



Retired Teacher: Your guide to your pension

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Introduction

Well, you've retired.

But before we get into those 'now you've retired' clichés, it's worth remembering that, where your pension is concerned, being retired isn't the end. On the contrary, if there's one time you want to really get on top of your pension, it's now.

So here it is. A run-through of the basics, plus a look at what happens to your pension should you want to return to work. Finally, we have a look at what happens to your pension benefits after you're gone.

When will I receive my pension?

Each month your pension will be paid into your nominated bank account. Your monthly pension payment will be made on the day before your birth date. So, for example, if you were born on the 7th of the month, your pension will be paid on the 6th of each month.

Each year, we'll send you a P60, outlining the amount of pension you've received and the tax you've paid in that tax year.

What about any changes?

If you move house or change your bank details, you'll need to let us know so we can ensure your details are correct. You can do this via the section of the website, My Pension Online.

Will my pension increase?

The good news is your pension is index-linked to protect it from increases in the cost of living. The increases are paid in April, on the same date as increases in state social security benefits. They're based on figures provided by HM Treasury.

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

Guaranteed Minimum Pension

When you start claiming your state pension, the Government may pay some of the increase on your Teachers' Pension with your State Pension. This is because you may be entitled to a Guaranteed Minimum Pension (GMP) in the state scheme.

The GMP consists of two elements:

- For service up to 5 April 1988, the Government will pay all Pension Increases (PI) with your State Pension. This part does not attract increases from the Teachers' Pension Scheme
- For service after 5 April 1988, Pensions Increase (up to 3%) is paid by the Teachers' Pension Scheme. The balance will be paid by the Government with your State Pension.

When we receive confirmation of your GMP from HMRC, we'll adjust your pension.

If you're not entitled to a GMP, you'll receive the full increase from the Teachers' Pension Scheme. If you look at the information provided with your P60 you'll see a breakdown of how the different elements of your pension have been increased.

If you've any further questions about state benefits or GMP, please contact the Department for Work and Pensions (DWP) on 0845 300 0168.

Please note that the Government are fundamentally changing the State Pension System (you may have read about a "Single-Tier State Pension" in the press), and if you reach State Pension age after 6 April 2016, the rules may be different. When we know more about this, we'll let you know.

What if I start work again?

You must inform us immediately if you take up any teaching employment by completing a Certificate of Re-employment. If you don't, your pension could be overpaid and you would need to repay any money that had been overpaid. If you're working as part of a Phased Retirement you don't need to complete a Certificate of Re-employment, but if you've taken your final benefits after Phased Retirement you must tell us.

You'll need to send us a Certificate of Re-employment for every tax year you're working following your retirement. You must tell us if the hours you work or the salary you're receiving changes in any way.

If you're receiving Age or Premature final salary benefits, your pension may be temporarily suspended, depending upon your earnings and irrespective of whether your new service is pensionable or not.

If you're receiving career average benefits they will not be affected by any re-employment.

If you took final salary benefits and you're receiving Actuarially Adjusted Benefits, your pension will not be affected. If you return to work and subsequently take Age, Premature or Ill health retirement your benefits may be affected.

How do you decide if my pension should be suspended?

Your final salary pension will be affected if your pension and re-employment earnings exceed your salary of reference. Your salary of reference is the highest salary in the average salary period, as calculated at retirement.

Any career average benefits that you are receiving will not be affected.

The way we calculate your pension will depend on which arrangement(s) you have built up pension in. We calculate the value of your pension by using:

- Any final salary pension (should you have pension in this arrangement)
- Any career average pension (should you have built up pension in this arrangement)
- Any mandatory and discretionary payments that your employer at retirement is paying.

What is the limit that I can earn in a tax year?

Your index-linked salary of reference minus your annual pension is the limit that you can earn in a tax year before your pension is affected. If your earnings in the tax year exceed that limit, your pension is suspended.

What do I need to do if I start working again?

If you go back to work, there are five things you must tell us:

1. The name and address of your employer
2. The date your employment started
3. The duration of your employment (if you know it)
4. The rate of salary
5. The nature of the employment (indicating whether it's full or part-time).

To make it easy you can complete a Certificate of Re-employment to ensure we have all of this information

What if I am receiving Ill-Health Benefits and am returning to teaching?

If you're receiving Ill-Health Retirement, it's because you had been judged permanently medically unfit to teach. So if you return to teaching, they must stop immediately.

If you wish to return to teaching, your employer must be satisfied that you're fit to teach in the capacity required. It's your responsibility to notify us in writing immediately of any employment undertaken if you're in receipt of Ill-Health benefits.

If your pension is stopped because you return to work, you'll only be awarded another Ill-Health pension if you become ill again and satisfy us that you're unfit to teach. You can retire on any other grounds at the appropriate age.

If you're receiving an enhanced pension and you intend to return to employment outside teaching, you must provide a certificate from a registered medical practitioner. The medical practitioner must be satisfied that you still have the medical condition that caused your enhanced pension to be paid.

The nature of your proposed employment will also help us decide whether or not the enhanced pension can continue to be paid.

Will I earn further pension if I return to work?

