



Active Teacher: Your guide to your pension

December 2018



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Introduction

If you're an active teacher this is the pension guide for you. Why?

Because:

- a) Many members feel they don't understand their pension and the changes that have happened to the Scheme; and
- b) Your pension remains an incredibly important part of your remuneration package and is likely to be even more so the nearer you get to retirement.

When you consider that you and your employer may have been paying towards your pension since you started teaching, it would be good to understand what it's all about.

That's what this guide to your pension is all about. Whatever your level of knowledge, you'll find something useful in it.

What are the different arrangements of the Teachers' Pension Scheme?

The Scheme is divided into two different arrangements, Final Salary and Career Average. The Final Salary arrangement is further divided into two sections, one for those who joined the Scheme before 1 January 2007 and one for those who joined on or after this date but before 1 April 2015, when the Career Average arrangement came into being.

Both arrangements are what is known as Defined Benefits, as the pension benefits that you build up are based on your salary and are calculated in accordance with the Scheme regulations rather than the investment performance of your contributions. There are more details on how benefits are calculated later in this guide.

Final Salary arrangement

The Final Salary arrangement has two sections:

1. Members who joined the Scheme before 2007 built up benefits in the Normal Pension Age (NPA) 60 section (more on NPA later)
2. Members who joined on or after 1 January 2007 built up benefits in the NPA65 section

If you were in the NPA 60 section but had a break of more than 5 years, ending between 1 January 2007 and 31 March 2015, before returning, the service accrued in the NPA 60 section was 'frozen' and new accrual was in the NPA 65 section.

Career Average arrangement

From 1 April 2015 new members joined the Career Average arrangement. Existing members of the Final Salary arrangement also transitioned into the Career Average arrangement for future pension accrual on 1 April 2015, unless they were in the group of members with transitional protection. Depending on how far away they were from their normal retirement date on 1 April 2012, members with protection would either enter Career Average at a later date (known as 'tapered protection') or would remain in the Final Salary arrangement ('full protection'). There are more details on protections in the 'How do I know which arrangement I'm in?' section of this guide.

What is the Normal Pension Age (NPA)?

The NPA relates to the age at which benefits are normally paid in full. If you retire earlier than your NPA the benefits are reduced to reflect that you'll be retired and receiving a pension for a longer period of time than it was costed to provide.

Final Salary member

For information about the NPA for Final Salary please see the previous page.

Transition member

Transition members are those who moved from the Final Salary to Career Average arrangement on 1 April 2015, or at a later date if they had tapered protection. If you're a transition member you'll need to be aware that there's a different NPA for each set of pension benefits to which you're entitled.

The NPA for your Final Salary benefits is 60 or 65 (or you may have benefits in both sections of the Final Salary arrangement) depending on when you entered pensionable service.

The NPA for your Career Average benefits is either your State Pension age or age 65, whichever is the later date. You can find out your State Pension age online at www.gov.uk/state-pension-age.

When members transition or otherwise move to the Career Average arrangement, the Final Salary benefits are retained and are deferred until you choose to take your pension. For transition members we'll use the salaries earned during your Career Average service to calculate your Final Salary benefits. This is called the Final Salary Link and ensures that you benefit from the typically higher salaries you'll earn as your career progresses. If you take a break from pensionable service of more than five years then the Final Salary Link is broken and we'll use the average salary at the time of the break in service to calculate your Final Salary pension.

New members (service in the Career Average arrangement only)

As a new member to the Scheme in the Career Average arrangement, your NPA is either your State Pension age or age 65, whichever is the later date.

How do I know which arrangement I'm in?

Protected member

If you were an active member immediately before 1 April 2012 and were within ten years of your NPA on that date, you're a protected member and will stay in the Final Salary arrangement until you retire, unless you have a break in service of 5 years or more. Where this is the case your new accrual of pension will be in the Career Average arrangement. For members who take all of their Final Salary pension and then return to additional service after retirement (ASAR), new pension accrual is in the Career Average arrangement.

Tapered member

If you were an active member immediately before 1 April 2012 and were more than ten years but less than 13.5 years away from your NPA on that date then you qualified for tapered protection. Your date of transition to the Career Average arrangement is determined by your age on 1 April 2012. Those furthest away from their NPA transitioned across from 1 June 2015, while those closest to their NPA will remain under tapered protection until 1 February 2022.

If you've yet to transition we'll email (if we have your email address, otherwise we'll write to your employer) prior to your transition date, but if you want to work out the date you can look at the [transition tables](#) on our website.

