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Premature Retirement



If you're over 55 and your employer decides to terminate your employment they may grant you Premature Retirement. The decision to grant Premature Retirement is down to your employer as they'll be required to pay part of the cost of your benefits. 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 in our [Early Retirement section](#)

If Premature Retirement is granted you'll receive an actuarially adjusted pension from the Teachers' Pension Scheme, but your employer will pay the balance of what you would have received if you were retiring on age grounds. This is known as mandatory compensation.

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

If you're affected by the Transitional Protection changes introduced from 1 October 2023, you should read the premature retirement webpage to understand what this means to you.

What happens if my employer agrees?

If Premature Retirement is granted you'll receive an actuarially adjusted pension (and lump sum if applicable) from the Teachers' Pension Scheme, and your employer must pay the balance of what you'd have received if you were retiring at, or after, normal pension age. This is known as Mandatory Compensation. Your employer can also offer a Discretionary Enhancement to your pension benefits. They do this by purchasing extra years that would count towards the years of service used to calculate your pension benefits.

Your employer can administer the Mandatory Compensation and Discretionary Enhancement themselves or opt for Teachers' Pensions to administer it on their behalf. If the employer opts to administer, then part of the pension (and lump sum if applicable) will be paid by Teachers' Pensions and part will be paid by the employer.

The pension from any Mandatory Compensation and Discretionary Enhancement paid by the employers cannot be commuted to receive any additional lump sum.

Do the scheme changes from 2015 have an impact?

If you've service in the final salary and career average schemes, you'll have to take all your benefits at the same time. Your employer must pay Mandatory Compensation on both your final salary and career average benefits.

Any queries you may have about Premature Retirement should be raised with your employer. They're the ones who'll be responsible for making the decision to grant premature retirement and for paying a portion of your pension and any lump sum.

Last Updated: 27/02/2024 14:00

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

[➤ My Pension Online](#)

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


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