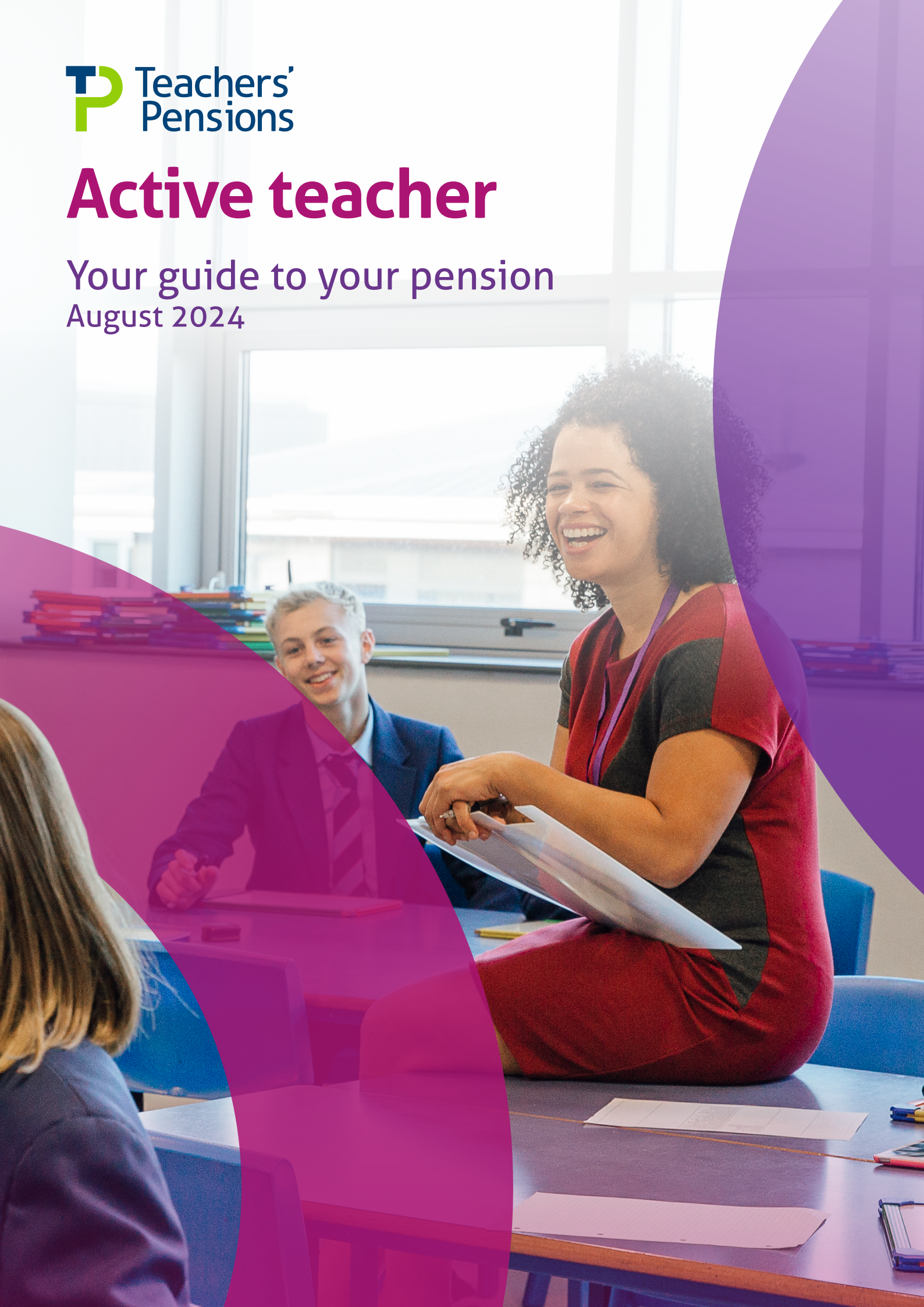


# Active teacher

Your guide to your pension  
August 2024



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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 gain more importance 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 is the Teachers' Pension Scheme?

