



Member presentation

Benefits of the Scheme



It's a Defined Benefit Scheme, based on your salary and service rather than investments



Your pension will be a regular source of income when you retire, but you can take some of it as a tax-free lump sum



Your pension is index-linked, so it's protected against rises in inflation



To boost your pension benefits you may be able to make extra contributions



If you have a family or other dependents, your pension may give them an income after you die



If you're sick and are entitled to ill health benefits, you'll get them as soon as possible



You receive guaranteed benefits through the Scheme and membership is automatic but not compulsory



Your employer also pays contributions towards the cost of pensions provided by the Scheme

Contribution rates

The percentage you pay is based on your pensionable earnings each month.

May = £2,000 x 12 = £24,000. The contribution rate for this would be 7.4%

June = £3,500 x 12 = £42,000. The contribution rate for this would be 9.6%

Annual salary rate for the eligible employment from 1 April 2022	Member contribution rate
Up to £29,187.99	7.4%
£29,188 to £39,290.99	8.6%
£39,291 to £46,586.99	9.6%
£46,587 to £61,742.99	10.2%
£61,743 to £84,193.99	11.3%
£84,194 and above	11.7%

What pension does the Scheme provide?

Career average - (Benefits are based on earnings)

- The Normal Pension age (NPA) within the career average scheme will be either your State Pension Age or 65, whichever is the later date.

Final salary - split into two sections (Benefits are based on length of service, best final average salary, and accrual rate)

- If you joined before 1 January 2007 and you don't have a disqualifying break - your Normal Pension Age (NPA) will be 60
- If you joined on or after 1 January 2007 - your NPA will be 65.

From April 2022 all members now accrue pension under the career average scheme

Many members will have 'mixed service', therefore where this is applicable, separate calculations will be completed for the pension accrued in the relevant scheme

Career average pension

Benefits that fall within the career average scheme. These are based on $1/57^{\text{th}}$ of pensionable earnings each year (including overtime). Your cumulative accrued pension is revalued each year based on whether you're active or deferred;

- Active member - indexation* + 1.6%
- Deferred member - in line with annual Pensions Increase

* This is based on a Treasury Order but is expected to match the rate of CPI in the preceding September.

Career average pension calculation

Active member

Example 2.2% CPI
in addition to 1.6%
(Total 3.8%).

Year	From	To	Opening Balance	Active Indexation	Increased Pension	Pensionable Earnings	Earned Pension	Opening Balance for Next Year
1	14.15	31.3.16	0.00	0.00	0.00	20,000.00	350.88	350.88
2	14.16	31.3.17	350.88	13.33	364.21	21,000.00	368.42	732.63
3	14.17	31.3.18	732.63	27.84	760.47	22,000.00	385.96	1,146.44
4	14.18	31.3.19	1,146.44	43.56	1,190.00	23,000.00	403.51	1,593.51
5	14.19	31.3.20	1,593.51	60.55	1,654.06	24,000.00	421.05	2,075.12
6	14.20	31.3.21	2,075.12	78.85	2,153.97	25,000.00	438.60	2,592.57
7	14.21	31.3.22	2,592.57	98.52	2,691.08	26,000.00	456.14	3,147.22
8	14.22	31.3.23	3,147.22	119.59	3,266.82	27,000.00	473.68	3,740.50
9	14.23	31.3.24	3,740.50	142.14	3,882.64	28,000.00	491.23	4,373.87
10	14.24	31.3.25	4,373.87	166.21	4,540.08	29,000.00	508.77	5,048.85
11	14.25	31.3.26	5,048.85	191.86	5,240.71	30,000.00	526.32	5,767.02
12	14.26	31.3.27	5,767.02	219.15	5,986.17	31,000.00	543.86	6,530.03
13	14.27	31.3.28	6,530.03	248.14	6,778.17	32,000.00	561.40	7,339.57
14	14.28	31.3.29	7,339.57	278.90	7,618.48	33,000.00	578.95	8,197.42
15	14.29	31.3.30	8,197.42	311.50	8,508.93	34,000.00	596.49	9,105.42
16	14.30	31.3.31	9,105.42	346.01	9,451.42	35,000.00	614.04	10,065.46
17	14.31	31.3.32	10,065.46	382.49	10,447.95	36,000.00	631.58	11,079.52
18	14.32	31.3.33	11,079.52	421.02	11,500.55	37,000.00	649.12	12,149.67
19	14.33	31.3.34	12,149.67	461.69	12,611.36	38,000.00	666.67	13,278.02
20	14.34	31.3.35	13,278.02	504.56	13,782.59	39,000.00	684.21	14,466.80



