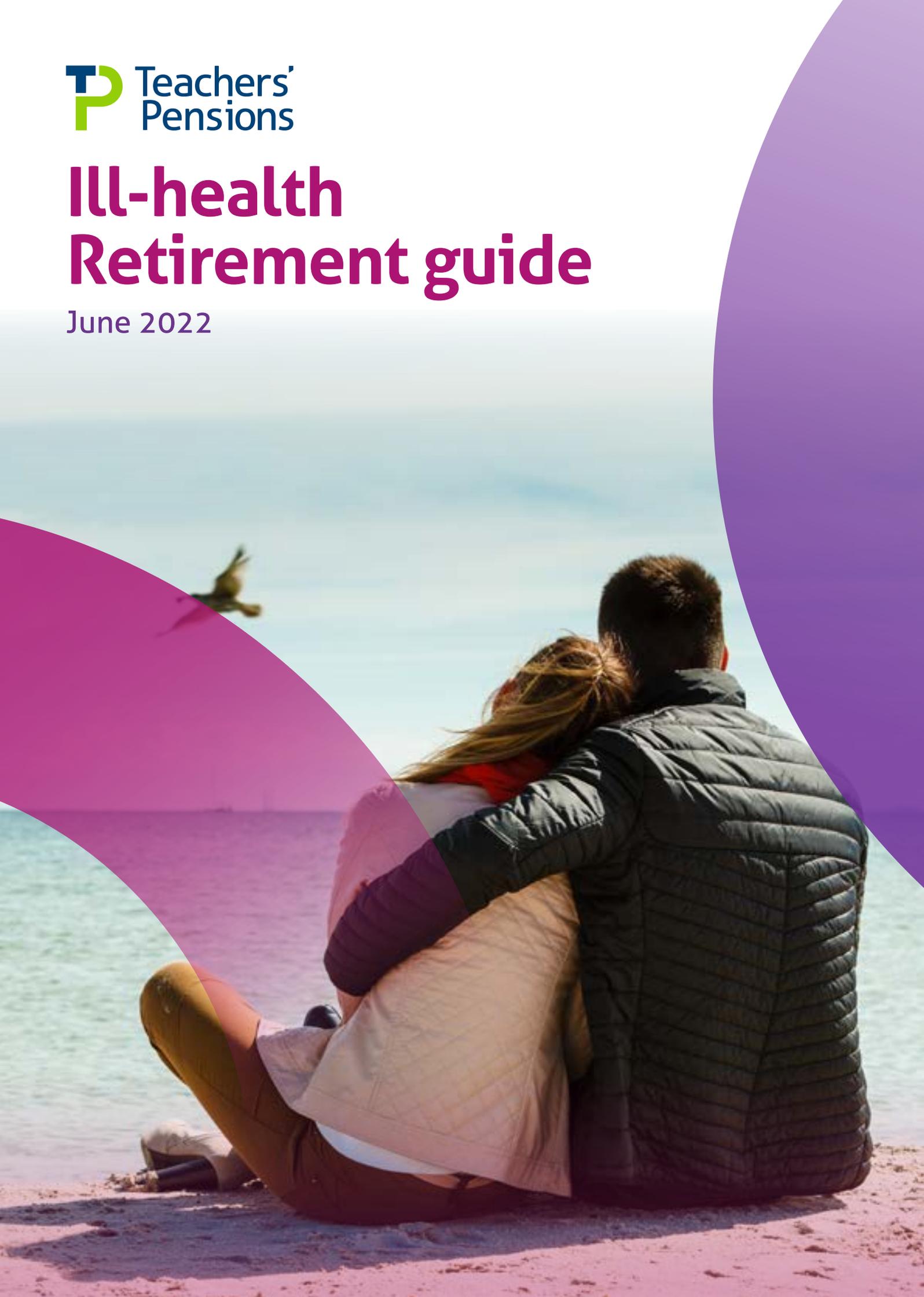


# Ill-health Retirement guide

June 2022



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

# Introduction and general information

**Ill-health Retirement benefits may be paid if you have to retire before your Normal Pension Age (NPA) because you're permanently incapable of teaching due to illness or injury. Certain criteria have to be satisfied before a person becomes entitled to benefits.**

This Guide provides you with information that is useful to know when you're considering applying for Ill-health Retirement with the Teachers' Pension Scheme.

Before you apply for Ill-health Retirement, you and your employer should arrange for occupational health support to look at ways to help you manage your illness. This should include options that could help you to remain in or return to work, for example through action to reduce your working hours or moving to a role of lesser responsibility.

Ill-health Retirement is a significant move and should only be contemplated once it's clear that other options won't work for you. Where that's the case, your employer and occupational health service will provide valuable support in helping you complete an application for Ill-health Retirement.

This Guide also covers some issues you need to consider before completing the application.

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

# Help through the Ill-health Retirement process

If you're no longer employed as a teacher, lecturer or in an employment covered by the regulations of the Teachers' Pension Scheme and need assistance in applying for Ill-health Retirement benefits, we recommend that you seek assistance from individuals or organisations that can act on your behalf, such as a teaching union or the citizen's advice bureau. Should you require general information or assistance about ill-health benefits, please call Teachers' Pensions on 0345 6066166.

Please note, Teachers' Pensions can't provide you with any financial advice. Should you require financial advice, you may wish to contact an Independent Financial Adviser.

If you're too ill to sign the forms please note that the Ill-health Retirement application can only be signed by individuals who have power of attorney or court of protection, and are thereby authorised to act on your behalf by the Office of the Public Guardian. Details of the Office of Public Guardian can be found on the GOV.UK website.

## Things to consider if you've a life expectancy of less than one year

There are certain points to consider if you are seriously ill and you have a shortened life expectancy. If you're in this position, further information can be found on page 17 and in ANNEX 1 and ANNEX 2. In all cases, we recommend that you seek independent financial advice.

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

# Qualifying for Retirement Benefits

You can apply for Ill-health Retirement at any time during your career providing you're under the normal pension age (NPA) for the pension benefits you wish to take and you've at least two years' qualifying service.

But if part of your service is before 6 April 1988, you must have either two years' qualifying service after 5 April 1988, or five years at any time, in order to qualify for retirement benefits, including Ill-health Retirement.

Your service may be in final salary or career average scheme or it may be a combination of both.

## What if you haven't qualified for retirement benefits?

### Short Service Serious Ill-health Grants (Members under 75 who haven't qualified for pension benefits in the scheme and have shortened life expectancy).

If you've between one and two years of qualifying service and have a life expectancy of less than 12 months, you may get a one-off payment called a 'Short Service Serious Ill-health Grant'. An application must be made within six months of leaving pensionable employment.

If you're in the final salary scheme, it's calculated as 1/12th of average salary x length of reckonable service in years and fractions of a year.

If you're in the career average scheme, it will be two months' worth of your final pensionable earnings or the total amount of all your contributions plus 3% compound interest, if higher. This will include all member contributions, additional pension contributions, buy-out contributions and faster accrual contributions. The grant is paid as a lump sum which is tax free.

If you've less than one year of qualifying

service, you can apply for a repayment of your contributions.

## What is the criteria for qualifying for an Ill-health Retirement?

Ill-health Retirement benefits are payable in circumstances laid out in the 2010 and 2014 Regulations. They provide for a two-tier Ill-health pension based on the severity of a member's illness or injury and whether the application is made 'in-service' or 'out-of-service'. The incapacity must be judged to be permanent – i.e. be expected to last until you reach NPA or beyond.

