

Scheme benefits

April 2024



What's a pension?

Simply put, your teacher's pension is the way that you, your employer and the government help you to save for your future. Each time you get paid, you pay contributions towards the cost of your pension.

Your teacher's pension is one of the key benefits of your career. It provides protection both while you're in service and once you retire. It's important to be aware of the main benefits of paying into the Scheme.

How does it work?

- **Member contributions** - You'll contribute according to a tiered structure. This means that lower earners pay a lower percentage of their salary. Your pension contributions also benefit from tax relief.
- **Employer contributions** - Your employer contributes the equivalent of 28.68% of your pay towards the cost of the benefits provided.
- **Accrual** - The amount of pension you build up is based entirely on your salary and service. You build up 1.75% of your salary each year. At the end of the year, this is increased by the rate of inflation (CPI) +1.6% which ensures that the longer you're a member, the more your pension will grow.
- **Security of the Scheme** - The Teachers' Pension Scheme is one of only eight schemes backed by the Government. It's not reliant on risky investments so your pension is guaranteed.

What are the benefits?

- **Pension in retirement** - Having a good pension helps you when your income changes following retirement. It's important to remember you'll still have your bills, a potential mortgage/rent and a car to pay for. You may also want to go on regular holidays to make the most of your free time. With your teacher's pension you're guaranteed an annual pension until you die.
- **In service death grant** - If you die in service (in service refers to actively paying into your pension – not just having a teaching role), your surviving spouse, civil partner, qualifying partner or nominated beneficiary will receive a death grant from the Scheme. There's no minimum qualifying period, however the entitlement to this payment benefit is lost when you opt out of the Scheme.
- **Family benefits** - The Scheme also offers the security of a long-term pension that's in place to protect your family if something should happen to you before or after you retire.
- **Flexible retirement** - You benefit from the option of being able to retire from age 55* as well as the ability to convert some of your pension into a tax-free lump sum.

- **Ill-health protection** - If you become too ill to continue teaching you could be entitled to receive any built up pension benefits immediately. If you're unable to undertake any form of work, the accrued pension can be enhanced.
- **Saving options** - You can boost your benefits through a range of flexibilities including increasing your pension accrual or buying out the actuarial reduction that applies to early access to retirement benefits.
- **My Pension Online** - You can manage your pension via [My Pension Online \(MPO\)](#). This allows you to update personal details, view your Benefit Statement and access further resources that help you to understand your pension.

Where there is any difference between the legislation governing the Teachers' Pension Scheme and the information in this factsheet the legislation will apply.