Lump sum payments

- The Scheme allows for members to convert the annual pension into a lump sum at a rate of £12 lump sum for every £1 of pension given up
- This is restricted up to a maximum of 25% of the fund value (or of the LTA if applicable)
- Members who have an NPA of 60 will get an automatic lump sum of 3 x their pension but can also receive more if they choose
- Lump sum payments are tax-free but the monthly pension is liable for tax.

Final salary pension

Final salary scheme

If you have pension accrual within the final salary scheme then your benefits will be based upon your final average salary and your reckonable service and accrual rate.

If you joined the scheme before 2007

- You'll have an NPA of 60
- An accrual rate of $1/80^{\text{th}}$ for each year of reckonable service
- And receive an automatic lump sum of $3/80^{\text{th}}$ for each year of reckonable service

If you joined the scheme on or after 1 January 2007 and before 1 April 2015

- You'll have an NPA of 65
- An accrual rate of $1/60^{\text{th}}$ for each year of Reckonable service
- You won't receive an automatic lump sum (however, you can convert part of your pension to receive a lump sum).

Final average salary

Final average salary is used to calculate your benefits if you fall under the final salary scheme, which is the highest of the following two calculations:

- The average of your last 365 days full time equivalent (FTE) salary before your date of retirement (subject to an excessive salary check)

Or

- The average of your best three FTE consecutive years salaries, which are index linked, over the last ten year

