

Re-employment after retirement

In Northern Ireland, the teachers' pension scheme is known as the Northern Ireland Teachers' Pension Scheme. In Scotland, the teachers' pension scheme is known as the Scottish Teachers' Superannuation Scheme. Changes to these schemes on the 1 April 2007 bring them broadly into line with the Teachers' Pension Scheme (TPS) in England and Wales. Unless specified otherwise, dates of changes to the TPS quoted in this factsheet as 1 January 2007 apply in Scotland and Northern Ireland from 1 April 2007, and consequential dates also follow three months later. Where the factsheet refers to contacting Teachers' Pensions this should be read as the Department for Education in Northern Ireland and the Scottish Public Pensions Agency in Scotland.

If you take up certain employment after drawing your pension it may affect your pension benefits. In general, only employment which could be pensionable under the TPS could affect your pension.

Age and premature retirement pensioners

If you decide to return to work after your retirement, you should be aware that some forms of re-employment may affect your pension depending on the terms on which you left. If you have drawn your pension on phased retirement terms or actuarially reduced benefits (ARBs) (see factsheet 16) then your pension will not be affected. If, however, you retired at your normal pension age (NPA), or retired with Premature Retirement Compensation, your pension may be abated.

Special rules apply on re-employment after leaving on ill-health retirement terms.

If you are uncertain as to whether your employment will affect your pension benefits, you should contact Teachers' Pensions.

Employment that should not affect your pension

The following should not affect your pension:

- self-employment (including private tuition);
- any employment outside teaching, except youth and community work;
- full-time or part-time lecturing in a university that does not participate in the TPS;
- full-time teaching in a school/college that does not participate in the TPS;
- part-time or supply employment through an agency (agencies do not participate in the TPS because no employee/employer relationship exists).

Employment that may affect your pension

Re-employment in any of the following ways may lead to the abatement of your pension:

- full-time and part-time teaching in schools in the maintained sector;
- full-time and part-time teaching in schools in the British Isles outside of England and Wales;
- full-time and part-time teaching in independent schools that participate in the TPS (unless you are employed on a part-time contract that commenced before 1 April 2000);
- full-time or part-time teaching in a city technology college;
- full-time or part-time lecturing in a college of further education;

- full-time or part-time lecturing in a university that participates in the TPS (i.e. a university that was a polytechnic prior to 1992);
- full-time or part-time work as a youth and community worker.

To find out whether or not a job will affect your pension, contact the Pensioner Services Section of Teachers' Pensions.

Notification of re-employment

England and Wales

When you retired you should have received a Certificate of Re-employment from Teachers' Pensions. As soon as you become re-employed you should complete this form and send it to Teachers' Pensions. You should send it within **14 days** of your becoming re-employed, except if you are employed on short-term supply work. In this event, the certificate does not need to be submitted to Teachers' Pensions until you have completed **30 days** of supply work.

The certificate will be returned to you by Teachers' Pensions once your re-employment has been noted.

You will need to inform Teachers' Pensions if:

- you stop working earlier than you anticipated;
- you work for longer than you originally planned;
- there are any changes in your rate of salary.

If you are receiving an enhancement pension, Teachers' Pensions should notify your former employer if you exceed your earnings limit. However, ATL's advice is that you should tell your former employer that you have become re-employed at the same time you return your Certificate of Re-employment to your new employer.

Northern Ireland

If you become re-employed and you work in Northern Ireland you should send the following information to the Department of Education in Northern Ireland:

- the name and address of your employer;
- the date your employment started, or is expected to start;

- how long your employment will last (if known);
- your salary;
- the nature of your employment and whether it is full-time or part-time;
- the number of days you will work each week;
- whether you will be working complete days or part days.

The arrangements for re-employment in Northern Ireland are the same as for England and Wales. In Scotland, you should contact the Scottish Public Pensions Agency (SPPA) if you take up employment after retirement.

Remember that a failure to notify either Teachers' Pensions or your former employer (if necessary) of your re-employment may result in an overpayment, which will have to be recovered from your pension.

ARBs pensioners

If retired with ARB, or on a phased retirement basis, your pension will not be affected if you take up further work as a teacher/lecturer. However, if you receive both an ARB and a non-actuarially reduced pension, **both** pensions will be taken into account when an assessment is made of whether your pension should be abated. If you do exceed your earnings limits, **only** the non-actuarially reduced pension will be abated.