Your application will be assessed against the 'two-tier' criteria if the application is made while 'in-service' and, thereby, may give rise to an enhancement [see timing of the entitlement on page 6]. The two tiers are described as follows:

**TIER 1** - Ill-health pension based on your accrued benefit in the Scheme. This is payable if you're assessed by the Scheme as meeting the 'incapacity condition' i.e. 'incapacitated' and likely to be 'incapacitated permanently'. This is where you're permanently unable to teach, but may be able to undertake other work up to your NPA; and

**TIER 2** - An enhancement known as 'Total incapacity benefit' (in the 2010 final salary scheme) or 'Total incapacity pension' (in the 2015 career average scheme). This is where you meet the 'Total incapacity condition' because you're assessed as not only being permanently unable to teach, but you're also considered unable to undertake any 'gainful employment'\* up to your NPA. This is referred to in this Guide as "total incapacity enhancement".

\* 'Gainful employment' is where a person's ability to carry out any work is impaired by more than 90% and is likely to be impaired by more than 90% permanently.

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

# Qualifying for Retirement Benefits

Accrued benefits and the total incapacity enhancement are paid as two separate pensions. For ill-health applications received on or after 6 January 2007, the accrued benefits (Tier 1) and total incapacity enhancement (Tier 2) will cease if you return to any paid or unpaid teaching employment (whether considered to be an employment eligible for inclusion in the Scheme or not) before you reach NPA. Total incapacity enhancement will cease if you engage in any gainful employment. It's important you provide details of any employment you're undertaking. The total incapacity enhancement will only remain in payment if Teachers' Pensions are satisfied that the employment doesn't meet the gainful employment criteria described above, taking account of any report supplied by a registered medical practitioner.

The conditions for the continued entitlement to ill-health pension are different if the ill-health application was received before 6 January 2007. Any re-employment which you undertake after receiving ill health benefits must be notified to Teachers' Pensions to assess whether you continue to be eligible to receive them, unless you're above NPA.

As well as the medical criteria referred to above, there are other circumstances which will also determine whether your application is to be considered on a 'two-tier' ill-health basis or not.

## Circumstances in which an 'in service' (two-tier) application will be considered

The timing of the application

If the application is made while you're 'on the employer's books' without a break, then the application may be considered against the 'two-tier' criteria, even if you're not receiving any pay from your employer. This continuation of the employee / employer relationship is treated as remaining in 'eligible employment', as you remain under a contract of employment.

If you've left all employment, you have two years from leaving pensionable service to apply if your application is to be considered against the two-tier ill-health criteria (assuming that the condition that caused you to leave pensionable service is the same, or linked to, the condition to which the ill-health Retirement application relates).

This provides additional time for those who are forced to leave teaching due to 'slow-to-develop' or 'difficult-to-diagnose' conditions, or conditions where it's difficult to access suitable treatment quickly.

Please be aware that you leave pensionable service when:

- Your sick pay is less than half pay;
- You receive less than half salary for adoption, maternity, parental, paternity or additional paternity leave; or
- You're no longer entitled to statutory adoption, maternity, paternity pay or additional statutory paternity pay.
- You've opted out of the Teachers' Pension Scheme.

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# Qualifying for Retirement Benefits

Any contractual payment of at least half pay up to the end of your contract is normally pensionable, even after a period of unpaid sickness absence or unpaid family leave. If, however, a lump sum is paid in lieu of notice or in respect of any other accrued rights, the payment will not be pensionable in the Teachers' Pension Scheme.

If you're a supply teacher applying for benefits, you also need to be under a contract of employment to be in pensionable service. Being on a supply list itself doesn't always mean you're in a contractual relationship when you apply. This will depend on the precise nature of your contractual relationship with your employer. Teachers' Pensions may contact your employer and ask them to confirm the date that you worked as a teacher and also whether you remained under an employment contract, to determine where you were in eligible employment.

## Other criteria in respect of a two-tier Ill-health application

Assuming you've sufficient service to qualify for benefits and the application is made:

- during the time you remained on the employer's books (in 'eligible employment'); or
- within two years of leaving pensionable service;

Other criteria will also need to be satisfied before you can be assessed for the two-tier Ill-health arrangements. For example, you must:

1. Be under NPA;
2. Include appropriate medical evidence and medical reports that will enable Teachers' Pensions, after taking advice from the Department's medical advisor, to determine whether you meet the 'incapacity condition' or the 'Total incapacity condition';
3. Have arranged for the Ill-health application form to be signed by your employer(s) within two years of leaving pensionable employment;

4. Have left all pensionable service because of 'incapacity'. Ill-health needs to be the main factor in leaving pensionable service. Even if the member received a redundancy payment, the person must be incapacitated at the point of leaving pensionable service; and
5. Have suffered from the same or a related illness/ condition at the point of leaving pensionable service and at the point of applying for Ill-health benefit.

Provided these conditions are met, your application will be considered under the two-tier Ill-health provisions.

## Criteria for 'out-of-service' Ill-health applications

If the criteria set out above are not satisfied, any application for Ill-health Retirement will be considered as an 'out-of-service' application. This is relevant if:

1. The application is made more than two years after you left pensionable service and you're no longer on the employer's books;
2. You didn't leave employment on grounds of 'incapacity'; or
3. You do not have an illness which was 'related', 'connected' or 'linked' to the incapacity which caused you to leave employment.

Please note that an out-of-service application needs to be witnessed by a person who's not a relative.

In these circumstances, your application will be considered on an 'out-of-service' basis. A pension based only on your accrued benefits will be awarded, if it's demonstrated that you're permanently incapable of any gainful employment (i.e. the 'Total incapacity condition'). There's no enhancement of pension in respect of out-of-service applications.

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

# Under which arrangement of the Scheme will my Ill-health Retirement application be considered?

If your accrued benefits are only in the final salary scheme, the permanency criteria for your Ill-health application will be judged against a NPA of either 60 for pre 2007 entrants or 65 for post 2006 or 'Mixed Service' members.

If you're a member of and have accrued benefits in the career average scheme, the permanency criteria are assessed against a NPA equivalent to a person's prospective State Pension Age, or age 65 if higher, at the time the application is made.

If you've retained benefits in the final salary scheme but have moved to the career average scheme, the criteria for Ill-health benefits will be those applicable to the career average scheme.

In all cases, if you meet the 'Total incapacity condition' and the application is received under the 'in-service' conditions, the enhancement will be based on 50% of your prospective service up to the relevant NPA. Enhancement is described in more detail later in this Guide.

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# How to apply for Ill-health benefits

## **(a) Members applying within two years of leaving pensionable service or who are still in eligible employment (i.e. under contract) having ceased pensionable service because of ill-health.**

A member is in pensionable service when they're actively contributing to the Scheme. Members on sick leave are in pensionable service as long as they're still receiving at least half pay. Members on less than half pay are not in pensionable service, but are in eligible employment until their contract ends.

If you were ill at the point that you left pensionable service and are still in eligible employment (i.e. under contract) or you are applying within two years of leaving pensionable service you'll be making an 'in service' application. Your employer should provide you with two separate forms in connection with your application:

- [Application for Ill-health Retirement Benefits](#). You should complete Part A and Parts B and C will need to be completed by the employer; and
- [Ill-health Retirement - Medical Information Form](#). After you've completed Part A, Part B needs to be completed by your occupational physician or your chosen medical practitioner.

If you were in employment with more than one employer at the point of application for ill-health benefits, please ask each employer to complete Parts B and C of a separate ill-health form.

For such 'in service' applications, you can arrange for your employer to forward the two forms once they've been completed (this is the most common approach) or you can arrange to send both forms yourself. Please note, you have a right to see the medical evidence before it is submitted even if the employer submits both forms on your behalf. If the employer's

Occupational Health service has completed the Medical Information Form, please make arrangements to see the evidence with Occupational Health before this is submitted to Teachers' Pensions.