Transition member

If you were more than 13.5 years away from your NPA immediately before the 1 April 2012 you'll have entered the Career Average arrangement on 1 April 2015.

New member

If you joined the Teachers' Pension Scheme on or after 1 April 2015, you're in the Career Average arrangement.

Continuous Pensionable Public Service

If you had protections in another public service pension scheme (for example Local Government, Civil Service or NHS) the protections can be carried across to the Teachers' Pension Scheme. We'll need to know the details of the service and protection you held in your previous scheme and we'll then assess whether, had you been in the Teachers' Pension Scheme on 1 April 2012, you'd have qualified for any protection with us.

Service in another public service scheme can also count towards retaining the Final Salary Link protection. If you leave the Teachers' Pension Scheme and then return after a single break of more than five years the Salary Link protection is lost. But if you were in another public service scheme during that period the Final Salary Link protection can be retained, as long as you haven't had a break of more than five years from any pensionable public service. This means you can still benefit from having your Final Salary pension calculated using the salaries earned prior to retirement.

If you think you'll benefit from retained protections please complete the [Joiner Questionnaire](#) available on our website to tell us about your previous pensionable public service.

What happens if I work part-time?

If you're teaching part-time in a post that started before 1 January 2007 and there's been no contractual change to that employment, the service will only be pensionable if you make an election for it to be pensionable. But if there's been a change of contract on or after 1 January 2007, your employer should have enrolled you into the Scheme at that point.

If you started working part-time on or after 1 January 2007 your service is immediately pensionable as a matter of course (known as 'contractual enrolment') unless you opt out of the Scheme.

Final Salary arrangement

For part-time work in the Final Salary arrangement we determine the number of days of actual service (that will count towards your total pensionable service in the arrangement) by comparing the actual earnings to the full-time salary rate in the period.

We calculate it like this:

$$\frac{\text{Earnings}}{\text{Annual Salary Rate}} \times 365$$

Career Average arrangement

In the Career Average arrangement your pension accrual is simply based on your actual pensionable earnings. Whatever your pensionable earnings are, we apply the appropriate accrual rate to it.

What if I have multiple employments and work more than full-time?

How this affects you will depend on the arrangement you're in.

Final Salary arrangement

If you're in the Final Salary arrangement you cannot build up more than 365 days service in a year. This means that any service above 365 days will not be pensionable in the Teachers' Pension Scheme and you won't build up any pension, nor pay any contributions, in respect of any extra service.

If your contracts are all part-time, then your employers should've agreed which contracts will be pensionable and informed you accordingly.

If one of your employments is full-time, then any part-time employments are automatically non-pensionable. In this case, you may be eligible to join the Local Government Pension Scheme for your part-time contract and you should contact your employer to discuss this.

Career Average arrangement

In the Career Average arrangement all eligible employments are pensionable in the Scheme, even if combined they add up to more than one full-time position.

For those members who had a full-time contract in the Teachers' Pension Scheme and are members of the Local Government Pension Scheme in respect of a part-time contract that otherwise would have been in the Teachers' Pension Scheme, the part-time contract must switch to the Teachers' Pension Scheme as and when you enter/entered the Career Average arrangement.

How much will I pay each month?

Whether you're full-time or part-time, you'll pay a percentage of your gross pensionable earnings each month towards the cost of your pension. Your employer also pays contributions based on your pensionable earnings.

As pension contributions count towards salary sacrifice you'll receive tax relief on your contributions. Your employer also pays contributions, based on your salary, towards the cost of the pensions provided by the Scheme.

The contribution rate depends on the annual rate of pensionable earnings in each pay period, with different rates applying to different earning bands. If you work a part-time regular position, your annual rate of pensionable earnings will be your gross part-time earnings multiplied by 12, not the full-time equivalent. Your contribution rate can vary if you have fluctuations in your pensionable earnings - for example if you're employed on an irregular part-time basis or receive a pensionable bonus in one month.

The earning bands are reviewed and adjusted annually each April, in line with any year on year increase in CPI in the preceding September. The contribution rates are generally reviewed every four years following a Scheme valuation.

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 immediately.

If you're on pensionable family leave (maternity, paternity, adoption or (shared) parental leave) or pensionable sick leave your employer will use the usual contribution rate but apply that to your actual pensionable earnings in the period. You'll accrue pension benefit as if you were in receipt of your usual amount of pensionable earnings.

