

Additional Pension

February 2024



Introduction

Please note you need to be in pensionable service to make a flexibilities application.

What is Additional Pension?

Members of the Teachers' Pension Scheme can make additional contributions to buy extra pension for when they've retired. It can be bought solely for personal benefits or for personal and partners' benefits.

Who can apply?

Additional Pension is an option for all members. If you've an existing Additional Pension election in final salary that you're paying into, that arrangement will continue following your transition to the career average scheme.

How do I buy additional pension?

You can buy Additional Pension in multiples of £250. Here are a couple of ways you can do this:

- Have deductions made from your salary.
- Pay a one-off lump sum.

If you're paying by instalments you must allow two complete months for the election to be processed before the payments will be deducted by your employer.

The maximum payment period is 20 years and must be completed before your Normal Pension Age (NPA – the age at which you're eligible to claim retirement benefits). However, be aware that payments will be reviewed after each Scheme valuation, which means contributions may increase or decrease depending upon the outcome of the valuation, which is every four years. 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 start part-time work you'll be required to pay the same amount of monthly contributions as when you worked full-time.

Can I claim Tax Relief on the additional contributions I pay?

You'll normally receive tax relief through the PAYE system if you pay by instalments. You'll need to speak to the tax office about tax relief if you make a lump sum payment.

If you wish to claim tax relief for a one-off lump sum payment for a specific tax year, the payment must be received by us before 5 April of the relevant tax year.

Is there a maximum I can buy?

For the current maximum please refer to the [Updates section of our website](#).

How is Additional Pension calculated?

Additional Pension is calculated separately from your main pension benefits. The cost is calculated based on your age, gender, Normal Pension Age and the amount of Additional Pension you want to buy. We use your age one month from the date of acceptance by us in the case of a one-off lump sum payment. For a regular deduction we'll use your age on the first day of the month, following the expiry period of one month from the date of acceptance. The cost is not based on the date you've submitted your application.

Examples

A 51 year old member who wanted to purchase Additional Pension using the one-off payment method: The member submitted their Additional Pension application on the 15/04/15, aged 51 years old and their Date of Birth is 15/05/1964.

The member made the election on 15/04/15 and our processing time takes five working days, their acceptance letter would be sent on 22/04/15 (date of acceptance).

The cost is therefore based on the member's age as at 22/05/15, which would now be 52 years old (cost based on age as at one month from acceptance date).

A 51 year old member who wanted to purchase Additional Pension using the monthly election method: The member submitted their Additional Pension application on the 15/04/15, aged 51 years old and their Date Of Birth is 15/05/1964.

As this member elected on 15/04/15 and our processing time takes 5 working days, their acceptance letter would be sent to the member and employer on 22/04/15 (date of acceptance).

Monthly deductions would start on 01/06/15 and therefore the cost is based on the member's age as at 01/06/15, which would now be 52 years old (cost based on age as at the 1st of the month following a month from their acceptance date).

When will my Additional Pension be paid?

Your Additional Pension will be paid when you retire and 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 (NPA) and this is before the end of your payment period, your Additional Pension will be based upon the contributions you've paid up to the day you leave the Scheme. If you take your benefits before you reach your Normal Pension Age, your Additional Pension will be actuarially reduced.

If you retire on ill-health grounds, your Additional Pension will be paid immediately without reduction, provided that you were in good health when you made your election and you became incapacitated more than one year after the date of the election. Contributions will be refunded if you retire on ill-health grounds, within one year of the start date of the deduction of the additional contributions. Just like your standard pension, some of your Additional Pension benefits you've chosen to pay for can also be taken as a lump sum. This is subject to the maximum allowable lump sum figure for retirement benefits, but you're free to choose a lower amount if you wish.

What happens if I purchase Additional Pension and then leave teaching before I've qualified for Scheme benefits?

To qualify for main Scheme benefits, you must pay into the Teachers' Pension Scheme for a period of two years. If you've paid for Additional Pension but then leave pensionable teaching employment before you have qualified for benefits, your Additional Pension election will be revoked and you can apply to receive a refund of the additional contributions paid or, if you have more than three months service, apply for a cash transfer to another scheme.

What happens to my Additional Pension when I die?

Providing that you were in good health when you made your election, if you've purchased Additional Pension for yourself and your partner, 50% of the amount you've elected to buy will be paid as a pension to them. This is in addition to any family benefits payable to your partner when you die and regardless of whether or not you've completed the payments. If you've only purchased Additional Pension for yourself, no benefits will be paid to your partner.

How will my Additional Pension option be processed?

The process for purchasing Additional Pension is as follows:

- As a member you'll need to complete the Flexibilities Application form on [My Pension Online](#)
- By submitting the application online it will be sent to your employer to confirm your employment
- Your employer will then submit confirmation of employment to us or reject your application.
- Once confirmation of your employment is received from your employer, then we will either accept or reject your request
- Alternatively, a paper application can be downloaded from the website which should be completed and returned to us via your employer.

Who we'll inform:

Your employer: If accepted the employer will be provided with details of the monthly deduction and confirmation of the dates during which it should be collected.

You: If your request has been accepted you'll be provided with the same information as your employer or alternatively if the application is rejected, the reasons why will be indicated to you.

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