If you were in multiple employments at the time of the application, please arrange for each employer to complete a separate 'Application for Ill-health Retirement Benefits', with each one completing Parts B and C as appropriate. If each employer has their own occupational physician, a separate 'Ill-health Retirement Benefits - Medical Information Form' should be supplied by each practitioner.

(b) Members applying for Ill-health benefits more than two years after leaving pensionable service or applying due to an illness which was unrelated to any medical condition a member had before leaving pensionable service.

If this applies you'll be making an "out-of-service" Ill-health application, and the following needs to be completed:

- Part A of the Application for Ill-health Retirement Benefits'. In these circumstances, the employer's not required to complete Parts B and C of the 'Form; and
- The 'Ill-health Retirement Benefits - Medical Information Form', Part B should be completed by your occupational physician or your chosen medical practitioners.

You can also download the forms directly from our website at [www.teacherspensions.co.uk](http://www.teacherspensions.co.uk). Each form will explain what you, the employer (if applicable), and the medical professional will need to do.

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# How to apply for Ill-health benefits

In all cases, in support of your application, you may have or may require medical evidence from various accredited medical professionals. Please provide as much information relevant to your medical condition as possible. If necessary, please download multiple copies of Parts B of the Medical Information Form for completion by each relevant health professional and submit with original copies of this form.

For an out-of-service application, you'll be responsible for checking that both forms have been completed and you'll need to return them both to Teachers' Pensions with the attached medical reports and medical evidence.

Depending on your medical condition, you may wish to seek assistance from a third party (e.g. a union representative) in completing these documents or in collating the relevant medical information.

**The ill-health application (or applications if you have worked for more than one employer in the previous two years) should be sent together with all relevant medical reports. If only one of the forms is received, a valid application hasn't been made and Teachers' Pensions won't process the application. Both forms need to be submitted within two years of leaving pensionable service to be regarded as 'in service', as well as meeting the other 'in-service' conditions.**

**Once all forms and relevant medical evidence has been received, Teachers' Pensions will then review the documents before submitting them to the scheme's Medical Advisors.**

**We won't accept incomplete applications. Please, don't send partial or incomplete forms as we'll return them.**

**Please take your own copies of applications and medical evidence before forwarding the documentation to Teachers' Pensions. If an employer is submitting the application forms on your behalf, your employer won't be able to copy medical information due to reasons of confidentiality. If you require copies, you should arrange for these to be sent to you by Occupational Health or by the relevant medical practitioners before they're sent to us.**

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# Providing Medical Evidence and payment of Medical fees

It's up to you to provide any medical evidence to support your application. If the medical condition is severe enough to warrant consideration of Ill-health Retirement it'll be expected that you'll have had the benefit of a specialist opinion during your illness. If there are fees associated with obtaining evidence to be provided you or your employer will need to pay these.

Your application will be considered by the scheme's Medical Advisors who will make a recommendation based on the medical evidence provided. If there's insufficient evidence to allow the Medical Adviser to make a fully considered recommendation, your application for Ill-health Retirement will be rejected. We'll provide a copy of the opinion of the scheme's Medical Advisor, which will cover the reasons behind their opinion, with the notification of the Ill-health rejection.

If your application is rejected, the scheme's Medical Advisors may advise on further treatments that may need to be explored or other medical information that should be considered, before a further application is made. It's your responsibility to ensure that any evidence you provide is current and comprehensive at the time of your application. Any medical reports from relevant specialists should be enclosed with the Medical Information Form.

The evidence should demonstrate that:

- You've a recognised medical condition
- You've completed all reasonable treatment
- On the balance of probabilities, your medical condition renders you permanently incapable of:
  - Teaching in a full or part-time capacity in any other teaching role for the purposes of 'in-service' Tier 1 benefits; and
  - Any gainful employment for the purposes of the 'in-service' Total incapacity Enhancement (Tier 2) or the payment of 'out of service' Accrued Benefits.
- Your incapacity is, on the balance of probability, likely to continue until your normal retirement age.

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# Setting a leaving date with your employer and payments made before termination of employment

Should you be accepted for Ill-health Retirement, you should agree a date with your employer in respect of when the contract of employment will cease. If the application for retirement benefits has been accepted, the delivery of any lessons, classes, lectures, tutorials or other teaching work must cease immediately. Ill-health Retirement is awarded on the basis that the member is currently and likely to be permanently unfit to teach. Furthermore, continued working may significantly compromise any claim for insurance or litigation proceedings if you are deemed at fault whilst remaining in your position having been assessed as permanently unfit to teach.

If your employment continues indefinitely or you remain in a teaching capacity, Teachers' Pensions retains the right to review your eligibility to Ill-health Retirement benefits because, by continuing to work, it could be construed that you're fit to teach.

Please note that whilst a Ill-health pension is in payment, if it's found that you're fit to teach and you're no longer eligible for pension, an overpayment may occur, which will need to be repaid.

If, however, you were already on long term sick leave when you were accepted for Ill-health Retirement, then Ill-health Retirement will become payable after your employer terminates your contract of employment, even where sickness absence is unpaid. Your service will remain pensionable in the Scheme provided you're paid at least half pay up to a future date. This includes payments for 'Termination of employment during a period of sick leave' [See 6.1 of the 'Conditions for School Teachers in England and Wales']. If the member's contract is terminated immediately and a lump sum payment unrelated to any period of service is paid, this is 'pay in lieu of notice' (PILON) and the payment isn't pensionable under the Scheme.

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# Processing an award

Once we've received the [Application for Ill-health Retirement Benefits](#) and the [Ill-health Retirement Benefits - Medical Information Form](#) and any supporting documentation, the application will be referred to the medical advisers. Once they return the case to Teachers' Pensions, we'll inform you of the decision in writing. Teachers' Pensions will advise you of the decision after receiving the recommendation from the medical advisers.

The only exception to this timescale is if the application shows that a teacher was suspended. Under these circumstances Teachers' Pensions will confirm that your application form won't be processed but will remain on file. You're to notify Teachers' Pensions when the investigation has been completed. Once Teachers' Pensions receive clearance that you're no longer suspended, and provided you're not barred, your Ill-health Retirement application can be processed.

If your application confirms that Ill-health Retirement benefits are payable to you, we'll request that you complete the 'Ill-health Payment' form, and your employer will need to complete the 'Ill-health Acceptance (18A)' form, which provides us with your final service, salary and sick leave details. On receipt of the Ill-health Payment form, Teachers' Pensions will arrange for your benefits to be put into payment.

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# How the entitlement day of your award is determined

The entitlement day or payable date of your Ill-health pension award is the later of:

- a) The date on which you became incapacitated;
- b) The day after leaving all contracted or “eligible” employment; or
- c) The day six months before the date of the last medical report used to accept you for Ill-health Retirement benefits.

For members who are out-of-service, there is a requirement to provide current medical evidence to confirm that the individual is still suffering from that medical condition. You must provide medical evidence dated within two years of the application to demonstrate that you’re incapacitated and likely to remain so permanently.

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# How we calculate an Accrued Ill-health award or a 'Total incapacity enhancement'

If you were in the final salary scheme with an NPA of 60, your accrued pension will be calculated by taking your total reckonable service multiplied by your final average salary and dividing by 80. NPA60 members also get an automatic lump sum equal to three times the amount of your accrued pension.

If you're in the final salary scheme with a NPA of 65, accrued benefits will be calculated by taking your total reckonable service, multiplied by your final average salary and dividing by 60. There's no automatic lump sum under the NPA65 arrangement, but you have the option to convert pension into lump sum if you wish.