If your service is pensionable, you'll get further retirement benefits on application. These will be based on your extra pensionable employment and the salary that you earn. This is known as Additional Service After Retirement (ASAR).

If you're re-employed after taking retirement benefits other than Phased Retirement, you must have one year of ASAR to qualify for further benefits. Remember if you're working part-time, the whole period counts towards your qualifying service including the days you don't work. However, your benefits are based on the pensionable earnings you receive.

You don't have to claim your benefits immediately you stop ASAR if you plan to do further work, as all your ASAR benefits will be added together when you finally decide to claim them. If you have less than one year's service (365 days) and don't intend to continue in the Teachers' Pension Scheme, your contributions and interest will generate an annuity to add to your existing pension.

Unless you were in ASAR immediately before 1 April 2012 any service undertaken after 1 April 2015 will be in the career average arrangement. The standard retirement types, Age, Premature, Actuarially Adjusted, Phased and Ill-Health will apply to ASAR benefits.

After you've gone?

It goes without saying that your pension isn't just about you. It's also about the people you love and care for.

If I'm retired what will my beneficiary or nominee receive after I die?

If you're a pensioner and your pension has been in payment for less than five years, a death grant will be paid that is equal to five times your annual pension, less any pension you have received. This is the same for all pensioners regardless of whether you were in the final salary or career average arrangements when you left service.

If there is no adult beneficiary or death grant nomination at the time of your death, any death grant that is due will be paid to your estate.

Pensions for a Spouse or Civil Partner

If you're married or in a civil partnership, your spouse or civil partner will automatically receive a pension after you die, provided you've a minimum of two years pensionable service. If you have nominated a partner, a pension will only be paid if you've been living together for at least two years when you die and are still interdependent.

What about my children?

Any children, born during your lifetime or within 12 months of your death, may be eligible to a child's pension. This also applies to any children born to a previous partner, adopted children and financially dependent children who are living as part of your family at the time of your death.

To be eligible, your children can't be married or in a civil partnership. They must be:

- Under 17; or if over 17 have remained in full-time education or been in training for a trade or profession for at least two years, without a break of more than one academic year and up to age 23 at the latest
- Incapacitated and unable to earn a living due to ill health at the time of your death. A doctor will need to confirm this. We'll also need to know if they're receiving any benefits.

How is the pension calculated?

If you die after retiring we'll continue to pay your pension in full for three months. These payments are called the short term pension. After the short term pension ends a long term pension is put into place for payment.

Final salary arrangement

If you're in the final salary arrangement the long term pension for an adult survivor is 1/160 of the final average salary for each year of your survivor benefits service.

Career average arrangement

If you're in the career average arrangement the long term pension is the value of 37.5% of the pension you've earned up to your date of death.

Benefits in both arrangements

If you have benefits in both arrangements, two calculations will be made, one for each type of benefit and these will be paid together.

How long will my family continue to receive a pension?

If you were in service on or after 1 January 2007 any adult pension will be paid for your beneficiary's lifetime.

If you were not in service on or after 1 January 2007 then any adult pension will cease if the recipient remarries, registers a civil partnership or cohabits with another person as husband and wife or as civil partners.

Your children will receive a pension as long as they are under age 17. Once they are over age 17, if they are receiving full-time education and have received full-time education since reaching the age of 17 without a break, their pension will stop when they reach age 23.

How much of my service counts towards family benefits?

If you've nominated a partner for family benefits your service from 1 January 2007 will automatically be used in the calculation of family benefits. You can pay for service before that date to be counted towards family benefits if you apply within six months of nominating your partner.

If you're married or have registered a civil partnership, all your service from 6 April 1988 automatically counts for family benefits. You can pay for service that was completed before April 1988 to be counted towards family benefits, but that must be within six months of getting married or registering a civil partnership for the first time.

If you're a male teacher who leaves a widow your service will count from 1 April 1972 for family benefits.

What happens if I marry or register a civil partnership after I've retired?

Only your service from 6 April 1988 will count for an adult beneficiary's pension, unless you're a male pensioner who marries a woman. In those circumstances any benefits will be based on service from 6 April 1978.

What happens if I die whilst I am re-employed?

If you go back to work after claiming benefits from the Scheme, in service death benefits may be available for your loved ones.

A death grant lump sum will be calculated depending on which arrangement you're in.

- If you're in the career average arrangement the calculation will use three times your salary
- If you're in final salary arrangement it will be three times your average salary.

In either case any lump sum benefits you have already been paid will be deducted from the death grant that is due.

Any questions or complaints?

That's it, you're now up to speed with the basics about your pension now you're retired.

If you want to find out more, you can go online and check out our website. Finally, if you have any complaints, or if you're not happy with how we've dealt with something, please let us know.

Visit us at:

www.teacherspensions.co.uk

Call us on:

0345 606 6166

Monday - Friday, 8.30am - 6.00pm

Write to us at:

Teachers' Pensions,
11b Lingfield Point,
Darlington, DL1 1AX



Teachers' Pensions isn't authorised to provide financial advice. We recommend you seek independent financial advice before making any decisions about your pension.

The information contained in this guide is correct at the time of press, but may be subject to change. If there is any difference between the legislation governing the Teachers' Pension Scheme and the information contained in this guide, the legislation will apply.