Abatement of pension

Salary of reference

When you retire, Teachers' Pensions will inform you of your salary of reference. Your salary of reference is the salary used in the calculation of your pension benefits (see factsheet 12); for those employed on a part-time basis the full-time equivalent rate will be used to determine your salary of reference. Your salary of reference is increased each year in line with the Retail Price Index. Teachers' Pensions will be able to inform you of your current salary of reference.

Earnings limit

The earnings limit is the amount you can earn without affecting your pension. Your earnings limit is calculated by deducting your annual pension from your salary of reference.

Re-employment in England and Wales

In England and Wales your earnings limit is applied each tax year. However, in the first year of your retirement, your limit will be scaled down according to the number of months that you have been retired in that tax year. For example, if you retire on 31 August, your earnings limit for the remainder of that tax year will be seven-twelfths of your annual limit.

If your re-employment salary is greater than your salary of reference, and you are going to be employed for the full tax year, your pension will be abated (suspended) immediately. If, however, it is lower than your salary of reference, or you will only be employed for part of the tax year, your pension will continue to be paid until you reach your pension limit.

Example

A teacher retired with a salary of reference of £33,000 and a pension of £14,000 per annum. He becomes re-employed on a part-time basis earning £13,000 per annum. His salary and pension amount to £27,000; as his earnings limit is not exceeded he will receive his pension in full.

If you are working on a **supply basis** you can calculate how many days you can work before your pension is abated by dividing your earnings limit by your daily rate of supply salary.

Pension limits

If you are going to exceed your earnings limit and want to know when your pension will cease, it is necessary to calculate your pension limit. This is the number of days that your pension can be paid before it is abated. The following example shows how the pension limit is calculated.

Example

A teacher retired with a salary of reference of £33,000 and an annual pension of £14,000. He becomes re-employed on a salary of £21,000. His pension limit is:

Salary of reference = £33,000
 Less re-employed annual salary/anticipated part-time earnings = £21,000
 Pension limit = £12,000

His daily pension rate is $\frac{14,000}{365} = £38.36$

His pension limit is the number of days that his daily pension rate pension can be paid for $\frac{£12,000}{£38.36} = 313$ days

His pension will be paid for 313 days from the beginning of the tax year (6 April). His pension will therefore be suspended from 12 February and restored from the beginning of the next tax year. His position will be re-assessed if his status changes in any way.

Please note: in all cases, the salary of reference is increased by the same percentage increases that have been applied to teachers'/lecturers' pensions. The pension is also increased by pensions' increases if the pensioner is over the age of 55.

Pensioners whose re-employment salary takes them close to their earnings limit will sometimes find that they have exceeded the limit. This is generally due to overlooking the effect of a retrospective salary increase. To ensure that you never suffer a reduction in your pension, it is advisable to work well within your limit.

If you have any queries about your earnings limit or require any further information about re-employment, you should contact Teachers' Pensions.

Re-employment after redundancy

It is important to note that your right to a redundancy payment may be affected if you take up employment (in any capacity) with a school in the maintained sector, city technology college, or college of further or higher education without a break of at least 29 days after you leave your previous post. If you are in Northern Ireland you should check with the Department of Education in Northern Ireland whether work would affect your redundancy payment. If you are in Scotland, contact the SPPA. Further information is given in ATL's advice booklet on redundancy (available from ATL Publications Despatch department).

Pensionability of re-employed service

From 1 January 2007 all employment that falls within the TPS will automatically be pensionable, unless you choose to opt out. The same rules apply in Scotland. The exception will be if you began your re-employed service before that date and did not opt for it to be pensionable under the former 'elected further employment' arrangements (see below).

If you have drawn all of your pension (i.e. you are not taking phased retirement, see factsheet 16) then you will need to complete a further year's service (whether full or part-time) before you qualify for your pension. If you do not complete a year's service you can ask for a refund of contributions. If you subsequently return to pensionable employment you will not be able to repay the contributions to have the service reinstated. In Northern Ireland re-employment is not pensionable.