Lower annual salary rate	Higher annual salary rate	Contribution Rate in 2018/19
0	£27,047.99	7.4%
£27,048	£36,410.99	8.6%
£36,411	£ 43,171.99	9.6%
£43,172	£57,216.99	10.2%
£57,217	£78,022.99	11.3%
£78,023 +		11.7%

For the latest contribution tiers and rates please see the [updates section](#) of our website.

Can I increase my benefits?

The Scheme offers a number of ways to increase your pension prior to retirement, often referred to as pension flexibilities. The flexibilities available are Additional Pension, Faster Accrual and Buy-out.

It's important to know which Scheme arrangement you're in, as Faster Accrual and Buy-out are only available in the Career Average arrangement.

The Department for Education also has an agreement with Prudential, who provide a Teachers' Additional Voluntary Contribution scheme. This is a money purchase scheme and is completely separate to the Teachers' Pension Scheme.

Before you make any decisions it's a good idea to seek independent financial advice as increasing your pension can have tax implications if you exceed the Annual Allowance. For more details about the Annual Allowance please see the [tax and National Insurance section](#) of our website.

The amount of extra pension you can purchase is limited to a total overall amount per arrangement. For details of the latest maximum amounts please see the [updates section](#) of our website.

Buying Additional Pension

When you purchase Additional Pension you're buying further annual pension, in blocks of £250, on top of your main pension benefits. The cost is based on factors dependent on your age when you make the election, the Normal Pension Age for the benefits being bought, whether it's pension just for you or to also count towards partner benefits, and the method of payment.

Additional Pension can be paid for:

- Through regular monthly contributions via your employer through salary deductions; or
- by making a one-off payment in full to Teachers' Pensions.

As it's an annual pension it costs more to purchase than the multiple of £250 you're buying; for example purchasing £250 of Additional Pension with partner benefits, at age 50, via monthly contributions from salary over five years, will cost £58.20 per month, based on the 2015 factors.

The maximum payment period is 20 years and must be completed before your NPA, but be aware that payments will be reviewed after each Scheme valuation. That means contributions may increase or decrease depending upon the outcome of the valuation. It's important that you check that the correct amount is being deducted, if you identify a mistake you must contact your employer immediately.

Your Additional Pension will be paid when you take your Scheme benefits, though if you take Phased Retirement you don't have to take your Additional Pension at the same time. If you choose to take your benefits before you reach your Normal Pension Age and this is before the end of your payment period, your Additional Pension will be based upon the contributions you have paid up to the day you leave the Scheme. If you take Early Retirement your Additional Pension will be actuarially reduced as the pension will be in payment for a longer period than if paid from the Normal Pension Age.

Just like your standard pension, part of your Additional Pension can be taken as a lump-sum at retirement (subject to the maximum lump-sum allowed under the Lifetime Allowance).

If you've purchased Additional Pension for yourself and your partner, then an Additional Pension will be paid to them when you die, regardless of whether or not you've completed the payments. If you've only purchased Additional Pension for yourself no benefits will be paid.

Faster Accrual (Career Average only)

Faster Accrual allows you to pay increased contributions in return for accruing more pension over the course of a Scheme year. The Scheme year is from 1 April to 31 March.

An election for Faster Accrual must be received before the year it takes effect, ideally no later than January, and it only applies for one year. A new election needs to be made every Scheme year and each election starts on 1 April and ends on the following 31 March. However, if you start a new employment mid-year, for example taking up a new post in September, you can make an election to cover the remainder of that year, but we must receive the election within one month of taking up your new post.

The standard rate of annual accrual in the Career Average arrangement is 1/57th of your annual pensionable earnings. You can choose to pay for Faster Accrual at one of three higher rates. In ascending order they are: 1/55th, 1/50th or 1/45th.

The cost increases in line with the increase in the rate of accrual, and is paid for through an additional deduction from your salary. Once your election is accepted we'll advise your employer of the additional contribution percentage to deduct each pay period. This is on top of your usual contribution rate. The contribution rate is based on your age and the rate of accrual chosen.

It's important that you check that the correct amount is being deducted, and if you identify a mistake you must contact your employer immediately. But please note that if the election is not processed in time for your employer to make the necessary deductions from your next pay (e.g. end of April), they may need to recover arrears of contributions from your following pay (e.g. end of May).

Buy Out (Career Average only)

Early retirement from Defined Benefits pensions schemes results in an actuarial reduction to the pension, as it will be in payment for a longer period of time than if taken at the NPA for the benefits. The Career Average arrangement provides for a standard rate of reduction between age 65 and 68, of 3% per year. If your Normal Pension Age is 67 and you retire at age 65 immediately after ceasing pensionable employment, your Career Average pension will be reduced by 6%.

