

# Teacher's Pensions Cookie Preferences

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We're experiencing high levels of contact, we appreciate your patience at this time.

## Contributions and Calculations

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

[Open all FAQs](#)

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### 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

Local Government Pension Scheme	<p>most beneficial result. The two methods used are:</p> <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> <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	
WhatsApp	<p>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.</p>

### 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 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 5: 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 6: Are there any restrictions to the amount of service that is used in the c

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.

### Frequently Asked Question 7: Can I find out what my benefits will be due to me at retirement and or

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 8: I am entitled to an automatic lump sum. Can I still convert some of my

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 9: Am I able to increase my pension or lump sum by adjusting my benefits?

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 10: 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 11: I have benefits in both the final salary and career average schemes. C

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 12: How much will I pay?

Answer:

Whether you're a full-time or part-time member, you'll pay a percentage of your gross salary into your pension each month.

The good news is that your employer will also be contributing towards your pension too and you'll receive tax relief on your contributions.

The pension contribution bands for this year can be found on our [updates page](#).

Like any financial transaction you make, it's important you're paying the correct amount. So check your payslips and if you think a mistake is being made, contact your employer's Payroll Department immediately.

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#### Frequently Asked Question 13: If I've more than one employer, should they all deduct contributions fi

Answer:

Yes. If you've more than one employer and you're not sure whether or not they're deducting contributions, please contact them immediately.

## 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.

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## FAQ's

Find the answers with our range of Frequently Asked Questions.

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