One of the greatest benefits of your profession is your pension and the security it offers you during your career and in later life.

## How do you join the Scheme?

To become a member of the Teachers' Pension Scheme you don't need to take any action. Your employer will do it all for you. This is known as contractual enrolment.

## Key things to understand about your pension

Here are the top things to remember when it comes to understanding the benefits of your teacher's pension.

- It provides you with an income for your retirement and you can even take part of your pension as a tax-free lump sum when you retire.
- You and your employer both pay contributions towards the cost of your pension. It's a great way to save for your future and also pay a little less tax every month, as your pension contributions aren't taxed.
- Your pension benefits are for you and your loved ones. They don't belong to your employer or the government.
- As long as you're in eligible employment you can continue building up your pension, wherever you go throughout your teaching career.
- You can check on the benefits you're building up with your online Benefit Statement.

- The Teachers' Pension Scheme is a Defined Benefit Scheme which is based on your annual pensionable earnings, re-valued each year. The Scheme isn't reliant on how investments perform which means you won't have to worry about where your pension is being held.

## Career average and final salary

The Teachers' Pension Scheme has two schemes within it, career average and final salary. The final salary scheme closed for any new contributions on 31 March 2022. From 1 April 2022 all active members will be building up pension in the career average scheme.

Depending on when you joined the Teachers' Pension Scheme will impact the type of benefits you have and when you can take them. You may have a mixture of final salary and career average or just career average. It's important to understand the difference between the two. [You can find out more about this on page 5.](#)

Death benefits are also calculated based on the scheme your benefits are in. [You can find out more about this on page 20.](#)

# What are the different schemes within the Teachers' Pension Scheme?

The Teachers' Pension Scheme is a defined benefits pension scheme. This means that the pension benefits you build up are based on your service and salary and are calculated in accordance with the Scheme regulations. The value of your pension does not rely on the investment performance of your contributions.

## Career average scheme

**Members currently contributing to the Scheme will be in the career average scheme.**

From 1 April 2015 new members joined the career average scheme. Existing members of the final salary scheme also transitioned into the career average scheme for future pension accrual on 1 April 2015, unless they were in the group of members with transitional protection.

In the career average scheme you'll accrue benefits each year based on 1/57th of your annual pensionable earnings. This is added to your 'pot' and we then revalue the total 'pot' each year to keep it up to date with increases in prices. As long as you're active in the Scheme, we'll add on an extra 1.6% too.

**Following the Scheme changes in 2022 all active members will be part of career average scheme from 1 April 2022. This includes those members who had protection following the 2015 changes.**

## Final salary scheme

**The final salary scheme closed on 31 March 2022.** The final salary scheme 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 NPA 65 section.

Members in the NPA 60 section remained in that section after 2007 unless they left the Scheme for more than five years, in which case their benefits in the NPA 60 section would be 'frozen' and they'd re-join the NPA 65 section.

Final salary pension benefits are calculated based on your final average salary, multiplied by your service, multiplied by the appropriate accrual rate. The accrual rate is dependent on the section of the final salary scheme:

Normal Pension Age = 60: Accrual rate is 1/80th

Normal Pension Age = 65: Accrual rate is 1/60th

[You can find out more about this on page 19.](#)

**If you joined the Scheme on or before the 1 April 2012 and have pensionable service on or after 1 April 2015 (including a qualifying break of no more than five years) you'll be affected by the remedy to the discrimination brought about by the way those changes were introduced under the Transitional Protection rules. For benefits between 1 April 2015- 31 March 2022, you'll get to choose as to whether you wish to take them on a final salary or career average basis.\*. It can't be a combination of the two. This is referred to as the Deferred Choice Underpin (DCU). We'll provide sufficient information to enable you to make an informed choice based on what best suits you. [You can find out more about this on our website.](#)**

# What is my 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 your benefits are then reduced to reflect this as you will be retired for a longer period of time.