You can Buy Out one, two or three years of the standard rate of reduction, depending on your Normal Pension Age in the Career Average arrangement.

If your Career Average pension age is 66 you can Buy Out one year of the standard rate of reduction, if it's 67 then you can buy two years, and if it's 68 you can Buy Out all three years.

You only have one opportunity to make an election to Buy Out the standard rate of reduction, and we must receive your application within six months of you first entering the arrangement. Contributions last throughout your career, unless you decide to revoke your election.

This is a long term commitment and the rates you'll be required to pay will change throughout your career. Contributions are based on factors such as your age and the number of years of standard reduction you wish to Buy Out. It's important that you check that the correct amount is being deducted, if you identify a mistake you must contact your employer immediately.

If you revoke the election you will not receive a refund of contributions unless you haven't completed the minimum service to qualify for benefits. (If you're in additional service after retirement a refund of contributions is not permissible and you'll receive an annuity instead of a refund.) Otherwise, the election will be applied to the benefits accrued while it was in force.

For example, if you accrue £5,000 of pension while the election is in place, and £10,000 after you have revoked it, the election will apply to the £5,000 and this will not have the standard reduction applied to it at retirement, but the £10,000 will be subject to the standard reduction.

If you leave pensionable service you can resume the election upon your return, as long as you have not been on a single continuous break of more than five years. You must inform your new employer to begin deduction of contributions from your salary, or inform Teachers' Pensions that you wish to revoke the election.

If you take Early Retirement after leaving pensionable service, i.e. you make your application as a deferred member of the Scheme, the standard rate of actuarial reduction is not applicable. In these cases an actuarial deduction is calculated based on your age at retirement. But if you have bought out the standard rate we'll reduce the actuarial rate of reduction by 3% for each year Bought Out. For example, if you leave pensionable employment at age 60 and choose to take your Career Average benefits with a Normal Pension Age of 68 early, at

age 65, the actuarial deduction to be applied will be c.5% for each year between 65 and 68 (overall c.15%). But if you had Bought Out the standard rate of reduction for 3 years the actuarial reduction is likely to be c.2% for each year (overall c.6%).

Paying Additional Voluntary Contributions (AVCs)

Members of occupational pensions schemes can also pay towards a separate AVC scheme. The Department for Education has an arrangement with Prudential for a Teachers' AVC (TAVC), but you can use other companies. The TAVC is administered separately to the main Teachers' Pension Scheme. You can find out more about AVCs and Prudential by visiting their website.

Your Benefit Statement

Once you have qualified for benefits (two years or one year if you're in additional service after retirement) we'll be able to produce a Benefits Statement, which will show you the current estimated amount of your overall pension, as well as a break down by Scheme arrangement, if applicable.

The Benefits Statement does not provide an illustration of what your future pension may be worth based on assumed accrual up to retirement age. It's simply the estimated amount of annual pension you'll receive, based on the benefits accrued to date if you were to take the pension at the Normal Retirement Date. The estimate does not show the impact on your pension of any deductions we'll have to make at retirement, such as for a pension share resulting from a divorce, or for a Scheme Pays election.

You can access your Benefits Statement at any time from your MPO account, yet another reason why we encourage members to sign-up.

Your Benefit Statement also provides an aggregated record of the service and salary information we have been provided by your employer(s). If that information is incorrect or incomplete then:

- Your first port of call should be your employer at the time of employment as it's the information they provide that goes into your Statement.
- However, if you've more than one employer and you have queries, you need to get in touch with us first and we can provide a breakdown of your periods of multiple employment. Unlike your Benefit Statement, which aggregates this information, we'll give you details of your individual employers and periods of employment. This way you can fully check your record and contact the relevant employer.

What happens if I leave pensionable service?

If you leave pensionable service you'll become what's known as a Deferred Member of the Scheme.

If you haven't yet qualified for a pension you can either take a repayment of contributions, transfer-out (as long as you have at least three months of service) or you can simply leave your benefits where they are, because if you return you'll continue where you left-off in building up qualifying service and pension benefits.

If you're already in receipt of benefits from the Scheme, you cannot take a repayment of contributions in respect of additional service; instead you'll receive a small pension based on the actuarial equivalent of your contributions.

If you have qualified for pension benefits then please be aware that the entitlement to your pension is triggered if you remain out of pensionable service when you reach your Normal Pension Age. You still need to apply for the pension, but the payable date will be the day you reached your Normal Pension Age. Where that payable date is in the past we'll backdate the payment and apply any pensions increase due.