If you're in the career average scheme, your career average accrued benefits will be based on 1/57th of your pensionable earnings in each scheme year. The accrual rate will be different if you've made one or more Faster Accrual elections (i.e. for 1/55th, 1/50th or 1/45th) in a scheme year. Each year, the amount of career average pension earned during the year is added to your 'pot' and the total is revalued. There's no automatic lump sum under the career average scheme, but you have the option to convert pension into lump sum if you wish.

## How we calculate a 'Total incapacity enhancement'

If you meet the necessary 'in-service' conditions referred to earlier for your application to be considered under the two-tier Ill-health conditions, any Total incapacity enhancement will be calculated as follows:

- If you've applied while in the final salary scheme before NPA 60 or 65, as appropriate, then the Total incapacity Enhancement pension is based on half of the service you would have completed between the entitlement day and your prospective NPA had you remained in employment.

Half your service to NPA is multiplied by your final average salary and divided by 80 (if you're a NPA 60 member) or by 60 (if you're a NPA 65 member).

- If you've applied while in the career average scheme, any Total incapacity Enhancement is based on half of the service you would have completed between the entitlement day and your NPA had you remained in employment. If you're a career average member, half of your service to NPA is multiplied by your current full-time equivalent annual rate of pensionable earnings and divided by 57 (the standard accrual rate for the career average scheme) to arrive at the Total incapacity enhancement.

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

# Conversion of pension for a retirement lump sum or higher retirement lump sum

Choosing to convert your pension will mean it's reduced for your lifetime and you must make your decision before completing your "Ill-health payment" form. For each £1 of pension that you give up you'll receive £12 of lump sum.

The maximum amount of retirement lump sum that you can receive is 25% of the total actuarial value of your benefits. To help you decide how much pension you want to give up and the lump sum you'd like to receive, [please use the calculators/modelers on the our website](#). Once your "Ill-health payment" form is received by Teachers' Pensions and the payment is authorised, you can't change the amount.

The different lump sum scenarios are:

- NPA65 or career average – If your pensionable service is all from 1 January 2007 or later, you'll not receive an automatic lump sum when you take those benefits. You can choose to give up part of your pension to receive a retirement lump sum.
- NPA60 – There's no conversion option if your pensionable service ended before 1 January 2007. You will receive an automatic retirement lump sum when you take your final salary benefits. There is no option to convert pension into a further lump sum.
- NPA60 – If you've pensionable service before and on or after 1 January 2007, you will receive an automatic retirement lump sum when you take your final salary benefits and you'll have the option to convert part of your pension to receive a further lump sum.

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# Serious Ill-health Lump Sums

If you've a life expectancy of less than one year, you can request your pension to be converted to a one off final tax free lump sum payment. If you want to be considered for this type of award you should complete the relevant section of the Ill health application form.

A serious ill-health lump sum is available to members in the following circumstances:

- The member's life expectancy is certified by a 'registered medical practitioner' or 'someone with equivalent overseas qualifications' as being less than one year;
- The member hasn't used up all of their remaining lifetime allowance at the point the payment is made; and
- The Teachers' Pension Scheme regulations require that the option to convert all of the pension benefits into lump sum is taken before the benefits (or, in the case of Phased Retirement or "Additional Service After Retirement", the remaining benefits) come into payment.

A serious ill-health lump sum equates to five times the member's annual pension, after any conversion of pension.

Further details of the serious ill-health lump sum in comparison with a death grant and standard ill-health benefits, with and without total incapacity enhancement can be found in ANNEX 1 and ANNEX 2.

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# The Serious Ill-health Commutation to Lump Sum alongside other alternatives

The option for a person with a life expectancy of less than one year to take a serious ill-health lump sum of their pension should be considered against other potential payments from the Scheme, which may arise depending on a person's specific circumstances. We recommend that independent financial advice is sought before making a decision on applying for Serious Ill-health Commutation to Lump Sum, taking on-board the following points. Teachers' Pensions is unable to provide you with any financial advice.

Non serious Ill-health benefits	In-service death grant	Out-of-service death grant
<p>A member may wish to consider taking a lump sum up to 25% of the value of their benefits and then taking annual pension.</p> <p>If a member dies within five years of the member's payable date, the balance of the five years' of pension will be paid as a supplementary death grant. This payment will be assessed against the member's lifetime allowance, but if a member has or is likely to exceed the lifetime allowance, they can write to Teachers' Pensions asking for the lump sum to be treated as a 'pension protection lump sum'. Currently a pension protection lump sum isn't subject to the lifetime allowance and isn't taxed by the Scheme if the member dies before the age of 75. Individuals in this position are advised to take specialist financial advice as other aspects such as inheritance tax may also need to be considered. The beneficiary may or may not be better off depending on individual circumstances.</p> <p>A member intending to take this option at retirement must write to Teachers' Pensions to request that any Supplementary Death Grant be treated as a Pension Protection Lump Sum Death Benefit.</p>	<p>The in-service death grant of three x your salary is payable if you're currently an active teacher in the scheme or you left teaching because of ill-health for up to 12 months from leaving pensionable service, unless you became entitled to Age Retirement, Ill-health Retirement or any other retirement benefit in the interim. You'll become entitled to Age benefits if you attain NPA and are out of service, even if you haven't made an application for payment of your pension.</p>	<p>If you don't meet the in-service conditions and haven't become entitled to retirement benefits, then an out of service death grant may be payable to your dependants, equivalent to:</p> <ul style="list-style-type: none"> <li>• the automatic retirement lump sum for a member who remained in the final salary scheme with a NPA of 60;</li> <li>• <math>3/80 \times</math> average salary x reckonable service for a member who remained in the final salary scheme with an NPA 65;</li> <li>• 2.25 times the accrued pension for a member in the career average scheme.</li> </ul>

Teachers' Pensions is not able to provide advice on this matter. You may wish to obtain advice related to your particular circumstances from an independent financial adviser. A list of some of the relevant questions to consider are set out in ANNEX 1, together with some examples of the alternatives that may be considered, depending on your circumstances. Various examples are set out in ANNEX 2.

You can get an estimate of the accrued benefits from the final salary scheme (either Normal Pension Age 60 or 65) and the career average scheme by using the calculator on your 'My Pension Online' account, including the maximum conversion of pension to lump sum. My Pension Online estimates won't include any enhancement.

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

# The Serious Ill-health Commutation to Lump Sum alongside other alternatives

## What if I die after I've been accepted for Serious Ill-health Commutation to Lump Sum but before the payment has been made?

If you die before the Serious Ill-Health lump sum comes into payment, provided this was accepted by Teachers' Pensions prior to the date of death, the Serious Ill-health lump sum will be paid to your estate. A death grant won't be payable.

If you've already taken Phased Retirement benefits, provided you meet the necessary criteria, you're able to take the remainder of your benefits as a serious ill-health lump sum.

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## Is it possible to cancel the payment of Ill-health benefits?

Please remember that you can change your mind at any time up to the point that the award is authorised to go into payment. The payment of your personal benefits won't affect any death benefits payable to any eligible family members which are paid separately.

If you wish to cancel either the serious Ill-health lump sum or an Ill-health Retirement application, confirmation should be provided in writing. You should also be aware that if you have been accepted as permanently unfit to teach or permanently incapable of any gainful employment and are still under a contract of employment, notification of this is sent to your employer. If your ill-health application is cancelled, your employer will also need to establish whether you're actually fit to teach.

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# How is the Serious Ill-health Lump Sum calculated?

If your application is accepted as 'in service' and you satisfy the 'Total incapacity condition', the award will be made up of two elements. The first element is called "Accrued pension benefits" and is based on your accrued benefits up to the date you leave pensionable service in the Teachers' Pension Scheme. The second element is a "Total incapacity enhancement", which is based on half of your prospective service to your NPA.