Elected further employment (England and Wales only)

If you began a period of re-employment between 1 April 2000 and 31 December 2006 you were eligible to elect to rejoin the TPS and earn further pension benefits, which will be calculated separately from your previous pension and lump sum. This pensionable service is known as elected further employment (EFE). You may make an election regardless of whether you are employed on a full-time or part-time basis. The election form can be obtained from your employer or from Teachers' Pensions.

Your election will be effective from the beginning of the following month unless your employer agrees to it being backdated. The earliest date to which your election can be backdated is the later of 1 April 2000 or the date when your employment commenced. If your election is backdated, you and your employer will have to pay interest on the arrears of contributions at the rate of seven percent per annum (compounded with monthly rests). Your employer must collect your arrears within six weeks of the backdating being agreed.

In order to receive a further pension and lump sum you have to complete **one year** of pensionable employment. This does not have to be a continuous period. A period of part-time employment counts as full-time for the purposes of qualifying for pension benefits. However, if you are employed on a supply basis you may find it difficult to complete the qualifying period. For each full day of supply work, you will be credited with approximately 1.9 days of pensionable service, so it will take you some time to accrue 365 days' pensionable service. ATL's advice is that **you should elect** to rejoin the TPS; if you do not complete the qualifying period you can claim a refund of contributions on which interest will be paid.

Teachers/lecturers undertaking EFE may not:

- purchase additional pension if they are over the age of 60;
- repay previously withdrawn contributions.

Giving up re-employment

When you are no longer re-employed, your original pension will be re-instated if it was abated during your period of re-employment.

If you made an EFE election, and if you completed the minimum qualifying period of one year, you will be eligible for a further pension and lump sum. Your pension and lump sum will be calculated separately from your previous pension benefits. If you are over the age of 60, you will receive these benefits in full. If you are under the age of 60, you can either leave your benefits preserved until your 60th birthday (for further information on preserved benefits please refer to factsheet 3) or claim them as ARBs if you are over the age of 55.

If you receive premature retirement from your employer when you stop working again, your benefits from EFE will be paid immediately on an unreduced basis, even if you are not yet aged 60.

If, before the age of 60, you have accrued at least two years' EFE service and then become incapacitated from teaching/lecturing, you will be eligible to apply for ill-health retirement.

Giving up re-employment that began prior to 1 April 1997

If you became re-employed on a full-time basis prior to 1 April 1997, different conditions from those described above will apply to you. You can obtain further advice about your position from Teachers' Pensions.

Giving up re-employment following the award of premature retirement with enhancement

If you originally received premature retirement, your enhancement pension from your employer may be permanently reduced if the total of your re-employment service, plus your enhancement, exceeds the period you could have completed by the age of 65. If, for example, a teacher retires on his 54th birthday with ten years' enhancement, his enhancement will be permanently reduced if he is re-employed for more than one year.

Re-employment after ill-health retirement

The effect on your pension will depend on the date you retired on the grounds of ill-health.

Re-employment after ill-health retirement from 6 January 2007

If you were retired on grounds of ill-health on or after 6 January 2007, the rules on re-employment will depend on whether you retired with Total Incapacity Benefit (TIB) or Partial Incapacity (PIB).

If you retired with a TIB pension, it will be subject to review and may be stopped if you return to work in any capacity:

- You may not return to any form of teaching unless you inform Teachers' Pensions that you are fit to return to teaching. Your pension would then be suspended until you retire. Pension benefits would be recalculated at retirement without the inclusion of any enhancement. The original lump sum payment (if applicable) would be deducted from the revised lump sum.
- If you intend to return to employment outside of teaching and you want your TIB pension to continue, you must provide the Secretary of State with a certificate from a registered medical practitioner stating that, in their opinion, you still meet the conditions

for TIB to be paid. You should contact Teachers' Pensions for further information.

If you retired with a PIB pension you will also be prevented from returning to any form of teaching unless you inform Teachers' Pensions that you are fit to return to teaching, in which case your pension will cease until you retire again. However, you will be able to undertake work other than teaching without having your continued right to receive your pension reviewed. In either case, you should inform Teachers' Pensions of your intention to take up work, in the first instance.