If you've benefits in both the final salary and career average schemes it's important to be aware that you'll have different NPAs for each.

## Career average scheme

In the career average scheme, your NPA is either your State Pension Age or age 65, whichever is the later date.

## Final salary scheme

The NPA for your final salary benefits is 60 or 65, depending on when you entered pensionable service. You may have benefits in both sections if you had a break of more than five years spanning or starting on or after 1 January 2007.

## Benefit in both the final salary and career average schemes

If you have final salary benefits and have moved to the career average scheme, the final salary benefits are retained and are deferred until you choose to take your pension. 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 continue to benefit from the typically higher salaries you'll earn as your career progresses. However, if you take a break from pensionable service of more than five years then the final salary link is broken. We'll then use the average salary at the time of the break in service to calculate your final salary pension.

# What if I'm joining from another public sector role?

## 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 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.

We need to know any service you have in another public sector role as you may be impacted by the Transitional Protection changes, which relate to service between 1 April 2015 – 31 March 2022. You can use our [decision tree](#) to see if you're impacted by the changes.

If you do have service during this period or think you'll benefit from retained protections please complete the [Previous Pensionable Public Service 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 unless you opt out of the Scheme.

## Career average scheme

In the career average scheme your pension accrual is simply based on your actual pensionable earnings. Whatever these are, we apply the appropriate accrual rate to it.

## Final salary scheme

If you worked part-time while in the final salary scheme, we'll determine the number of days of actual service (that will have counted towards your total pensionable service in the scheme) by comparing the actual earnings to the full-time salary rate in that period.

We calculate it like this:

Earnings divided by Annual Salary Rate which is then multiplied by 365 (or relevant number of days in the period if less than 365) to establish the number of days service that count towards your final salary pension.



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

## Career average scheme

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

If you're a member who transitioned from the final salary to career average scheme and have a part-time teaching employment that has been pensionable in the Local Government Pension Scheme, your employer should have moved you into the Teachers' Pension Scheme in respect of that employment.

## Final salary scheme

If you were previously in the final salary scheme you couldn't build up more than 365 days service in a year. This meant that any service above 365 days in any one Scheme year didn't count towards your total amount of service ("reckonable service").

However, if you had multiple part-time employments which when combined add up to more than 365 days in a single scheme year, all the contributions are retained by the scheme as the salaries still count towards the best average salary calculation.

If one of your employments was full-time, then any part-time employments were non-pensionable in the Teachers' Pension Scheme, but may have been eligible to be in the Local Government Pension Scheme.

## 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.

The good news is that you'll receive tax relief on your contributions.

The contribution rate depends on the annual rate of pensionable earnings in each pay period, with different rates applying to different earning bands. So 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 increase in the annual rate of CPI in the previous September. The contribution rates are generally reviewed every four years following a Scheme valuation.

[For the latest contribution tiers and rates please search for 'teachers' pensions updates' and access the updates section of our website.](#)

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.

# Can I increase my benefits?

**You must be in pensionable service to make a flexibilities election.**

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.

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 scheme. [For details of the latest maximum amounts please see the updates section of our website.](#)

## Faster Accrual

Faster Accrual gives you the opportunity to pay higher contributions to increase your pension for a particular Scheme year (1 April to 31 March).

An election for Faster Accrual must be made before the Scheme 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.

If you're taking up a new post mid-year you can make an election to cover the remainder of that year, but you must make an election within one month of taking up your new post.

There are three rates at which you can choose to build up benefits (instead of the standard rate of 1/57th of your pensionable earnings). The rates are 1/45th, 1/50th or 1/55th.

If an election is not processed before your April payroll your employer may need to recover arrears of contributions.

The increased contributions that you'll have to pay are based on a number of factors such as your age and the rate you are purchasing.

It's important that you check that the correct amount is being deducted, and if you identify a mistake you must contact your employer at the time of service immediately.

