

# ATL ADVICE



## TPS 2015: Eligibility, Contributions and Benefits

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 eligibility, contributions and benefits, 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.

### Who is eligible to be a member of the TPS?

Membership of the TPS is automatic if you are employed as a teacher by a maintained school, academy, free school, sixth form college or FE college. The majority of independent schools and some roles in HE are also eligible for the TPS.

Full- and part-time employment is pensionable, whether on a temporary or permanent contract. Supply teaching directly via a school, college or a local authority is pensionable; regrettably supply teaching through an agency is not.

If you do not wish to contribute to the TPS, and ATL strongly advises you to consider carefully the consequences of giving up this benefit, you may opt out online at the Teachers' Pensions (TP) website [www.teacherspensions.co.uk](http://www.teacherspensions.co.uk) or by requesting a paper form.

You may opt in and out of the pensionable service at any time. You can even opt out from one establishment while remaining a member of the scheme with another establishment. Once you are in the CARE scheme, all the salary you earn will count towards your pension benefits in CARE including overtime.

### Member contributions

Your contribution rate will be based on your actual pensionable earnings. This means that part-time teachers will pay contributions based on their

pensionable earnings, rather than the full-time equivalent salary. The contribution rate is the same for all categories of membership. To find out your contribution rate, visit the 'Pay and pensions' section of [www.atl.org.uk](http://www.atl.org.uk).

You pay pension contributions out of your gross pay (before deduction of income tax), so the net cost of joining the TPS is usually reduced by 20%. If you pay tax at the higher rate, you save even more. Your employer also contributes towards your pension.

### Pensionable pay

All teachers who are members of the scheme must have their pension contributions deducted from their gross contributable salaries and your employer will make a record of this for TP. If you are in the CARE scheme this will also include any overtime paid.

If you have residential aspects – housing, bills and so on – that are provided to your free of charge (typically at independent schools) an allowance in respect of this can also be pensionable by arrangement with TP. The election for this 'residential emolument' to be made pensionable is at the discretion of your employer and must be made within three months of the benefit being given to you. Please speak to your employer in the first instance if you believe this is something you could be entitled to.

## How are my CARE benefits calculated?

Benefits in the CARE scheme are calculated based on your earnings every year and the scheme year runs from April to March. Each year you earn a pot of pension based on 1/57th of your earnings in that year, including any overtime. Each year you remain in the scheme, your pot of pension will be increased by inflation (CPI) plus 1.6%. At retirement, all your pots are added together to form the pension you will receive.

### Example

Alice, a tapered member, joins the CARE scheme on 1 December 2018. Between 1 December 2018 and 31 March 2019, Alice earns £15,000. Her CARE pension for that year is:  $£15,000 \times 1/57\text{th} = £263.16$ . From 1 April 2019 to 31 March 2020 she earns £35,000.

Her CARE pension for that year is:  $£35,000 \times 1/57\text{th} = £614.04$ . Alice's CARE pension at 31 March 2020 is:  $£614.04 + £272.63$  ( $263.16 \times 3.6\%$ ) = £886.67.

Alice retires after 10 years at age 65 and her preserved CARE pension is £7,697.52 (see table below). NB inflation (CPI) in this example is two per cent. See the table below for more details.

## Cash lump sum

If you were a member of the TPS before 1 January 2007, you will have an automatic lump sum in addition to your pension when you retire. This is in relation to your final salary pension only. Your lump sum is three times your annual pension. You also have the option to commute a portion of your pension for extra tax-free cash.

Everyone else, including those in the CARE scheme, can convert some pension for tax-free cash. The commutation rate is 12, ie for each £1 of pension given up you will receive £12 of tax-free lump sum. When you apply for your pension, you will be given to option to convert pension for tax-free cash on the application form.

There is a maximum amount that you can take and you can choose to take any amount up to that maximum.

You can calculate the maximum tax-free cash available to you on the TP website [www.teacherspensions.co.uk](http://www.teacherspensions.co.uk).

## 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](http://www.teacherspensions.co.uk). All the forms you will need over the course of your membership can be accessed from 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](http://www.deni.gov.uk) or call 028 7131 9000. If you are a member of Teachers' Pensions in Scotland, see [www.sppa.gov.uk](http://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](http://www.atl.org.uk/factsheets).

**For further help and advice contact ATL's pension team at [info@atl.org.uk](mailto:info@atl.org.uk) or call 020 7782 1600.**

**Table 1 - Example showing Alice's CARE pension growth over 10 years**

Year	Salary £	Pension									
		Year 1	2	3	4	5	6	7	8	9	10
1	15,000	<b>263.16</b>	272.63	282.45	292.61	303.15	314.06	325.37	337.08	349.22	<b>361.79</b>
2	35,000		<b>614.04</b>	636.14	659.04	682.77	707.35	732.81	759.19	786.52	<b>814.84</b>
3	36,000			<b>631.58</b>	654.32	677.87	702.27	727.56	753.75	780.88	<b>809.00</b>
4	38,000				<b>666.67</b>	690.67	715.53	741.29	767.98	795.62	<b>824.27</b>
5	40,000					<b>701.75</b>	727.02	753.19	780.31	808.40	<b>837.50</b>
6	42,000						<b>736.84</b>	763.37	790.85	819.32	<b>848.82</b>
7	42,500							<b>745.61</b>	772.46	800.26	<b>829.07</b>
8	43,000								<b>754.39</b>	781.54	<b>809.68</b>
9	43500									<b>763.16</b>	<b>790.63</b>
10	44,000										<b>771.93</b>
										<b>Total</b>	<b>7,697.52</b>



**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](mailto:info@atl.org.uk). Don't forget there's lots more advice on ATL's website at [www.atl.org.uk](http://www.atl.org.uk).

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