Re-employment in England and Wales after ill-health retirement between 1 April 1997 and 5 January 2007

You will continue to receive your ill-health pension for as long as you remain incapacitated from teaching/lecturing. Your pension will be stopped immediately if you return to any teaching/lecturing in any establishment that participates in the TPS, including work via a supply agency. This includes employment in the **maintained sector** (including **further and higher education institutions**), **independent schools**, subject to the TPS, and **universities that were formerly polytechnics**. It may also cover work in some institutions that are not schools or colleges where it is possible for individuals to elect to remain in the TPS: for example, some charities such as SCOPE and the RNIB, some examination boards (but not work as an examiner), some diocesan boards of education and a few schools abroad.

Undertaking private tuition **may** result in the Department for Children, Schools and Families (DCSF) examining your position to see if your health has improved to the extent that you could return to teaching/lecturing. Your position will depend on the reasons for your retirement and it is not possible for ATL to give any firm advice on the matter of private tuition.

Ill-health pensioners are permitted to work in schools/colleges in a limited capacity, undertaking any of the following tasks, as they are not deemed to be teaching:

- an activity that assists or supports teaching;
- supervising, assisting and supporting a child;
- an administrative or organisational activity that supports the provision of education;

- an activity that is ancillary to the provision of education.

Ill-health pensioners may **not** undertake any of the following tasks as these are deemed to be teaching:

- planning and preparing lessons and courses for children;
- delivering lessons to children, including delivery via distance learning or computer aided techniques;
- assessing the development, progress and attainment of children;
- reporting on the development, progress and attainment of children.

However, if the work you are undertaking indicates that your health has improved to the extent that you could return to teaching/lecturing, the DCSF may review your entitlement to an ill-health pension. If it were found that you were fit to return to teaching/lecturing, your pension would be stopped even if you had not found another teaching/lecturing post.

Although the regulations permit ill-health pensioners to be re-employed in a full-time capacity, undertaking the tasks specified above, ATL advises that you should only work on a part-time basis, preferably less than half time, as this is likely to lessen the chance of your entitlement to pension being reviewed.

Work outside of teaching/lecturing does not necessarily affect your pension but the DCSF may look into your position if the work indicates that your health may have improved to the extent that you could return to teaching/lecturing. If the DCSF found that you were fit to teach/lecture, your pension would be stopped, even if you had not found another teaching/lecturing post. Broadly, each case will depend upon each individual's health problems. You should inform Teachers' Pensions of any employment.

Re-employment in England and Wales after ill-health retirement before 31 March 1997

If you retired prior to 31 March 1997 you may be able to undertake a **limited** amount of work

on a part-time basis, either within the maintained sector or outside of it, subject to your employer being satisfied that you are fit to do the job for which you have been employed. However, your entitlement to your ill-health pension may be reviewed. The outcome of such a review may be that your pension will be stopped.

If you only do some occasional work as a part-time teacher/lecturer you are unlikely to have your position reviewed. However, if you work on a regular part-time basis, undertaking a substantial amount of teaching/lecturing over a short period, or have a substantial change in your working pattern, the DCSF may review your position to see if you are fit to return to teaching/lecturing. When you were awarded ill-health retirement the decision would have been based on whether you were unfit to work as a teacher/lecturer for the foreseeable future. If you are reviewed, the decision will be based on the revised definition of '*permanently incapacitated from both full-time and part-time teaching*'.

Undertaking full-time work, including a full week's work on a supply basis, would result in your pension being stopped with immediate effect.

If you are concerned that your health condition may not be permanent, ATL's advice is that you should not return to any regular part-time or supply work.

Like those pensioners who were awarded ill-health retirement after 31 March 1997, you **may** also be reviewed if you undertake work **outside of teaching/lecturing** that leads the DCSF to believe that your health may have improved to the extent that you could return to teaching/lecturing. The Secretary of State for Children, Schools and Families has always had the power to review the position of any ill-health pensioner.

For details of how you would be affected if you were found fit to return to teaching/lecturing (even if you do not do so), see the section below entitled *Ceasing to be incapacitated*.

