

Case Study: Scenario four



Zara

Zara retired in 2013, taking her full pension benefits early. She then returned to teaching the same year and re-entered the Scheme as a new starter, building up ASAR benefits.

Questions

When did Zara start teaching?

Zara started full-time teaching at the age of 22 on 1 April 1976 and in 2012 she was 58.

When did Zara decide to take her pension?

Zara decided to take her pension in 2013 when she was 59, and then decided to return to teaching (this is known as additional service after retirement or ASAR).

What happened to Zara's benefits when she re-started teaching after taking her benefits?

When she re-joined the Scheme in September 2013, she entered the final salary (legacy) scheme with a Normal Pension Age of 60. As she was a new entrant, the transition protection arrangement introduced in 2015 didn't apply to her.

What happened to Zara's benefits when the changes were introduced in 2015?

As Zara was a new entrant to the Scheme, she moved into the career average (reformed) scheme on 1 April 2015.

When did Zara decide to fully retire after returning to teaching?

Zara decided to retire and take her new set of benefits at the age of 65 on 1 April 2019. She'd built up five years and seven months of ASAR benefits. This is paid alongside the pension she'd been receiving since 2013. Her salary earned during ASAR was £50,000 per year. As Zara's State Pension age is 65 years, 5 months and 5 days, there's a small reduction applied to her career average benefits.

Does Zara have to make a choice because of the changes introduced, regarding her service between 1 April 2015 and 31 March 2022?

No Zara doesn't have to make a choice, she isn't affected by the changes as she was a new entrant when the changes were introduced in 2015- See breakdown opposite.



How Zara's ASAR pension is made up

1 year 7 months' service =

Dates:
September 2013 – 31 March 2015

Scheme:
Final salary (legacy)

Pension of	£988.01
+ automatic lump sum of	£2,964.04

4 years' service =

Dates:
1 April 2015 – 31 March 2019

Scheme:
Career average (reformed)

Pension of	£3,791.33
+ automatic lump sum of	£0.00



Note: Pension amounts include adjustments for Early Retirement, where appropriate.

Total pension of:

£4,779.35
(£988.01 + £3,791.33)

Total lump sum of:

£2,964.04
(£2,964.04 + £0.00)



To help Zara work this out she could use our **Estimate your final pension calculator** or seek independent advice.

Zara does not receive a choice for the Remedy period as she was a new starter and not affected by the changes.