TPS 2015: Leaving Teaching, but Not Retiring

On 1 April 2015, the Teachers’ Pension Scheme (TPS) changes, becoming both a final salary scheme and a career average revalued earnings (CARE) scheme. This factsheet outlines what happens if you are leaving teaching but are not yet retiring, and is part of a series designed to explain the changes for ATL members. Changes to the teachers’ schemes in Scotland and Northern Ireland mean all three schemes are virtually identical.

If you have less than two years’ total pensionable teaching employment after 6 April 1988 or less than five years’ total pensionable employment at any time and decide to leave the scheme, you can reclaim your pension contributions.

If you have more than two years’ service from 6 April 1988, you cannot have a refund of your contributions and your pension benefits will be preserved in the TPS until you retire. You will have deferred benefits and may be referred to as a past or deferred member.

Disqualifying breaks in service

A disqualifying break in service is one where you are out of pensionable service for more than five continuous years. A break of more than five continuous years will have a different impact depending on the type of member you are.

If you are a protected member, having a disqualifying break will mean that if you return to pensionable employment, you will enter the CARE scheme and will earn benefits under the CARE arrangements going forward. Your final salary benefits remain preserved. If you return after less than five years, you will remain a protected member and under the final salary arrangement.

If you are a tapered member and you have a disqualifying break, you will automatically enter the CARE scheme if you return to pensionable employment. This is regardless of whether or not you have passed your transition date (the date you would have moved from final salary to career average if you had still been in service). See www.atl.org.uk/pay/pensions/changes-to-the-TPS-April-2015.asp or www.teacherspensions.co.uk/reform/members/at-a-glance.aspx to find out your transition date.

A disqualifying break means a tapered member will also lose their salary link. When a member has service in both final salary and CARE scheme, at retirement your final salary benefits will be calculated using the salary you are earning at retirement rather than the salary you are on when you joined the CARE scheme. This is known as the final salary link and it will mean that you will still benefit from any growth in your salary at retirement.

If you have a disqualifying break then the salary link is broken and your final salary pension will be calculated using the salaries you are earning when you started your break. A tapered member who has a break in pensionable service of five years or less will return to the final salary arrangements if they re-enter pensionable service, unless they have passed their transition date during their break in service. If you have passed your transition date, you will move into the CARE scheme, but you will not lose your final salary link. A transition member who has a disqualifying break will lose the final salary link.

If you are a tapered member, transition member or new entrant and you are in the CARE scheme and have a disqualifying break, your CARE benefits will be preserved, but will increase by inflation only. Your CARE
benefits will not increase by the in-service revaluation factor of 1.6%. If you return to pensionable employment, any future benefits earned in the career average arrangements after your return to work will increase by inflation plus 1.6%, as long as you continue to remain in service.

If you return to work and your break in service was not a disqualifying one (i.e., less than five years) then all your benefits, those earned before and after your break, will be increased by inflation plus 1.6%.

Deferred benefits
Any deferred benefits remain in the scheme and will be increased every year until retirement to take account of inflation. You can take your benefits any time from the minimum pension age (MPA), currently 55, but any benefits taken prior to your NPA will be reduced for early payment, and if you are taking actuarially adjusted benefits (AABs) you will have to take all sections of your benefit at that time. Once you reach your NPA, your benefits become payable and you must apply for them by contacting Teachers' Pensions (TP). If you delay taking them, all pension due will be back-paid and all relevant tax deducted at the time of payment. ATL advises you to ensure TP has your up-to-date contact details.

Transferring to another scheme
It is possible for teachers/lecturers who have been paying into the TPS to transfer their pension benefits to another scheme. However, this is not always advantageous unless the new scheme is also within the public sector, as special arrangements (known as 'The Club') apply between the public sector schemes and some other schemes such as the Universities Superannuation Scheme. To take advantage of these special terms you must apply to transfer your pension benefits within 12 months of joining the new pension scheme.

If you join another employer whose pension scheme is not in The Club, you may still be able to transfer your benefits, but you will need to ask your new employer if this is possible and about any conditions that may apply. If they wish, teachers/lecturers can transfer their pension benefits to a personal pension fund by means of a buyout bond. In view of the index-linking provisions built into the TPS, however, a transfer may not be advisable and preserved pension benefits will be preferable. Teachers/lecturers who wish to pursue the possibility of transferring to a personal pension or a non-public sector scheme are strongly advised to seek guidance from an independent financial adviser.

Transferring teacher/lecturer pension benefits within the British Isles
Benefits resulting from pensionable teaching/lecturing service in Scotland and Northern Ireland can be transferred to the TPS at any time. Teachers/lecturers can also transfer benefits due under the TPS to the equivalent pension scheme in Scotland, Northern Ireland, the Channel Islands or the Isle of Man.

Transferring teacher/lecturer pension benefits outside the British Isles
In some circumstances, pension benefits can be transferred to a scheme outside the British Isles. To obtain further advice you should contact Teachers' Pensions quoting your full name, teacher’s reference number and details of your new pension scheme.

Your information
In England and Wales, the TPS is administered on behalf of the Department for Education by Capita. The best way to access your most up-to-date information is by signing up for ‘My pension online’ at www.teacherspensions.co.uk. All the forms you will need over the course of your membership can be accessed here, and applications can also be made online. ATL urges all members to check their pension statement at least once a year online to ensure their records are correct and up to date. If you cannot access the internet, paper copies of your record and any forms that you require can be obtained by ringing TP on 0345 606 6166 (standard rate number) between 8.30am – 6pm Monday to Friday.

If you are a member of Teachers' Pensions in Northern Ireland, please visit www.deni.gov.uk or call 028 7131 9000. If you are a member of Teachers’ Pensions in Scotland, see www.sppa.gov.uk or call 01896 893 000.

ATL’s full series of factsheets on the TPS 2015 is available at www.atl.org.uk/factsheets.

For further help and advice contact ATL's pension team at info@atl.org.uk or call 020 7782 1600.

Need advice?
Your first point of contact is the ATL rep in your school/college. Your local ATL branch/district is also available to help, or you can contact ATL's member advisers on 020 7930 6441, email info@atl.org.uk. Don't forget there's lots more advice on ATL's website at www.atl.org.uk.

© Association of Teachers and Lecturers 2015. All rights reserved. Information on this sheet may be reproduced or quoted with proper acknowledgement to ATL.