## Buy Out

Early retirement from defined benefit 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 Scheme provides a standard rate of reduction between age 65 and 68 of 3% per year. For example, if your NPA 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 scheme.

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.

## Can I increase my benefits?

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 when you first entered the career average scheme. 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 period you wish to Buy Out. 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.

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.

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, otherwise the election will be treated as having been revoked at the point you left pensionable service.

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. Where 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 had already left pensionable employment at age 60 and then decided to take your NPA 68 career average pension 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%).

If you choose to work up until your NPA, meaning no actuarial reduction applies to your benefits, any contributions towards the Buy Out are not refunded.

If you take Ill-health Retirement actuarial reduction isn't applied to your accrued pension, but any contributions towards the Buy Out are not refunded.

The Buy Out will not provide for additional family benefits if you were to die before taking your pension and hadn't reached NPA.

# Can I increase my benefits?

## 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,
- 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. [Use the latest factors to help with your calculations.](#)

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 and if you identify a mistake you must contact your employer immediately.

## Paying Additional Voluntary Contributions (AVCs)

Members of occupational pensions schemes can also pay towards a separate AVC scheme. The Department for Education has an scheme 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 and service history

## Benefit Statement

Once you have qualified for benefits (after two years or one year if you're in additional service after retirement) we'll be able to produce a Benefit Statement, which will show you the current estimated amount of your overall pension. Your statement may also show a break down of final salary and career average if applicable.

The Benefit Statement does not provide an illustration of what your pension may be based on assumed future accrual. It will simply show the estimated amount of annual pension you'll receive based on the benefits accrued to date, if you were to take your pension at the Normal Pension Age (NPA). The estimate won't show 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 Benefit Statement at any time from your MPO account, another reason 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).

## Your service history

We calculate your pension based on your service and salary information. That's why it's so important to make sure it's correct and up to date. We recommend you check this on MPO, on a regular basis as incorrect information could cause a delay to your retirement application.

When there's missing service on your record this doesn't necessarily mean that you or your employer have missed any contribution payments. Instead, it's usually caused by details not being provided correctly to us, which results in a gap in your service record.

It's important to ask your employer to update any missing service to ensure any issues are resolved before you come to apply for retirement.

You'll need to speak to the relevant employer for that service period and ask them to update your record accordingly. This will then be reflected on your service history and Benefit Statement.

Find out more about what to do if you have missing service with the [FAQs on our website](#).

# What happens if I leave pensionable service?

If you leave pensionable service you'll be referred to 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. This is 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 additional pension benefits. If you've 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 Pensions Increase rather than active service revaluation of CPI + 1.6%.

If you return to pensionable service after a break of no more than five years, we'll treat the period of the break as having been in active service and revalue your 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 delay joining your new public service pension scheme it 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. This will provide a small annual pension instead.

## What happens if I leave pensionable service?

If you're affected by Transitional Protection, you won't make your choices on this until you come to take your benefits, which have built up in the remedy period (1 April 2015 to 31 March 2022).

If you have transferred to another public sector service scheme, it will be their responsibility to provide you with the options you need to choose from. You can find out more details for this on our website.

## What happens if I take family leave?

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 as 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 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.

## 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 nor boost the pension credit benefits via the extra pension flexibilities.

# What are the different types of retirement?

## Retiring after April 2022 - Implementation of the Transitional Protection remedy

If you're affected by the Transitional Protection changes, you'll need to make a choice regarding any service you have during the remedy period (1 April 2015 – 31 March 2022). When you come to retire, you'll be given the choice of taking these benefits on either a final salary or career average scheme basis. [Find out more on our website.](#)

### 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 will be paid 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 Normal Pension Age, whichever is the later. Any backdated payments will be paid as a lump sum and will be subject to tax.

### Benefits in both final salary and career average

If you've benefits in both final salary and career average and provided you're out of service, you can also claim your career average benefits as well as your final salary benefits.

