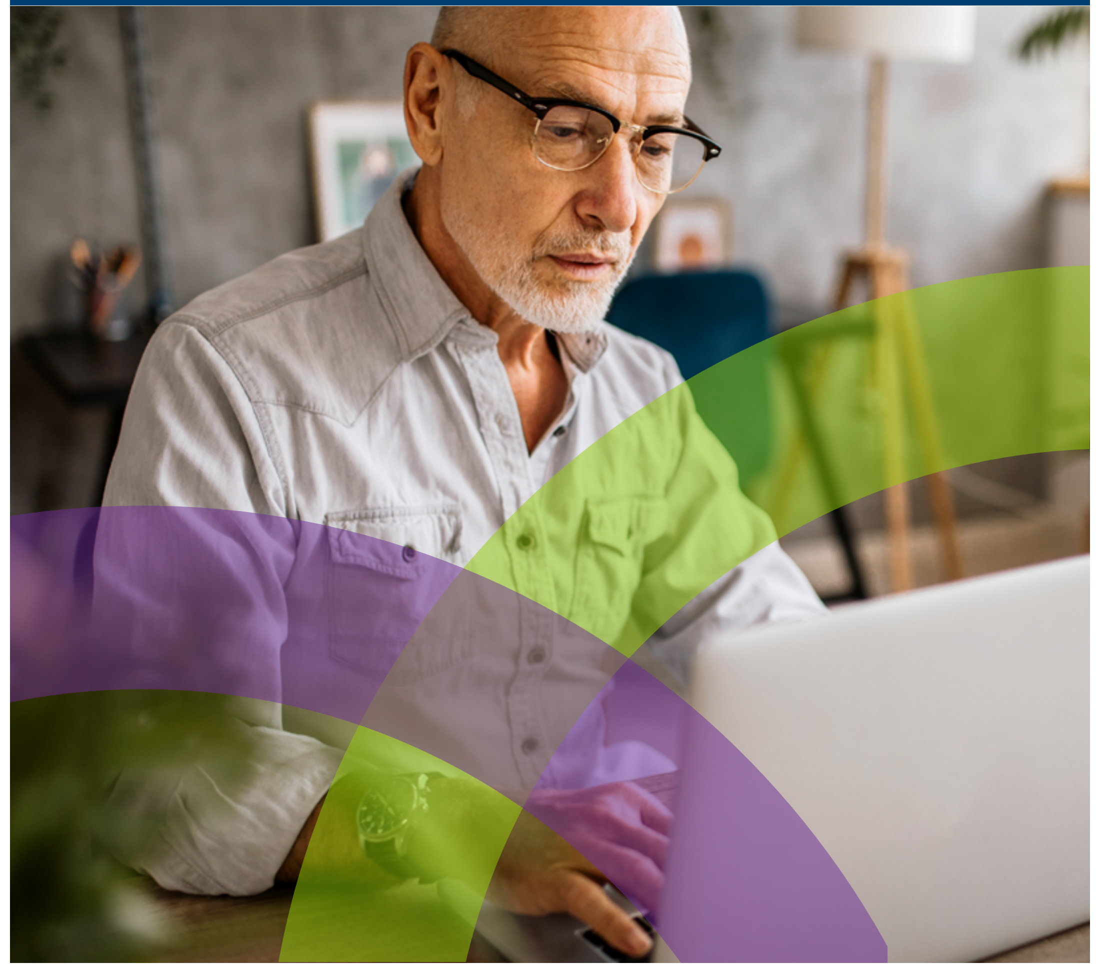
Teachers' Pensions

Case Study: Scenario six



George

In 2015 George was a tapered member with a Normal Pension Age of 60 in the final salary section.

Questions

When did George start teaching?

George started full-time teaching at the age of 22 on 1 April 1985 and in 2015 he was 52.

What happened to George when the changes were introduced in 2015?

George was a tapered member as his Normal Pension Age was 60 and he was 49 on 1 April 2012. He remained in the final salary (legacy) scheme until 1 April 2020 and then moved into the career average (reformed) scheme.

Has George paid into his pension to increase his benefits?

No, he has not taken any of the flexibilities that were available to him.

When does George want to retire?

- Although George's Normal Pension Age in the career average scheme is 67, he wants to retire on 1 April 2023 at the age of 60.
- His average salary at his chosen retirement date is £41,616.00.