Final salary Link

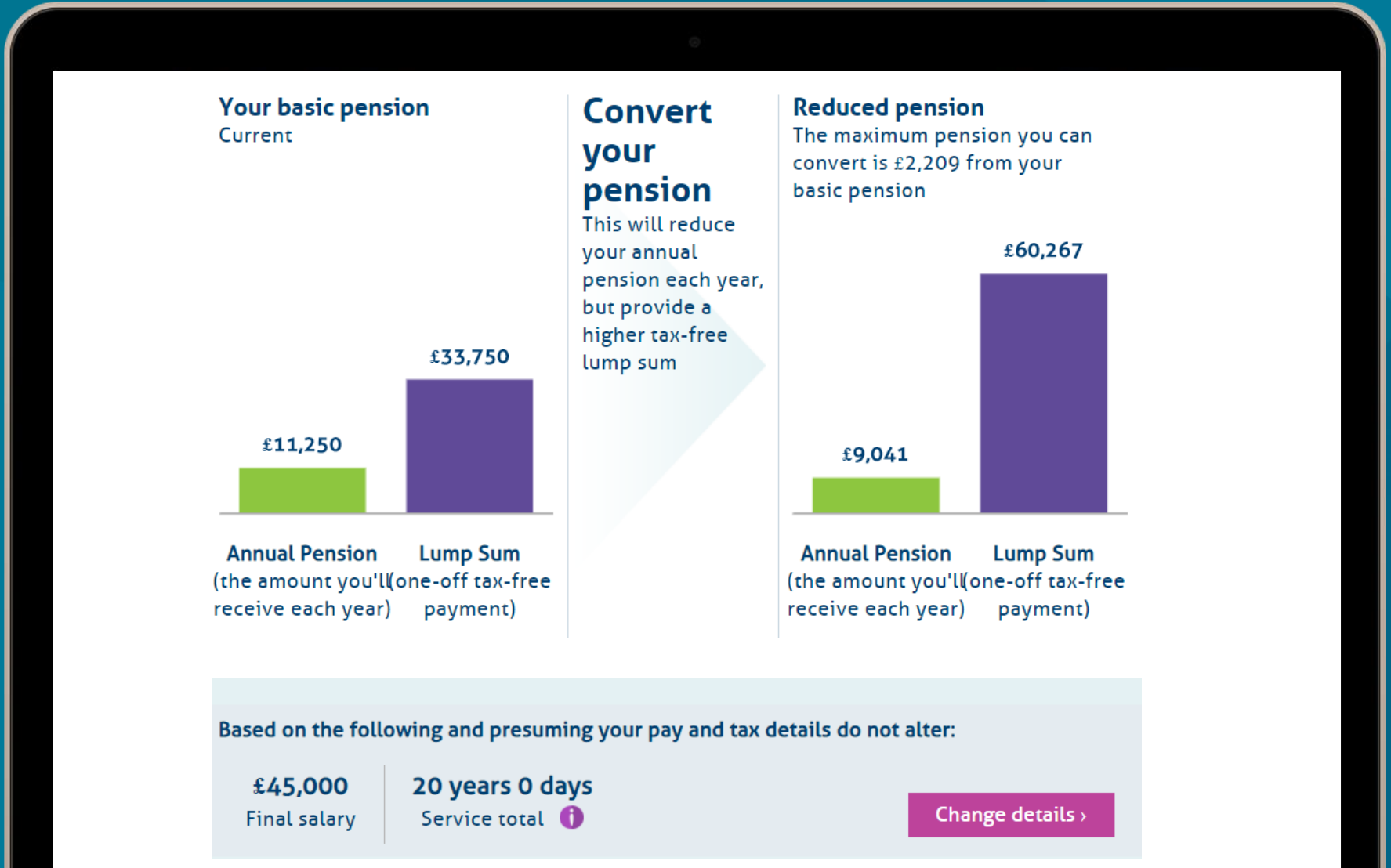
- For members who have benefits in both final salary and career average schemes and don't go on to have a continuous break in pensionable service of more than five years, we'll use the salaries they're earning in career average to calculate the average salary used in determining final salary benefits.

Final salary pension - NPA 60

- Based on 20 years reckonable service
- Final average salary of £45,000
- Basic pension = £11,250 per annum with £33,750 lump sum

Or

- Reduced pension is based on the maximum £1 to £12 conversion of pension to lump sum = £9,041 per annum with a £60,267 lump sum.





Transitional Protection

- This applies to all main public service pension schemes, including the Teachers' Pension Scheme
- The remedy will only apply to members who were in post on 31 March 2012 and were either protected or transitioned into the CA scheme on 1 April 2015
- Remedy period is 01/04/2015 - 31/03/2022
- Members will have the choice between the final salary and career average scheme benefits for the period of service affected
- Members make the decision at the point at which they take their benefits
- All active members will be placed in the career average (reformed) scheme from 1 April 2022.

Normal Age Retirement

This is where full benefits can be paid when you reach or are over your Normal Pension Age in the relevant scheme

Final salary

Pre 2007 - 60

Post 2007 - 65

Career average - State Pension age or age 65, whichever is higher

If you have both Final salary and Career average pension, and are over your NPA for the final salary but under the Career average NPA, you could take your final salary pension and not take your career average pension. You could take both, but if you did the career average pension part would be actuarially adjusted.

Early retirement

(Actuarially Adjusted Benefits)

- This can be taken from age 55 onwards
- Must leave ALL service and have at least a one day's break
- Your pension would be reduced for life (Annual index linking would still apply)
- The younger you are when you take your benefits the greater the reduction
- If you take early retirement from the final salary scheme, you must also take career average scheme benefits at the same time.