Ceasing to be incapacitated

If you return to full-time teaching/lecturing after having taken ill-health retirement, your pension will be stopped. Payments will only recommence if you suffer a subsequent breakdown in health and can satisfy the DCSF's medical advisers that you have again become unfit to teach. Otherwise, your pension will not resume until you retire on the grounds of age or redundancy on taking ARBs. Your retirement benefits would then be recalculated to include any extra pensionable service, revised enhancement and new salary rates. If this resulted in an increased pension and lump sum, you would receive the balance of the lump sum and the new pension would be paid. The way in which the enhancement is revised is complicated, and any member in this position should seek advice from ATL's London office.

Re-employment in Northern Ireland

In Northern Ireland, you can take up employment outside of teaching provided your doctor is able to certify that you are still unfit to teach. However, your pension will be stopped if you return to full- or part-time teaching.

Re-employment in Scotland

In Scotland, the rules on re-employment are similar to those in Northern Ireland. Please contact the SPPA if you are thinking of taking up employment following ill-health retirement.

Re-employment after 1 January 2007: effect on future service

Members and pensioners who had service prior to 1 January 2007 and are re-employed after that date may become 'members with mixed service', i.e. they will have some service with a NPA of 60 and some with a NPA of 65. This will apply if a member or pensioner was in pensionable employment before 1 January 2007 and returns to pensionable employment:

- after 31 December 2007, from a break of more than five years;
- at any point after 31 December 2007, the member or pensioner has a break of more than five years.

In this case, their future service will have a NPA of 65 and accrue a pension at a rate of 1/60ths for each year of service with no automatic lump sum. Existing service will retain a NPA of 60

with 1/80ths accrual for each year of service and an automatic lump sum of three times the member's pension. Hence they will have 'mixed service', with part of their service having an NPA of 60 and part of their service with an NPA of 65.

However, provided a member or pensioner with pensionable employment before 1 January 2007 returns to pensionable employment on or before 31 December 2007, they will retain their NPA of 60, regardless of how long their break in service has been.

Going forward, provided there is no break in service of more than five years the NPA will remain at 60.

In order to maintain the right to a NPA of 60, the member must work for a 'reasonable period of pensionable employment'. This means that if in any rolling period of 365 days during the five year break such a member returns to pensionable employment for a minimum of 60 days or 30 days' reckonable service (i.e. the equivalent of being employed part-time for 60 days at 50%), they will retain a NPA of 60 in respect of all future service. For those members who do not attain a minimum period of 60 days' pensionable employment or 30 days' reckonable service in a rolling period of 365 days during the five year period, a 'relevant break of service' will occur and service accruing after the break will have a NPA of 65.

For example, if someone with service prior to 1 January 2007 leaves pensionable employment on 31 March 2009, and subsequently was in pensionable employment for less than 60 days or accrued less than 30 days' reckonable service in any 365 day rolling period, then from 2 April 2014 all future service would have a NPA of 65. All service prior to 2 April 2014 would have a NPA of 60.

A further period of five years will begin at the end of each period of employment where there has been no relevant break of service.

Please note that this does not apply in Northern Ireland as no further employment is pensionable.

The complete range of pensions factsheets in this series:

- 1. Improving your pension prospects
- 2. Death benefits and survivors' pensions
- 3. Leaving teaching or lecturing but not retiring?
- 4. Ill-health retirement
- 5. Early retirement and the state pension
- 6. Premature retirement compensation
- 7. Re-employment after retirement
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- 9. Part-time and supply teaching, and part-time lecturing
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- 12. Calculation of pension benefits
- 13. Pensions increases
- 14. Repayment of withdrawn pension contributions
- 15. Taking a drop in salary
- 16. Actuarially reduced benefits and phased retirement
- 17. Approaching retirement

To contact Teachers' Pensions

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To contact teachers' pensions in Northern Ireland

Department of Education
Teachers' Pensions Branch
Waterside House
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Londonderry
BT47 6FP

Website: www.deni.gov.uk
Email: teachers.pensions@deni.gov.uk
Telephone: 028 7131 9000
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To contact teachers' pensions in Scotland

Scottish Public Pensions Agency
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Website: www.sppa.gov.uk
Telephone: 01896 893 000
Fax: 01896 893 214

The information in this factsheet does not override the statutory provisions of the TPS in England and Wales, or the teachers' pension scheme in Northern Ireland or the Scottish Teachers' Superannuation Scheme.

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