

New to Teachers' Pensions? What you need to know

October 2016



Introduction

If you're new to the Teachers' Pension Scheme you'll have lots of questions about the Scheme and what it means to you. This factsheet has been created to help you understand the main points you need to be aware of.

What is a teacher's pension exactly?

Simply put, your teacher's pension is the way that you, your employer and the government help you to save for your future. Each time you get paid, you pay contributions towards the cost of your pension. Your employer contributes towards the cost and the government also helps out through tax relief, as you don't pay tax on pension contributions.

Your pension will provide an income for your retirement and you can even take part of it as a tax free lump sum. Once in payment your pension will be increased, broadly in line with inflation.

The Teachers' Pension Scheme is a Defined Benefit Scheme, registered with HM Revenue and Customs, and because it's based on your annual pensionable earnings, revalued each year (known as a [career average arrangement](#)), rather than investments, there'll be no surprises when you come to claim your pension. This is because you'll know what your annual pension will be, rather than using your pension fund to secure an annual pension in the form of an annuity from a pension provider.

You can take your pension from age 55, but if you take it before your normal pension age (which is equal to your state pension age or 65, whichever is higher, when joining our career average pension arrangement) it will be reduced as the pension will be paid out for a longer period of time.

What do I need to qualify for Teachers' Pensions benefits?

To qualify for benefits you need to complete a minimum of two years' qualifying service. People sometimes get confused between qualifying service and the actual service that counts towards their benefits. What's the difference? Well, if you're working part-time, the whole period counts towards your qualifying service including the days you don't work. However, your benefits are based on the pensionable earnings you receive.

How does my pension work?

Most new starters who enter teaching will join the 'career average' pension arrangement which gives you an income when you retire based on 1/57th of your pensionable earnings for each year of pensionable service. at the previous year are revalued broadly in line with inflation. Pensionable earnings include any overtime if you're a member of the career average arrangement, residential emoluments and some bonus payments.

Is the money mine?

Your teacher's pension is only for you and your loved ones. It doesn't belong to your employer and it doesn't belong to the government. It will stay with you throughout your teaching profession. And if you decide to move jobs (outside of teaching), your money could be moved to your new pension (but only if it's a registered or qualifying Defined Benefit Scheme), or be put to one side for when you decide to retire.

Lower Salary	Higher Salary	Contribution Rate in 2016/17
0	£25,999.99	7.4%
£26,000	£34,999.99	8.6%
£35,000	£41,999.99	9.6%
£41,000	£54,999.99	10.2%
£55,000	£74,999.99	11.3%
£75,000		11.7%

What will I pay into my pension?

The table above outlines the contributions you'll make towards the cost of your pension, depending on how much you earn. Your contributions are based on the amount you're paid each month, so if you're paid more in a month than you earned the previous month, your contributions may go up.

How do I check on how much pension I'm building up?

You'll be able to access your online Benefit Statement showing how much pension you've built up based on the salary and service information your employer sends to us. It's worth reading through the statement to check it's accurate. You'll find it on My Pension Online and you have to be registered to login and view your statement. Your Benefit Statement will show your Retirement Benefits, your Death in Service Benefits, and your Teaching Service History. Keeping an eye on how your pension is building up is an important part of ensuring you take care of your family's future in retirement.

Find out more about your [Benefit Statement](#)

What if I get ill?

If you become ill and can't teach anymore you may be able to receive your benefits straight away. Alternatively, you might decide not to apply for ill-health benefits but agree with your employer to make adjustments to your working life.

What happens if I die?

If you've made a death grant nomination, your nominee will receive an in-service death grant of three times your annual rate of pensionable earnings.

This is an important and valuable benefit - you can make your nominations quickly and easily online at [My Pensions Online](#)

Can I increase the amount I pay?

You can increase your pension benefits by paying extra contributions. There are a number of ways you can do this but you'll need to act quickly for some as they are only available at the start of your pensionable service. More information about these flexibilities can be found [here](#).

There is also a separate Additional Voluntary Contribution scheme, administered by Prudential on behalf of the [Department for Education](#)

They're subject to a maximum amount, which is reviewed each year and you may want to seek Independent Financial advice as there might be tax implications.

You can find an independent financial adviser via [unbiased.co.uk](#)

I've got another public service pension - can I transfer it?

If you've previously been a member of a public service pension scheme you may wish to consider transferring your pension to us. You can find more information about 'transferring in' on our "Got another pension?" page of our website. You must complete the transfer within 12 months of first becoming eligible for the Teachers' Pension Scheme.

I've got a private pension - can I transfer it?

Yes, but you must complete the transfer within 12 months of joining the Teachers' Pension Scheme. If you're registered for My Pension Online you can access the pension transfer form online.

Do I have to be in the Teachers' Pension Scheme?

It's your pension and your choice. Once you start teaching you're contractually enrolled into the Scheme from day one. If you choose to opt out and make your own arrangements, feel free, it's entirely up to you. But think very carefully about what you'll lose before you decide to opt out. It might be worth discussing your options with an independent financial advisor or your teachers' association before doing anything. You can find an independent financial advisor via [unbiased.co.uk](#)

If you opt out of the Scheme within the first three months then the effective date of the opt out will be the date you entered under that employment and contributions made to date will be automatically refunded to you by your employer. Note that the fully completed opt out form (which also requires the relevant employer to provide information and sign and date) must be received at Teachers' Pensions within three months of commencing pensionable service for the automatic refund to apply. If the fully completed form is received after three months then the effective date of the opt out will be from the first day of the month following the month in which it is received. If contributions can be repaid (i.e. you haven't already qualified for benefits) it can only happen by making an application to Teachers' Pensions.

Alternatively, as all periods of pensionable service are added together to qualify for benefits, if you don't qualify by undertaking two years of service right now (or one year for additional service after retirement), any contributions not automatically refunded will count towards qualifying for benefits should you choose to re-enter the scheme at a later date. You can re-enter the Scheme by completing an opt in form, which will be effective from the first day of the month after the month in which the form is received by Teachers' Pensions.

Remember

The best way to look after your pension and for us to keep in contact with you is by signing up for My Pension Online. Simply visit www.teacherspensions.co.uk/registration and have to hand the following information:

- a) Your Teachers' Pensions reference number (also known as your DfE number)
- b) Your National Insurance number
- c) An email address - we recommend a personal email address

Want impartial advice or assistance?

The Pensions Advisory Service is available at any time to assist members and beneficiaries with pensions questions and issues they've been unable to resolve with the managers of the Scheme. The Pension Advisory Service can be contacted via www.pensionsadvisoryservice.org.uk or by writing to:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

The Pensions Ombudsman may investigate and determine certain complaints or disputes about pensions that are referred to it. The Pensions Ombudsman can be contacted via www.pensions-ombudsman.org.uk or by writing to:

Pensions Ombudsman Service
11 Belgrave Road
London
SW1V 1RB

The Pensions Regulator may intervene in the running of schemes where the trustees, managers, employers or professional advisors have failed in their duties can be contacted via www.thepensionsregulator.gov.uk or by writing to:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

If you wish to make a complaint to Teachers' Pensions you can use the online form available at www.teacherspensions.co.uk or write to us at:

Teachers' Pensions
11b Lingfield Point
Darlington
DL1 9AX

Where appropriate our response to a complaint will provide the details for submitting an appeal under the Scheme's internal dispute resolution process.