Revaluation of deferred benefits

When you become a Deferred Member the revaluation of Career Average benefits from that point on is equal to the annual public sector pensions increase rather than active service revaluation of CPI + 1.6%. If you return to pensionable service after a break of not more than five years, we'll treat the period of the break as having been in active service and revalue your (formerly deferred) benefits accordingly.

If you return after a single break of more than five years, the deferred benefits will continue to be revalued in line with the annual Pensions Increase and only new pension accrual will be revalued as active.

Transfer-out

Since April 2015 members who have qualified for benefits can only transfer those benefits if:

- your new scheme is a defined benefits scheme and will accept a transfer
- the receiving scheme is a recognised scheme that satisfies HMRC requirements
- you extinguish your retained rights in the Teachers' Pension Scheme within 12 months of becoming subject to the new scheme (i.e. you receive a guaranteed transfer from Teachers' Pensions and we then receive a signed declaration to transfer your rights).

For 'Club' transfers between public service pension schemes the transfer must complete within 12 months of first becoming eligible in the receiving scheme, so if you decide to opt-out of your new scheme upon joining it, the period still counts towards the 12 month time limit. Club transfers are also restricted to those where the gap between leaving one scheme and becoming eligible in another is not more than five years.

If you've not qualified for pension benefits then, as long as some of your pensionable service occurred after 1985, and you have more than three months of pensionable service, you can transfer to a defined contributions scheme that accepts transfers and satisfies HMRC requirements. Alternatively you can choose to take a repayment of contributions using the form available on our website. However, if the contributions are in respect of additional service after retirement you cannot take a repayment of contributions the Scheme will provide a small annual pension instead.

What happens if I take family leave?

Congratulations. Whether you're a mum or a dad, if you're receiving contractual or statutory pay during your Maternity or Paternity leave, then your pensionable service will continue.

This applies if you're adopting too. Your contribution rate remains the same, as if you're receiving your usual pay, but it's only applied to your actual pensionable earnings.

We use the same contribution rate because you'll accrue pension benefits because if you were still receiving your usual pay rather than the reduced amount so that you don't lose out on your pension while you're on pensionable family leave.

If you're not receiving any pay, whether that be statutory pay or otherwise, it means you're no longer in pensionable service for the purposes of the Scheme and will not accrue further pension while not receiving any pay. However, it's worth noting that during a period of non-pensionable family leave that immediately follows a period of pensionable service, you'll be treated as being in-service if a Death Grant or a pension to your beneficiary or beneficiaries becomes payable.

What if I become ill?

If you're ill, you may have to stop working before your Normal Pension Age. Before you apply for Ill-health retirement you and your employer should arrange for occupational health support to look at ways to help you remain in or return to work. This might include reducing your working hours or taking on a role of lesser responsibility. Ill-health retirement should be a last resort. There are some issues you need to consider before completing an application for Ill-health retirement.

It's up to you to provide any medical evidence to support your application. You or your employer will have to pay any fees associated with providing that evidence. If your medical condition is severe enough to warrant consideration of Ill-health retirement, it will generally be expected that you'll have had the benefit of a specialist opinion during your illness.

Your evidence will be considered by the Scheme's Medical Advisors, who'll make a recommendation based on their consideration about whether your application can be accepted or not. If there's insufficient evidence to allow the Medical Adviser to make a fully considered recommendation, your application for Ill-health retirement will not be accepted. They'll not seek further medical evidence to support your application. It's your responsibility to ensure that any evidence you provide is current and comprehensive.

What if I have left service when I become ill?

If you're no longer teaching you can download the [two application forms](#) you need. These are the:

- Ill-health retirement form
- Medical information form.

You should then return both forms to us along with the detailed medical evidence supporting your application.

If you left pensionable teaching within 12 months of submitting your application, the medical sections of your form still must be completed by your ex-employer.

If you're not in pensionable employment, you'll have to pay for any costs incurred in providing medical evidence yourself.

What if I am diagnosed with a terminal illness?

If you've a life expectancy of less than a year, you can choose to take a lump sum payment instead of an Ill-health pension. You must ask for this when you apply for Ill-health benefits, because a pension can't be converted to a lump sum once it has come into payment. The lump sum payment will be approximately five times the annual pension you would be due. If you're below the age of 75 only the amount over your Lifetime Allowance, if any, will be subject to tax; if you're 75 or older it will be taxed as income.

If you apply for, and receive, such a lump sum payment you no longer have a right to a pension. Should you make a recovery a pension will not be paid to you.