Phased retirement

Phased retirement: paid a proportion of retirement benefits

- You can take phased retirement from aged 55
- You could take up to 75% of your total benefits before retirement. You can take phased retirement three times before finally retiring but only two can be before age 60.
- Your salary would need to reduce by at least 20% for at least 12 months
- You must have your employer's consent
- You need to apply within three months of the reduction in salary
- If you have benefits in more than one scheme you can choose to take different proportions of your final salary and career average benefits
- If you exceed 80% of your previous salary, your pension will stop.

Ill Health

If someone makes an application whilst in service or if they left because of Ill Health and applied within 2 years, this would be treated as an 'in service' application

There are two different levels of in service ill -health benefits that can be awarded:

1. Tier 1 - Accrued benefits

This is awarded if you're assessed as being permanently unable to teach but can do other work.

2. Tier 2 - Enhanced benefits

This is awarded if you've been assessed as being unable to undertake any type of gainful employment. The enhancement is only payable with respect to in-service applications.

Out of service applicants must meet the tier-2 criteria but will only receive tier 1 benefits.



Additional service after retirement

- If you come back into service after claiming retirement benefits, you'll be contractually enrolled back into the Scheme
- In order to qualify for a second pension you must complete at least one year of pensionable service
- If you do less than this you would be entitled to an Annuity.



Planning for retirement

- We recommend that you start the application process three to four months before your retirement date
- If you have more than one employer, your retirement date must be agreed by all of them
- Your lump sum (if applicable) is paid on the first working day of your retirement
- You get monthly pension payments, which are paid the day before your birthday.
- Tax is taken prior to payment
- P60's are issued each year.

Flexibilities

- Additional Pension Benefits - Purchase additional pension in multiples of £250 - cost is dependent on age
- Faster accrual - rather than the standard 1/57th could accrue at 1/55th, 1/50th, 1/45th pensionable earnings in the year
- Early Buy Out - buy out the standard reduction of 3% between age 65 and normal retirement age (this must be done within 6 months of joining the Career Average scheme)
- Additional Voluntary Contributions (AVCs).



Beneficiary pensions

Eligible beneficiaries include:

- Your spouse or civil partner
- A qualifying partner
- Dependent children - up to age 17 or, if over 17 and under 23 provided they are in full-time education or undergoing full-time training
- A financially dependant unmarried close relative nominated by you if you're a single member.



Death grant

- A death grant is a one-off payment that be paid to a person or persons of your choosing by completing a Nomination form
- If no death grant nomination has been made, if you're married or in a civil partnership your partner will automatically receive a death grant when you die
- If you're not married or in a civil partnership and there's no recipient for a death grant it will be paid to your estate
- It's important to keep your nomination updated if your circumstances change
- You can set up a nomination via *My Pension Online* or completing a copy downloaded from the website and returning it to us.

Death grant

How a member's death grant is calculated

	Final salary scheme NPA 60	Final salary scheme NPA 65	Career average scheme
In service			3 x annual rate of pensionable earnings (FTE)
Out of service	3/80 of the final average salary for every year of service	3/80 of the final average salary for every year of service	2.25 x pension accrued
Pensioner	5 x gross pension minus gross pension already paid	5 x gross pension minus gross pension already paid	5 x gross pension minus gross pension already paid

My Pension Online

This is our secure portal for Scheme members.

Through My Pension Online, you can:

- View your Benefit Statement
- Update personal information
- Nominate and update death grant nominations
- Apply for pension flexibilities
- Apply to transfer in from a previous pension scheme
- Opt out of the Scheme
- Apply for age retirement or early (AAB) retirement
- Send secure messages to us and receive communications and information.