Your career average benefits will be reduced because they are being paid before your NPA in that scheme. If you wish you can leave these benefits until you reach your career average NPA and they'll then be paid in full.

If you've any unclaimed final salary benefits when you claim your career average benefits, you must take them too.

## 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 service. The minimum pension age is changing from 6 April 2028, when it will rise from age 55 to 57. Find out more about what this means on [our website](#). 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 can't withhold their consent for more than six months. Your benefits will be paid the day after you cease pensionable employment.

If you're not in pensionable service then 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 schemes then you need to take all your benefits at the same time.

# Doing the sums

## 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.

## Final salary benefits

Your average salary is important because it's used to calculate your final salary benefits.

If after moving over from final salary to career average you haven't had a break in service of more than five years following this transition then it's 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 leaving service.

If after moving over from final salary to career average you've had a break in service of more than five years following this transition then it's 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 prior to the start of the break.

## Retirement lump sum

Under present legislation, you won't pay tax on a retirement lump sum paid by the Teachers' Pension Scheme (unless you have already exceeded your Lifetime Allowance).

**From April 2023 whilst the Lifetime Allowance remains at £1,073,100, there's no associated tax charge. However, from April 2024, there are plans to remove the LTA completely.**

There is an automatic retirement lump in the NPA60 section of the final salary scheme, equivalent to three times the annual pension you'll receive.

In the final salary NPA65 scheme and the career average scheme 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?

If you die in service, a death grant of three times your full-time equivalent salary (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 scheme you were in when you left service.

If you've benefits in the career average scheme 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 you've benefits in the final salary scheme 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.
- 

## 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 schemes when they left service.

## What about my family?

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 unmarried your partner or close dependent relative can also receive a pension. You'll need two or more years' service after 1 January 2007 to qualify for partner benefits on death.

If you want to nominate a partner, you must be able to marry or register a civil partnership and be financially interdependent. A pension will only be paid if you've been living together for at least two years when you die. To nominate a partner just complete the relevant nomination forms.

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 two years while in a part-

time position is two 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. However, as the conditions do not apply where a nomination has been made, 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 three 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.

## Career average scheme

In the career average scheme 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 scheme 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.

## Final salary scheme

If you had built up benefits in the final salary scheme the long-term pension for an adult survivor is 1/160 of the final average salary for each year of your survivor benefits service.

## Benefits in both schemes

If you've benefits in both schemes 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 would my beneficiary claim the benefits should the worst happen?

Your beneficiary should inform us of the death, by either calling our Contact Centre on 0345 606 6166 (8.30am-6.00pm, Monday to Friday) or by [completing the online form](#).

The Application for death benefits form should be completed in all cases, even if it's thought that there aren't any benefits to pass on.

## Transitional Protection

If you're affected by Transitional Protection, your beneficiaries will be required to make a choice between final salary and career average for the remedy period.

# What about my dependents?

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 more than a set amount per annum (the amount increases in line with the pensions increase please [check our website for the latest figures](#)).
- Incapacitated and unable to earn a living due to ill-health at the time of your death. A doctor will need to confirm this. We'll also need to know if they're receiving any benefits.

## How 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.

## How much of my service counts towards family benefits?

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

If you're married or have registered a civil partnership prior to retiring, whether same sex or opposite sex, all your service from 6 April 1972 automatically counts for family benefits.

Different rules apply for female teachers who died before 5 December 2005. In those instances, the survivor will have received or be in receipt of a pension based on the female teachers' service from 6 April 1988.

## What happens if I marry or register a civil partnership after I retire?

Only your service from 6 April 1978 will count for an adult beneficiary's pension if your marriage or civil partnership occurred following your retirement. When marrying, forming a civil partnership, those meeting the surviving qualifying partner criteria, or nominating a financial dependent, it may be possible to make an election to cover pensionable service for inclusion in adult pension qualification service. [Further details can be found here](#).



# 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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