work out the maximum lump sum you're able to take.

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Frequently Asked Question 12: I have benefits in both the final salary and career average schemes. Can I convert some of my final salary pension to a lump sum?

Answer:

Yes, you can convert both your final salary and career average benefits. You don't have to convert the same proportion of each benefit but they are subject to the HMRC limits.

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Frequently Asked Question 13: How is average salary calculated for a deferred members final salary pension?

Answer:

If you've been in pensionable employment on or after 1 January 2007 your average salary will be the better of:

- Your final full-time equivalent salary averaged out over the last twelve months of service
- An average of your best three re-valued years salaries of the last ten years of pensionable employment

(Revaluation uses the Consumer Price Index).

If all your pensionable employment is before 1 January 2007 then it'll be an average of the best salary over any 12 months out of the last three years before you left service. If you're part-time we use the full-time equivalent to calculate your average.

However, if you've had a break in service (and at that point had sufficient service to qualify for a pension and lump sum,) retirement benefits are calculated using your average salary at the break. These benefits are then brought up to current day value from the date of the break. These increased benefits are compared with the benefits calculated in the 'normal' way with the better of the two being put into payment. In most cases this alternative or 'hypothetical' calculation uses the whole of the reckonable service, but if the salary at the break is higher than at retirement, only the reckonable service up to the break is used. This is known as a restricted hypothetical.

## Forms

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

[Forms](#)

## Calculators

Get an insight into how your pension is built and explore your options.

[Calculators](#)

## FAQ's

Find the answers with our range of Frequently Asked Questions.

[FAQs](#)

## Related Information

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