The short-service serious Ill-health grant

If you've a life expectancy of less than a year but haven't been in service long enough to qualify for Ill-health benefits (two years) you may receive a short service Ill-health grant, on the proviso that you have at least one year of pensionable employment.

Further information

Further information on ill health retirement is available in the [working life](#) / [life events](#) section of our website.

Ending a relationship?

If you and your spouse or civil partner decide to legally end your relationship, you may need to request information on the value of your pension. This is to allow the courts to consider whether or not your pension should be shared with your partner and by how much.

We'll calculate a Cash Equivalent Transfer Value (CETV) representing the cash value of the benefits you've accrued in the Scheme, including your pension, any lump sum and dependant's pension.

The court may award a percentage of this CETV to your ex-spouse or ex-civil partner, giving them pension benefits based upon the amount awarded by the court. If this happens your benefits will be reduced and your ex-spouse or ex-civil partner will become a pension credit member of the Scheme.

Please note that a pension share can only take place if, at the time of the pension share, the member has sufficient service to qualify them for benefits.

A pension credit member is not allowed to transfer their share out of the Scheme or transfer a pension they hold elsewhere in to it. Nor can they use any of the available pension flexibilities to boost the pension credit benefits.

The Normal Pension Age (NPA) for a pension credit is the same as the benefits from which the credit was shared for Final Salary pensions. For example, if the share of the pension was from NPA60 benefits, the NPA for the pension credit benefits will be 60. But for pension credit benefits based on a share of a Career Average pension the NPA will be the same as the pension credit member's state pension age or 65, whichever is higher.

Pension credit benefits can be taken from age 55, but pensions taken before the NPA will be subject to actuarial reduction as they will be in payment for longer.

Ill-health pensions are not payable in respect of pension credit benefits.

What are the different types of retirement?

Age

Once you reach your Normal Pension Age (NPA) and providing you're out of pensionable service, you can apply for your benefits. If you continue in pensionable service after you reach your NPA your benefits are payable from the last day of pensionable service. If you delay making your claim then your benefits will be backdated to your last day of service or when you reached your NPA, whichever is the later. Any backdated payments will be paid as a lump sum and will be subject to tax.

Early retirement (Actuarially Adjusted Benefits)

It's possible to take your benefits before you reach your NPA provided you are age 55 or over and are leaving all pensionable employment. Your benefits will be actuarially adjusted to reflect that they're being paid before you've reached your NPA.

If you're currently in pensionable service then your employer has to agree that you can leave and take your benefits. If they don't agree initially, they cannot withhold their consent for more than six months. Your benefits will be payable the day after you cease pensionable employment.

If you're not in pensionable service when you submit your application you can choose your retirement date, but it must be six weeks after the date you sign your application form. If you've benefits in both the Final Salary and Career

Average arrangements then you need to take all your benefits at the same time.

Phased retirement

If you're over 55 you can choose to continue to work and receive part of your benefits.

To be eligible to take Phased retirement you must have a reduction of at least 20% in your pensionable earning earnings compared to the previous twelve months. You could do this by reducing your working hours or by taking on a post of lesser responsibility. You must make your application within three months of the salary reduction taking effect. You can make your application three months before the reduction takes effect provided your employer can provide the salary information.

Final Salary member

If you're in the Final Salary arrangement you can take two phased retirements, each of which must meet the conditions for phased retirement, before finally retiring.

Career Average member

If you're in the Career Average arrangement you can do this three times before finally retiring but only two of your phased retirements can be before age 60.

Benefits in both Final Salary and Career Average

If you have benefits in more than one arrangement you can choose to take different proportions of your Final Salary and Career Average benefits.

Benefits will be actuarially reduced where they are taken before the NPA.

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.

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 arrangements then you need to take all your benefits at the same time.

For more information about retirement visit the [retirement Guides](#).

What if I have benefits in both Final Salary and Career Average arrangements?

When you hold benefits in more than one section or arrangement of the Scheme, whether you have to take all your benefits or can defer some is dependent upon the type of retirement being taken.

Age Retirement - you can choose to defer taking benefits for which you have yet to reach the NPA, or choose to take them early at the same time as those benefits for which you have reached the NPA. Note that if you choose to do this you must leave (and still be out of) all pensionable employment, as this is a requirement for taking Early Retirement. It's also worth noting that you cannot take benefits with a later NPA and defer taking benefits with an earlier NPA, e.g. take Career Average benefits but defer taking Final Salary benefits.