If your application was accepted as an 'out of service' application, the calculation of your award will be based on the accrued amount of benefits up to the date of leaving pensionable service in the Teachers' Pension Scheme. There will be no enhancement to your benefits.

- Career average - Your one off tax free payment will be calculated by applying the maximum amount of conversion possible to your pension, this is at a rate of 1:12 (£1 sacrificed from pension gives you £12 of lump sum). The remaining pension is then multiplied by five and these converted figures are then added together. There's no automatic lump sum payable under the career average scheme.
- NPA60 - If you're a member of the scheme prior to 1 January 2007 and have no pensionable service on or after this date, your one-off tax free payment will be calculated by multiplying your annual pension by 5. This figure is then added to your automatic lump sum payable under the NPA60 section of the final salary scheme.
- NPA60 - If you're a member of the scheme prior to 1 January 2007 and have pensionable service on or after this date, your one off tax free payment will be calculated by applying the maximum amount of conversion possible to your pension, this is at a rate of 1:12 (£1 sacrificed from pension gives you £12 of lump sum). The remaining pension is then multiplied by five.

These converted figures are then added to your automatic lump sum payable under the NPA60 section of the final salary scheme.

- NPA65 - Your one-off tax free payment will be calculated by applying the maximum amount of conversion possible to your pension, this is at a rate of 1:12 (£1 sacrificed from pension gives you £12 of lump sum). The remaining pension is then multiplied by five and these converted figures are then added together. There is no automatic lump sum payable under the NPA65 section of the final salary scheme.

## Calculation of the enhancement for career average members who previously had a 'step down' in salary rate in the career average scheme

Stepping down applies to members of the career average scheme only. The provision relates to those who, with the agreement of their employer, have a reduction in their annual salary rate as part of managing their sickness. An alternative calculation is performed so that any award of Total incapacity enhancement uses a notional salary, based on the annual full-time equivalent salary rate prior to the salary rate reduction, indexed in line with Pensions Increase factors.

If a member is awarded enhancement at retirement, the enhancement will be based on this notional salary prior to step down in salary rate, if higher than the full-time equivalent salary rate at retirement. The conditions are:

- The reduction in salary rate occurred as a career average member;
- The terms of your employment must have changed wholly or partly because of your health;

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

# How is the Serious Ill-health Lump Sum calculated?

- Medical information as at the time of the stepping down in salary rate must be available at the point of your retirement. You and your employer (or the employer at the point of the stepping down) would need to provide this medical evidence in respect of the step down at the point of retirement; and
- Your illness at the point you apply for Ill-health Retirement benefits must be wholly or partly related to your medical condition at the point of the stepping down election.

In these situations, the salary used to calculate your Total incapacity enhancement would be the higher of:

- The full-time equivalent salary at retirement, or
- The full-time equivalent salary from the point at which you've stepped down, indexed in line with inflation.

A 'stepping down election' is available on our website. We recommend that this is completed as soon as possible after the stepping down in annual salary rate.

Your accrued Ill-health benefit payable with the Total incapacity enhancement would continue to be calculated as explained in this Guide under 'How we calculate an Accrued Ill-Health award', except that the salary used in calculating the 'Total incapacity enhancement' would be as set out in the alternative calculation above.

## Past Added Years and Additional Pensions elections

If you're paying for Past Added Years (PAY) or Additional Pension Benefits (APB) and you were in good health at the time of the election, you'll be excused any payments due up to your NPA. You'll be credited with the corresponding additional service or additional pension. If your PAY election would have continued beyond age 60, you can choose to pay for those extra years by deducting this from your lump sum. If your lump sum won't cover the full cost, you can make a payment for the outstanding balance.

## Divorce

If you've been divorced or have dissolved a civil partnership and a pension sharing or earmarking order has been implemented, your Ill-health benefits will be reduced in line with that order.

# Appealing against a decision

You have the right to make two appeals, either or both of which can be against the level of benefit awarded or the rejection of the Ill-health Retirement application.

There's no time limit for making a first appeal. All we require is a short letter in which you make it clear that you want to appeal plus any supporting medical information/evidence that you want Teachers' Pensions and the Medical Adviser to consider.

If you decide to appeal, any additional information you can provide about your condition will be considered provided this was available in the period up to when the application was received by Teachers' Pensions.

This means that you or your representative can include medical information that was previously omitted from the application for whatever reason, or an elaboration of the information that was previously supplied.

What you can't include are details of any further tests, treatments, surgeries or diagnosis which have taken place since your initial application. This type of information would require a second application.

A second appeal has a time limit of six months. This means you must make your second appeal within six months from the date of the letter rejecting your first appeal being issued. Please note:

- Each appeal will be looked at by a different medical adviser;
- If you're appealing against the level of benefit awarded, the whole case will be looked at again from the beginning;
  - This means that the original decision could be upheld, you could be awarded a different level of benefits or the whole application could be rejected, in which case you wouldn't be entitled to an Ill-health Retirement.

If you're not satisfied with the outcome of the appeal process, you have the right to take your case to the Pensions Ombudsman. You can also call upon the services of Money Helper.

Details of the Ill-health Appeals process can be found in the following link: [Ill-health Appeals process](#).

## What happens if you return to work?

Firstly, employers must be satisfied that you're medically fit to return to teaching and it's your responsibility to tell them that you're in receipt of Ill-health benefits.

If you start work again in any form of teaching, lecturing or tutoring you must inform Teachers' Pensions. Your pension will stop immediately. If you fail to inform Teachers' Pensions that you have returned to work, you'll have to pay back any pension paid to you since returning to work.

If you receive a 'Total incapacity enhancement' and you undertake ANY work, you must contact Teachers' Pensions immediately. If you undertake any employment as a teacher, lecturer, tutor or other teaching post, whether paid or unpaid, your enhanced pension will stop and you'll have to pay back any enhanced pension you have received since starting work. Details of any other employment must be notified to Teachers' Pensions so that this can be assessed accordingly.

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# Ill-health Retirement benefits and the Annual Allowance

The Annual Allowance is the maximum amount of pension saving you can make each year that benefits from tax relief. If your pension saving exceeds your Annual Allowance you'll be liable to a tax charge on the excess. This tax charge is called the Annual Allowance charge.

Any pension savings made in a 'Pension input period' that ends in the tax year where you become entitled to benefits due to a severe ill-health condition won't count towards the Annual Allowance.

HMRC define the 'severe ill-health condition' as either:

- Where you become entitled to a serious ill-health lump sum from that arrangement; or
- You become entitled to all your benefits under an arrangement (such as the Teachers' Pension Scheme) because you're unlikely to be able to undertake any gainful employment up to State Pension Age. This is a similar condition to the 'Total incapacity condition' for career average members who are also assessed on their ability to work up to State Pension Age.

If you're a member of the final salary scheme with a NPA (e.g. 60 or 65) which is before State Pension Age, the scheme's Medical Advisors will comment on whether you're unlikely to undertake any gainful employment up to State Pension Age as well as NPA, taking account of the evidence you provide from your chosen registered medical practitioner. This means that:

- If you were awarded 'in-service' Tier 1 benefits in either the final salary or career average scheme, you wouldn't meet the 'severe ill-health condition' and any growth in your benefits in the year of retirement will be assessed against the Annual Allowance in that 'Pension input period';
- If you were awarded 'in-service' Tier 1 and Tier 2 benefits in the final salary scheme, but Teachers' Pensions believe you don't meet HMRC's 'severe ill-health condition' on the basis you could recover before State Pension Age, the growth in your benefits will be assessed for Annual Allowance purposes. In these circumstances, an Annual Allowance charge may arise in relation to any large enhancement of benefits.