Our website & getting in touch



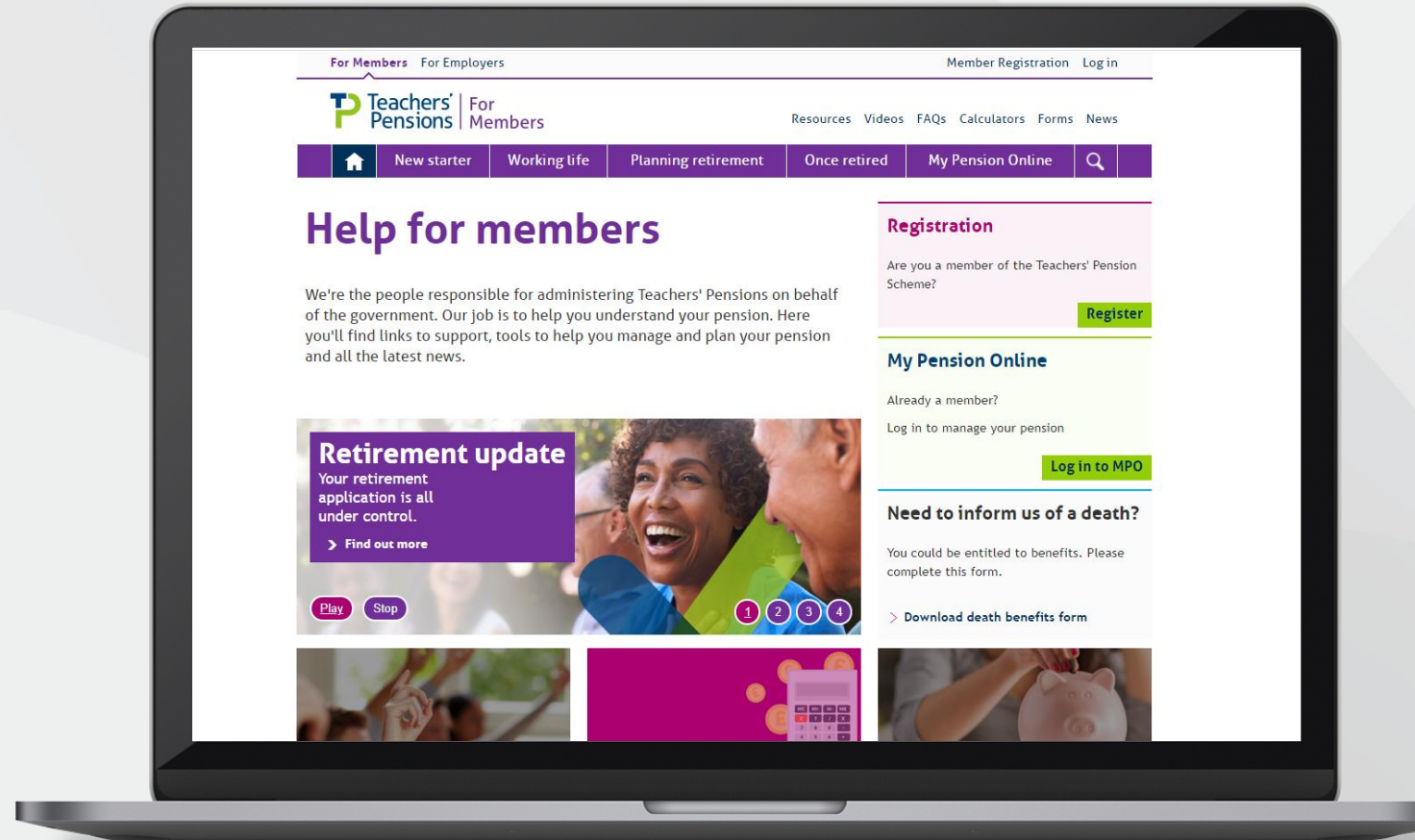
We've lots of resources on our website www.teacherspensions.co.uk for members.

You can call us on 0345 6066 166
Monday - Friday, 8.30am - 6pm

Or speak to us via webchat
Monday - Friday, 9am - 4.20pm

Write to us at:
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11b Lingfield Point,
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DL1 1AX

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Thank you