Early Retirement (AAB) - you have to take all benefits you have in the Scheme and must leave (and still be out of) all pensionable employment when Early Retirement benefits become payable.

Phased Retirement - you can choose which benefits to take, and the proportion in which you wish to take them.

Ill-health Retirement - you have to take all benefits you have in the Scheme and must leave (and still be out of) all pensionable employment when Ill-health Retirement benefits become payable.

Premature Retirement - you have to take all benefits you have in the Scheme and must leave (and still be out of) all pensionable employment when Premature Retirement benefits become payable.

Doing the sums

Final Salary benefits

Protected and tapered members

Your average salary is important because it's used to calculate your Final Salary benefits. If you're a protected member or a tapered member who has not transitioned into the Career Average arrangement it's whichever is the highest of:

- The salary you received in the last 365 days before retirement
- Your average salary across the best three consecutive years salaries (revalued to take inflation into account) during the ten years prior to retirement.

Transition members

If you're a transition member and have not had a break in service of more than five years after 1 April 2015 then your average salary will be the highest of:

- The salary you received in the last 365 days before retirement
- Your average salary across the best three consecutive years salaries (revalued to take inflation into account) during the ten years of service prior to retirement.

If you're a transition member and have had a break in service of more than five years after 1 April 2015 then your average salary will be the highest of:

- The salary you received in the last 365 days before the break commenced
- Your average salary across the best three consecutive years salaries (revalued to inflation into account) during the ten years of service prior to the start of the break.

Career Average benefits

Your Career Average benefits are accruing each year based on 1/57th, or the chosen rate of faster accrual if applicable, of your pensionable earnings for that year. For every year you're in service the amount of pension added to your 'pot' is increased. If you leave service it's still increased, but at a lower rate.

If you check your Benefit Statement you'll be able to see how much you've accumulated in your pension.

Retirement lump sum

Under present legislation, you won't pay tax on a retirement lump sum paid by the Teachers' Pension Scheme.

There is an automatic retirement lump in the NPA60 section of the Final Salary arrangement, equivalent to three times the annual pension you'll receive. In the NPA65 section and the Career Average arrangements you can choose to give up part of your pension and convert it to a retirement lump sum. This an option is also available in the NPA60 section if you've service on or after 1 January 2007. For each £1 of pension you give up you'll receive £12 of lump sum or additional lump sum.

There are HMRC maximum limits to the amount of lump sum you can take. This is currently 25% of your total fund value. You do not have to take the maximum and there are calculators on the [website](#) to illustrate the size of lump sum you could take (subject to the standard Lifetime Allowance) and how this will affect your annual pension.

Death Grant

Your surviving spouse or civil partner will receive the discretionary death grant unless you decide to nominate someone else to receive it. You can nominate an unmarried partner or someone else of your choice regardless of their age and relationship to you. You're not able to nominate a Trust or Charity for death grant nominations.

If you choose to nominate somebody to receive your death grant it's important to keep it up to date. You can nominate more than one person but if you want to do that you must tell Teachers' Pensions what proportion of the death grant you want each person to receive.

If there's no adult beneficiary or death grant nomination at the time of your death, the grant will be paid to your estate.

So how much will my beneficiary or nominee receive if I die in service?

Career Average arrangement

If you die in service, a death grant of three times your full-time equivalent salary (at your date of death) will be paid.

Final Salary arrangement

If you die in service, then the death grant of three times your final average salary (as at your date of death) will be paid.

There's no minimum qualifying period for an in-service death grant. If you've nominated someone to receive a death grant and later marry or register a civil partnership that does not cancel your nomination. If you no longer want someone to receive the death grant you must revoke your nomination. It's up to you to remember to keep your nomination up to date.

So how much will my beneficiary or nominee receive if I die out of service?

If you die after leaving pensionable employment and have two or more years of pensionable service, your death grant depends on which pension arrangement you were in when you left service.

Final Salary arrangement

If you've benefits in the Final Salary arrangement it'll be either:

- Your retirement lump sum at your date of death or
- Your pension contributions plus interest of 3% if there's no adult pension payable.

Career Average arrangement

If you've benefits in the Career Average arrangement it'll be:

- Your accrued pension multiplied by 2.25 or
- Your pension contributions plus interest of 3% if there's no adult pension payable

If I am retired what will my beneficiary or nominee receive?

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've received. This is the same for all pensioners regardless of whether they were in the Final Salary or Career Average arrangements when they left service.

Pensions for your family

What about my family?

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

If you're married or in a civil partnership, your spouse or civil partner will automatically receive a pension after you die, provided you have a minimum of two years pensionable service.