Please note that from 1 April 2022 the final salary scheme closed for new contributions and all members were moved to the career average scheme.

If you were to exceed the Annual Allowance, Teachers' Pensions will inform you of this on a 'Pension Savings Statement'.

Please note that you won't be able to make a 'Scheme Pays' election once the Ill-health Retirement benefits have come into payment. More details about the Annual Allowance can be found in the 'Pensions and tax' area of our website.

# Estimating your Ill-health Award

You can produce a real time estimate of benefits using 'My Pension Online' (MPO), the online secure PIN protected portal. The estimate will be based on the current information at the time the estimate is produced.

Alternatively, you can visit [www.teacherspensions.co.uk/calculators](http://www.teacherspensions.co.uk/calculators) to provide an estimate of the basic benefits which may be payable.

Actual pension and lump sum details will be provided in the letter that accompanies your letter of acceptance.

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# Annex 1

If you're a member with a life expectancy of less than a year, there are a number of points you may wish to consider before applying for benefits. A preferred option may depend on your personal circumstances. Some individuals, for example, may wish to maximise their own personal benefits from the Scheme, while others may wish to maximise the benefits for those beneficiaries left behind. The options available from the Scheme may also depend on your circumstances. Although not exhaustive, here are some of the points that individuals may wish to consider.

**In all cases, we recommend that you seek independent financial advice, as Teachers' Pensions is unable to provide you with any advice..**

## **Circumstances where an 'in-service' death grant may be payable**

- Are you in pensionable service with the employer meaning that your beneficiaries will receive the 'in-service' death grant of 3 x your salary in the event of your death?
- Are you within 12 months of leaving pensionable service, having left for reasons of ill-health, but before attaining normal pension age, meaning that your beneficiaries will continue to receive the 'in-service' death grant of 3 x your salary in the event of your death?

## **Circumstances where an 'out of service' death grant may be payable**

- Did you leave employment for reasons other than ill-health or are you likely to die more than 12 months after leaving pensionable service on account of ill-health? If death occurs before Normal Pension Age, an 'out-of-service' lump sum will be payable.

Even though a death grant would otherwise be payable, should I apply for a serious ill-health lump sum?

- The calculations in respect of a serious ill-health lump sum are complex and consequently Tables 1 to 5 in ANNEX 2 set out various scenarios for your information.

A Serious ill-health lump sum, once accepted by Teachers' Pensions will be paid to you or, should you subsequently die, your estate. The amount payable may also be higher than a death grant, but this isn't always be the case. We recommend that you speak to a member representative or an advisor before deciding on a final course of action.

## **Circumstances where a posthumous award or a supplementary death grant may be payable**

- If you're over Normal Pension Age and no longer in pensionable service, retirement benefits are payable to you on grounds of age. If these benefits aren't claimed before you die, a posthumous award will be calculated (payable from normal pension age or the day after leaving service, if later) and any balance of pension will be paid as a supplementary death grant if you die within five years of the payable age.

## **Circumstances where an 'in-service', 'out-of-service' or a 'supplementary death grant' may become payable.**

- Have you made a death grant nomination in respect of the lump sum? If not, are you content for any death grant to be paid to your surviving spouse, surviving civil partner, surviving nominated partner or unmarried partner (where the eligibility conditions are satisfied)?

**We recommend that you review your personal circumstances and, if necessary, make a death**

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## Annex 2

**TABLE 1**

Example of a member over normal pension age with a limited life expectancy who considered whether to take a serious ill-health lump sum or take 25% of his benefits as a lump sum, and the remainder as a pension. The member has an accrued pension of £5,000 per annum and an automatic lump sum of £15,000. The residual pension after converting pension to provide the maximum lump sum of £11,785.68 is £4,017.86 per annum.

OPTION (A) - Serious ill-health lump sum	OPTION (B) - Comparison with the alternative Age benefits
<p>Commutated residual pension after maximum commutation x 5:</p> <p>Residual pension = £4,017.86 x 5 = £20,089.30 (a)</p> <p style="text-align: center;">PLUS</p> <p>Automatic lump sum = £15,000 (b)</p> <p style="text-align: center;">PLUS</p> <p>Maximum commuted lump sum = £11,785.68 (c)</p> <p><b>Total of (a) + (b) + (c) = £46,874.98</b></p>	<p>As an alternative to the serious ill-health commutation, the member could elect to receive a standard lump sum, a commuted lump sum and a residual pension paid monthly. If the member were to die within five years of taking the final Age award, a supplementary death grant would also be payable.</p> <p>The total benefits could be calculated as follows:</p> <p style="text-align: center;"><b>Immediate lump sum:</b></p> <p style="text-align: center;">Automatic lump sum = £15,000 (a)</p> <p style="text-align: center;">PLUS</p> <p style="text-align: center;">Maximum commuted lump sum = £11,785.68 (b)</p> <p style="text-align: center;"><b>Total of (a) + (b) = £26,785.72</b></p> <p style="text-align: center;"><b>Ongoing gross pension</b></p> <p style="text-align: center;">Monthly residual pension</p> <p style="text-align: center;">£4,017.86 / 12 = £334.82 per month</p> <p style="text-align: center;"><b>Supplementary death grant</b></p> <p>In the event of death within 5 years, the balance of 5 years pension payments are payable. Depending of the date of death, this could range from:</p> <ul style="list-style-type: none"> <li>• A maximum amount of approximately £4,017.86 x 5 = £20,089.30 in the first month of Age retirement to:</li> <li>• Zero if death occurred after a period of five years from the payable date of the retirement benefits.</li> </ul>

In this particular example, the member chose to take Option B, as he didn't need the full serious ill-health lump sum. Pension payments were paid towards the person's care needs. In addition as the member had made a nomination as a member of the 2010 final salary scheme, if he were to die within five years of the payable date (in this case the person's 60th birthday), the lump sum would be paid as a discretionary lump sum and wouldn't fall into the member's estate for inheritance tax purposes.

Other members may have a different preference i.e. Option A may be favoured if the member has no beneficiaries and inheritance tax isn't an issue where the member dies after receiving the payment and the proceeds fall into the member's estate.

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## Annex 2

**Table 2 – NPA 60 member**

Here's a further example of a member where the serious ill-health lump sum (£227,870.94) exceeds the in-service death grant (£174,042.03).

Born:	8 February 1960
Last day of pensionable service:	30 September 2017
Accrued service:	32 years, 124 days
Final Average salary:	£58,014.01
Normal Pension Age:	60 years
Normal Pension Date:	8 February 2020
Enhancement period:	2 years, 130 days / 2 = 1 year, 65 days (1.1781)

<b>In-service death grant</b>	
The in-service death grant will be of the order of £58,014.01 x three	= £174,042.03
<b>Serious ill-health lump sum</b>	
<b>Tier 1 - Accrued pension</b>	
£58,014.01 x 32.3397 / 80	= £23,451.96 per annum
<b>Accrued automatic retirement lump sum</b>	
£58,014.01 x 32.3397 x 3 / 80	= £70,355.88 (A)
<b>Additional amount to bring the retirement lump sum up to the HMRC maximum commuted lump sum</b>	= £55,278.72 (B)
<b>Pension reduction as a result of conversion of pension to lump sum</b>	
£55,278.72 / 12	= £4,606.56 per annum
<b>Pension after maximum commutation</b>	
£18,845.40 per annum x five	= £94,227.00 (C)
<b>Serious Ill-health lump sum in respect of the member's accrued pension</b>	
(A) + (B) + (C)	= £219,861.60 (Y)
<b>Tier 2 - Total incapacity enhancement pension</b>	
£58,014.01 x 1.1781 / 80	= £854.33 per annum
<b>Automatic retirement lump sum from enhancement</b>	
£58,014.01 x 3 x 1.1781 / 80	= £2,562.99 (V)
<b>Additional amount to bring the retirement lump sum up to the HMRC maximum commuted lump sum</b>	= £2,013.75 (W)
<b>Pension after maximum commutation = £686.52 per annum x 5</b>	= £3,432.60 (X)
<b>Serious Ill-health lump sum in respect of the member's enhanced pension</b>	
(V) + (W) + (X)	= £8,009.34 (Z)
<b>TOTAL SERIOUS ILL-HEALTH COMMUTATION: (Y) + (Z)</b>	<b>= £227,870.94</b>
Hence, in this particular case, the serious ill-health lump sum of £227,870.94 is higher than the 'in-service' death grant of £174,042.03.	

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## Annex 2

However, there will be cases where the 'in-service' death grant would exceed the serious ill-health lump-sum, for example where members join the Scheme later in their career, having shorter accrued service and a lower potential enhancement.

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## Annex 2

**Table 3 – NPA 60 member**

In the example below the serious ill-health lump sum (£70,312.33) is lower than the 'in-service' death grant (£120,000).

Born:	1 September 1966
Joined the Scheme:	1 September 2006
Last day of pensionable service:	31 August 2016
Final Average salary:	£40,000
Accrued pension:	£5,000 per annum
Accrued lump sum:	£15,000
Age on entitlement to ill-health benefits:	50 years
Normal Pension Age:	60 years
Enhancement period:	10 years / 2 = 5 years

<b>In-service death grant</b>	
The in-service death grant will be of the order of £40,000 x 3	= £120,000
<b>Serious ill-health lump sum</b>	
<b>Tier 1 - Accrued pension</b>	
£40,000 x 10 / 80	= £5,000 per annum
<b>Accrued automatic retirement lump sum</b>	
£40,000.00 x 10 x 3 / 80	= £15,000.00 (A)
<b>Additional amount to bring the retirement lump sum up to the HMRC maximum commuted lump sum</b>	= £11,785.52 (B)
<b>Pension reduction as a result of conversion of pension to lump sum</b>	
£11,785.52 / 12	= £982.13 per annum
<b>Pension after maximum commutation</b>	
£4,017.87 per annum x 5	= £20,089.35 (C)
<b>Serious Ill-health lump sum in respect of the member's accrued pension</b>	
(A) + (B) + (C)	= £46,874.87 (Y)
<b>Tier 2 - Total incapacity enhancement pension</b>	
£40,000 x 5 / 80	= £7,500 (V)
<b>Automatic retirement lump sum from enhancement</b>	
£58,014.01 x 3 x 1.1781 / 80	= £2,562.99 (V)
<b>Additional amount to bring the retirement lump sum up to the HMRC maximum commuted lump sum</b>	= £5,892.76 (W)
<b>Pension after maximum commutation = £2,008.94 per annum x 5</b>	= £10,044.70 (X)
<b>Serious Ill-health lump sum in respect of the member's enhanced pension</b>	
(V) + (W) + (X)	= £23,437.47 (Z)
<b>TOTAL SERIOUS ILL-HEALTH COMMUTATION: (Y) + (Z)</b>	<b>= £70,312.34</b>

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

## Annex 2

**Table 4 – NPA 65 member**

Here's a further example of a member where the serious ill-health lump sum (£261,182.15) exceeds the in-service death grant (£174,042.03).

Born:	8 February 1960
Last day of pensionable service:	30 September 2017
Accrued service:	32 years, 124 days
Final Average salary:	£58,014.01
Normal Pension Age:	65 years
Normal Pension Date:	8 February 2020
Enhancement period:	7 years, 130 days / 2 = 3 year, 247 days (3.678)

<b>In-service death grant</b> The in-service death grant will be of the order of £58,014.01 x 3	= £174,042.03
<b>Serious ill-health lump sum</b> <b>Tier 1 - Accrued pension</b> £58,014.01 x 32.3397 / 60	= £31,269.26 per annum
<b>HMRC maximum commuted lump sum</b>	= £134,011.31 (A)
<b>Pension after maximum commutation = £20,101.65 pa* x 5</b>  *Reduction to full pension = £31,269.26 x 20 / 4.6667 = £134,010.31 / 12 = £11,167.51	= £100,508.25 (B)
<b>Serious Ill-health lump sum in respect of the member's accrued pension</b> (A) + (B)	= £234,519.56 (Y)
<b>Tier 2 - Total incapacity enhancement pension</b> £58,014.01 x 3.678 / 80	= £3,556.26 per annum
<b>HMRC maximum commuted lump sum</b>	= £15,243.29 (V)
<b>Pension after maximum commutation = £2,285.99 pa x 5</b>	= £11,429.95 (W)
<b>Serious Ill-health lump sum in respect of the member's enhanced pension</b> (V) + (W)	= £26,662.59 (Z)
<b>TOTAL SERIOUS ILL-HEALTH COMMUTATION: (Y) + (Z)</b>	<b>= £261,182.15</b>

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

## Annex 2

**TABLE 5**

The table below compares serious ill-health lump sums with an 'in-service' death grant, an out of service death grant and the benefits payable after taking ill-health retirement. All illustrations are based on a member who moved from the final salary to career average scheme in 2015 (a 'transitional' member) and is married, aged 45 with pensionable earnings of £30,000 per annum and service in the NPA60 section of the final salary scheme of 18 years 243 days. The final salary scheme gave rise to an accrued pension of £7,000 per annum and the career average scheme (NPA 67) had an accrued pension of £5,000 per annum. In the case of the ill-health pensioner death, it is assumed the pension member dies after receiving one year of pension. If applicable, the 'in-service' enhancement amounts to  $£30,000 \times 22/57 \times 0.5 = £5,789.47$  per annum.

Type of lump sum payment payable	Serious ill-health lump sum assuming Accrued benefits and 'Total incapacity enhancement'	Serious ill-health lump sum assuming Accrued benefits only (No 'Total incapacity enhancement')	Death in service	Death out of service	Ill-health pensioner death assuming accrued benefits, 'Total incapacity enhancement' and lump sum option up to 25% HMRC maximum	Ill-health pensioner death assuming accrued benefits, and lump sum option up to 25% HMRC maximum No 'Total incapacity enhancement')
Automatic retirement lump sum from the final salary Scheme	£21,000.00 (Note 1)	£21,000.00 (Note 1)	n/a	n/a	£21,000.00 (Note 1)	£21,000.00 (Note 1)
Converted lump sum from final salary up to HMRC maximum of 25%	£16,500.00 (Note 2)	£16,500.00 (Note 2)	n/a	n/a	£16,500.00 (Note 2)	£16,500.00 (Note 2)
Converted lump sum from accrued career average up to HMRC maximum of 25%	£21,428.42 (Note 3)	£21,428.42 (Note 3)	n/a	n/a	£21,428.42 (Note 3)	£21,428.42 (Note 3)
Converted lump sum from career average total incapacity enhancement up to HMRC maximum of 25%	£24,811.84 (Note 4)	n/a	n/a	n/a	£24,811.84 (Note 4)	n/a
Commuted pension from residual final salary	£28,125.00 (Note 5)	£28,125.00 (Note 5)	n/a	n/a	n/a	n/a
Commuted pension residual accrued career average pension.	£16,071.50 (Note 6)	£16,071.50 (Note 6)				
Commuted pension from career average total incapacity enhancement	£18,609.10 (Note 7)	n/a	n/a	n/a	n/a	n/a
Death-in-service grant	n/a	n/a	£90,000 (Note 8)	n/a	n/a	n/a
Out-of-service final salary lump sum	n/a	n/a	n/a	£21,000 (Note 9)	n/a	n/a
Out-of-service Career Average	n/a	n/a	n/a	£11,250 (Note 10)	n/a	n/a
Supplementary death grant (final salary)	n/a	n/a	n/a	n/a	£22,500.00 (Note 11)	£22,500.00 (Note 11)
Supplementary death grant (career average accrued benefits)	n/a	n/a	n/a	n/a	£12,287.20 (Note 12)	£12,287.20 (Note 12)
Supplementary death grant (career average total incapacity pension)	n/a	n/a	n/a	n/a	£14,887.28 (Note 13)	n/a
<b>Total lump sums paid or payable</b>	<b>£146,545.86</b>	<b>£103,124.92</b>	<b>£90,000</b>	<b>£32,250</b>	<b>£133,984.74</b>	<b>£94,285.62</b>