If you're in a relationship but not married or in a civil partnership, your partner can receive a long-term survivor's pension but only where you've two years or more pensionable service* from 1 January 2007 and, **for a continuous period of at least two years immediately prior to your death:**

- You were able to marry or form a civil partnership with your partner
- You and your partner were living with each other as if you were a married couple or civil partners;
- Neither you or your partner were living with a third person as if they were a married couple or civil partners
- You and your partner were financially interdependent or your partner was financially dependent on you.

(* Pensionable service means active membership of the Scheme in a pensionable employment, not the actual days worked in that employment. 2 years while in a part-time position is 2 years of pensionable service if you're opted-in to the Scheme.)

We'll require your partner to provide evidence of the above qualifying conditions in order for a long-term survivor's pension to be paid to them. We recommend you complete a [partner nomination](#) form so that we know about your relationship, but it's not a mandatory requirement for the payment of benefits.

If a death grant nomination has not been completed the death grant will also be payable to your partner on the proviso the same conditions as set out above are met. As the qualifying conditions don't have to be met if a death grant nomination is in place, you may wish to inform us of your wishes by completing a [death grant nomination](#).

Where a nomination hasn't been made and there is no survivor's pension to be paid (i.e. the qualifying criteria for an unmarried partner has not been met) the death grant will be paid to the estate of the deceased member.

Surviving nominated beneficiary

You can nominate a parent, step-parent, brother or sister, provided that they're unmarried, widowed, not a civil partner or cohabiting with another person as husband and wife or as civil partners. Your nominee must be wholly or mainly financially dependent on you. You can complete a nomination form on the [website](#).

If you marry or register as a civil partner, their nomination ends. It also ends if they die, marry or otherwise stop being dependent on you.

It's up to you to remember to keep your nomination up to date. When any application for a pension is received, checks will be undertaken to ensure that the criteria are met.

How is a family pension calculated?

If you're in service when you die the Teachers' Pension Scheme will pay 3 months worth of salary. 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 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.

If you die in service in the Final Salary arrangement an enhancement is then made to the pension in accordance with part 3 of schedule 9 of the Teachers' Pensions Regulations 2010.

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.

If you die in service in the Career Average arrangement an enhancement is then made to the pension. This is equivalent to 1/57th of your FTE at the time of death, multiplied by half the prospective service from your date of death to the Normal Pension Age for the benefits.

Benefits in both arrangements

If you've benefits in both arrangements two calculations will be made, one for each type of benefit but they'll be paid as one pension.

If you've no more than two children then they'll receive half of any adult's pension. If you've more than two children the adult's pension is divided by the number of children.

How much of my service counts towards family benefits?

Survivors of same-sex marriages and civil partnerships are treated in the same way as widows of opposite sex marriages, i.e. benefits based on service from 1 April 1972 or 6 April 1978 if the marriage was after the last day pensionable service.

Widowers will receive a survivors pension based on service from 1 April 1988.

Qualifying unmarried partner benefits are based on service from 1 January 2007.

How long will my spouse or civil partner 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 weren't in service on or after 1 January 2007 then any adult pension will cease if they remarry, register a civil partnership or are cohabiting with another person as a married couple or as civil partners.

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 for at least two years, without a break of more than one academic year, up to age 23 at the latest. Full-time education also includes full-time vocational training on a course which runs for a period of at least two years. This is also subject to not being paid a maximum permitted amount in relation to a vocational training course (check the updates section of the our website for the latest figure).
- 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.

Any questions or complaints?

If you wish to make a complaint about the service provided by Teachers' Pensions or to dispute a decision reached in the administration of your benefits, then the best method of getting in touch is via your My Pension Online account. Alternatively you can contact us by telephone or in writing. Please remember to use your Teachers' Pensions Reference number and National Insurance number in all correspondence.

For details of the Scheme's internal dispute resolution procedure (IDRP) please see the 'Member complaints and appeals' section of our website. The Scheme operates a one-step IDRP, where a dispute with the administrator can be raised with the Department for Education in their capacity as the Scheme Manager. If you remain dissatisfied you can then escalate your complaint to The Pensions Ombudsman, who is an independent and impartial adjudicator.

The Ombudsman's address is:

Pensions Ombudsman 10 South Colonnade
Canary Wharf E14 4PU

At any stage during a complaint you may wish to approach The Pensions Advisory Service for assistance. They offer a free service and their address is:

The Pensions Advisory Service 11 Belgrave Road
London SW1V 1RB

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.