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

# Notes to the calculations in respect of lump sums and pension benefit calculations

<b>Note 1</b>	Automatic retirement lump sum from the final salary Scheme	$£7,000 \times 3 = £21,000$
<b>Note 2</b>	Converted lump sum from the accrued final salary scheme up to HM Revenue and Customs (HMRC) maximum of 25% of the residual pension. For valuing pensions, every £1 of annual pension is valued at 20.	<p>Formula needed to calculate the HMRC maximum 25% lump sum:  <math display="block">\frac{(\underline{£7,000 \times 20}) + (\underline{£21,000 \times 20/12})}{4.6667} = £37,500</math></p> <p>HMRC maximum (less) automatic lump sum of £21,000:  <math display="block">£37,500 - £21,000 = \mathbf{£16,500}</math></p> <p>final salary pension of £7,000 per annum reduced by [<math>£16,500 / 12 =</math>] £1,375 per annum to give a reduced annual pension of <b>£5,625 per annum</b></p> <p>Self-check to see if residual pension and lump sums equate to 25%:  <math display="block">[(£5,625 \times 20) + £21,000 + £16,500] \times 25\% = \mathbf{£37,500}</math></p>
<b>Note 3</b>	Converted lump sum from accrued career average scheme up to HMRC maximum of 25% of the residual pension. For valuing pensions, every £1 of annual pension is valued at 20.	<p>Formula needed to calculate the HMRC maximum 25% lump sum:  <math display="block">\frac{(\underline{£5,000 \times 20})}{4.6667} = \mathbf{£21,428.42}</math></p> <p>Residual pension = £3,214.30 per annum</p>
<b>Note 4</b>	Converted lump sum from career average total incapacity enhancement up to HMRC maximum of 25% of the residual pension. For valuing pensions, every £1 of annual pension is valued at 20.	<p>Total incapacity enhancement pension = £5,789.47. The formula needed to calculate the HMRC maximum 25% lump sum:  <math display="block">\frac{(\underline{£5,789.47 \times 20})}{4.6667} = \mathbf{£24,811.84}</math></p> <p>Residual pension = £3,721.82 per annum</p>
<b>Note 5</b>	Commutated pension from residual final salary of £5,625 per annum (See Note 2).	$£5,625.00 \text{ p.a.} \times 5 = \mathbf{£28,125.00}$
<b>Note 6</b>	Commutated pension from residual accrued career average pension.	$£3,214.30 \text{ p.a.} \times 5 = \mathbf{£16,071.50}$
<b>Note 7</b>	Commutated pension from career average 'Total incapacity enhancement'	$£3,721.82 \text{ p.a.} \times 5 = \mathbf{£18,609.10}$
<b>Note 8</b>	Death-in-service grant equivalent to 3 x salary	$£30,000 \times 3 = \mathbf{£90,000.00}$
<b>Note 9</b>	Out-of-service final salary lump sum – equivalent to final salary (£30,000) x accrued service (18 years, 243 days) x 3 / 80.	$£30,000 \times 18.6666 \times 3/80 = \mathbf{£21,000}$
<b>Note 10</b>	Out-of-service career average lump sum – equivalent to 2.25 x the member's pension at date of death.	$£5,000 \text{ per annum} \times 2.25 = \mathbf{£11,250}$
<b>Note 11</b>	<p>Supplementary death grant from the final salary scheme</p> <p>Assumes the member took maximum conversion leaving a residual pension of £5,625 per annum and annual rate of pension with zero Pensions Increase and death occurring after one year.</p> <p>The amount of the death grant is:</p> <ul style="list-style-type: none"> <li>• 5 x the annual rate of retirement pension payable as at the date of the member's death; less</li> <li>• The total amount of pension which was payable to the member up to the member's death.</li> </ul>	<p>Accrued final salary pension after conversion of pension to lump sum = £5,625 per annum:  <math display="block">£5,625 \text{ per annum} \times 5 = £28,125</math></p> <p>(Less) Pension paid to date = (£5,625)  <math display="block">\text{Total } £28,125 - £5,625 = \mathbf{£22,500}</math></p>

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

# Notes to the calculations in respect of lump sums and pension benefit calculations

<p><b>Note 12</b></p>	<p>Supplementary death grant in respect of accrued benefits in the career average scheme</p>	<p>Accrued career average pension after conversion of pension to lump sum = £3,214.30 per annum:</p> <p><math>£3,214.30 \times 5 = £16,071.50</math></p> <p>(Less) Pension paid to date = (£3,214.30)</p> <p>Total <math>£16,071.50 - £3,214.30 = \mathbf{£12,857.20}</math></p>
<p><b>Note 13</b></p>	<p>Supplementary death grant in respect of the career average 'Total incapacity enhancement'</p>	<p>Accrued career average total incapacity enhancement after conversion of pension to lump sum = £3,721.82 per annum:</p> <p><math>£3,721.82 \times 5 = £18,609.10</math></p> <p>(Less) Pension paid to date = (£3,721.82)</p> <p>Total <math>£18,609.10 - £3,721.82 = \mathbf{£14,887.28}</math></p>

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## 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 please write to:

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

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 Money Helper for assistance. They offer a free service and their address is:

Money Helper,  
120 Holborn,  
London,  
EC1N 2TD

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# Need a hand?

The easiest way to contact us is via My Pension Online and to explore our website for any queries you may have.



## Visit us at:

[www.teacherspensions.co.uk](http://www.teacherspensions.co.uk)

## My Pension Online (MPO)

MPO is the best way to access your pension information online anytime you want, you can interact with your pension in a whole new way. Log in or register online today. The tools and resources available online are designed to make things easier and give you all the answers you need. [www.teacherspensions.co.uk/login](http://www.teacherspensions.co.uk/login)



## Message us on:

Secure web messaging

Open 24 hours day, responses will be sent Monday - Friday, 9:00am to 4:20pm (excluding bank holidays)



## WhatsApp:

07545 932848 (please note it may take up to 48 hours to receive a response and this number doesn't allow phone calls)

Responses will be sent Monday-Friday, 9:00am to 4:20pm (excluding bank holidays)



## Call us on:

0345 606 6166  
Monday-Friday, 8.30am-6.00pm



## Write to us at:

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



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.

Department for Work and Pensions – For questions about State Pension please contact the Department for Work and Pensions on: 0800 731 0175.

HM Revenue & Customs (HMRC) – If you have any other questions about your income tax or P45 please contact: HMRC, HM Revenue & Customs Customer Operations, PSA PO BOX 4000, Cardiff, CF14 8HR. Contact telephone number: 0300 200 3300. The PAYE number in respect of your teacher's pension is 948 400.

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