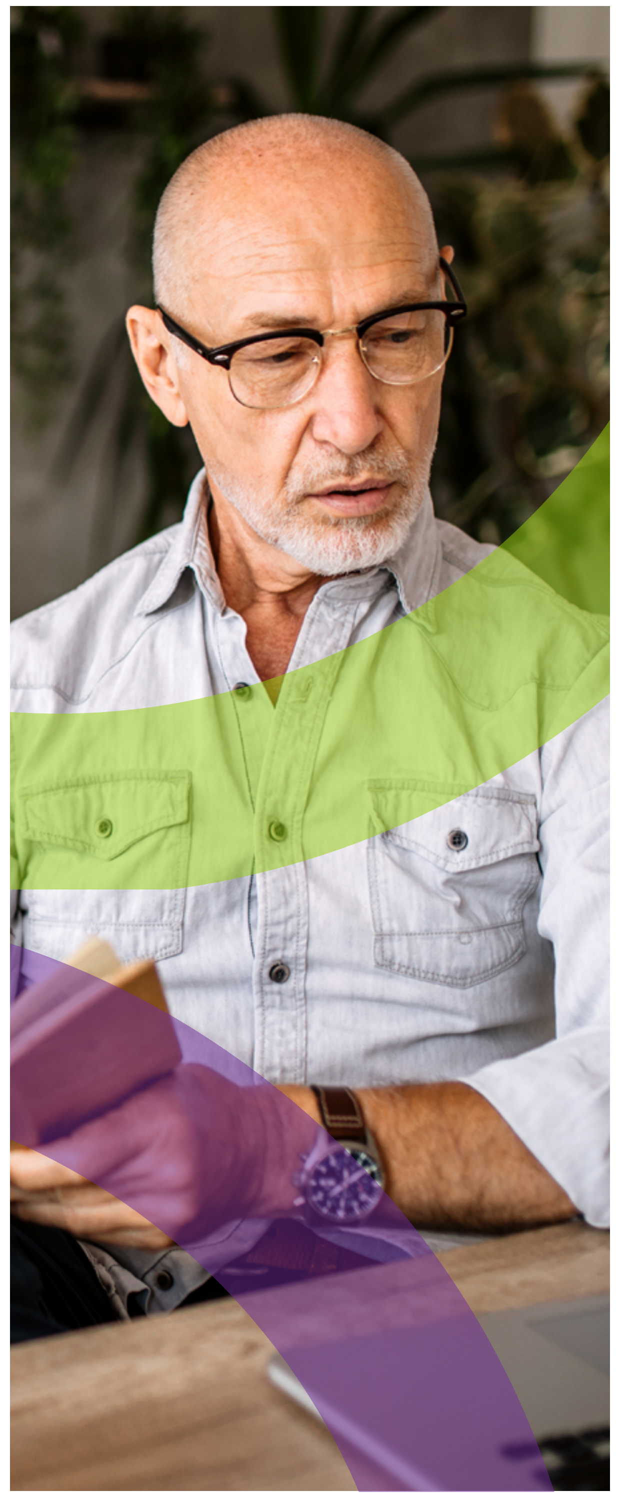
What does George's pension look like and what should he consider?

George's pension can be broken down into three parts (A,B and C), but only one of these is within the remedy period, which means he has a choice to make as to whether this will be in either the career average (reformed) or final salary (legacy) scheme.

- See breakdown on page 2.

Note: We always recommend you seek financial advice from an approved Financial Advisor. These case studies are for guidance only.

Teachers' Pensions



In George's case as a tapered member, we can show what George would be expecting to see and what he'll see when the remedy period is applied.

What George would be expecting to see with his original tapered protection then his transition into career average

Dates:
1 April 1985 – 31 March 2020
Scheme:
Final salary (legacy)

35 years' service =

Pension of	£18,207.00
+ automatic lump sum of	£54,621.00

Dates:
1 April 2020 – 31 March 2023
Scheme:
Career average

3 years' service =

Pension of	£1,658.85
+ automatic lump sum of	£0.00

Note:
See full breakdown on page 3.

What George will see after the 'remedy period' is applied

Part A

Pre-remedy period

Dates:
1 April 1985 – 31 March 2015
Scheme:
Final salary (legacy)

30 years' service =

Pension of	£15,606.00
+ automatic lump sum of	£46,818.00

Part B

Remedy period

Dates:
1 April 2015 – 31 March 2022
Scheme:
Choice of **two** schemes

Choice 1: Take as 'final salary' (legacy) scheme

7 years' service =

Pension of	£3,641.40
+ automatic lump sum of	£10,924.20

Choice 2: Take as 'career average' (reformed) scheme

7 years' service =

Pension of	£4,149.15
+ no automatic lump sum	£0.00

Note:
See full breakdown on the following page.

Part C

Post-remedy period

Dates:
1 April 2022 – 1 April 2023
Scheme:
Career average (reformed)

1 years' career average =

Pension of	£543.18
+ no automatic lump sum	£0.00

Note: We always recommend you seek financial advice from an approved Financial Advisor. These case studies are for guidance only.

Teachers' Pensions

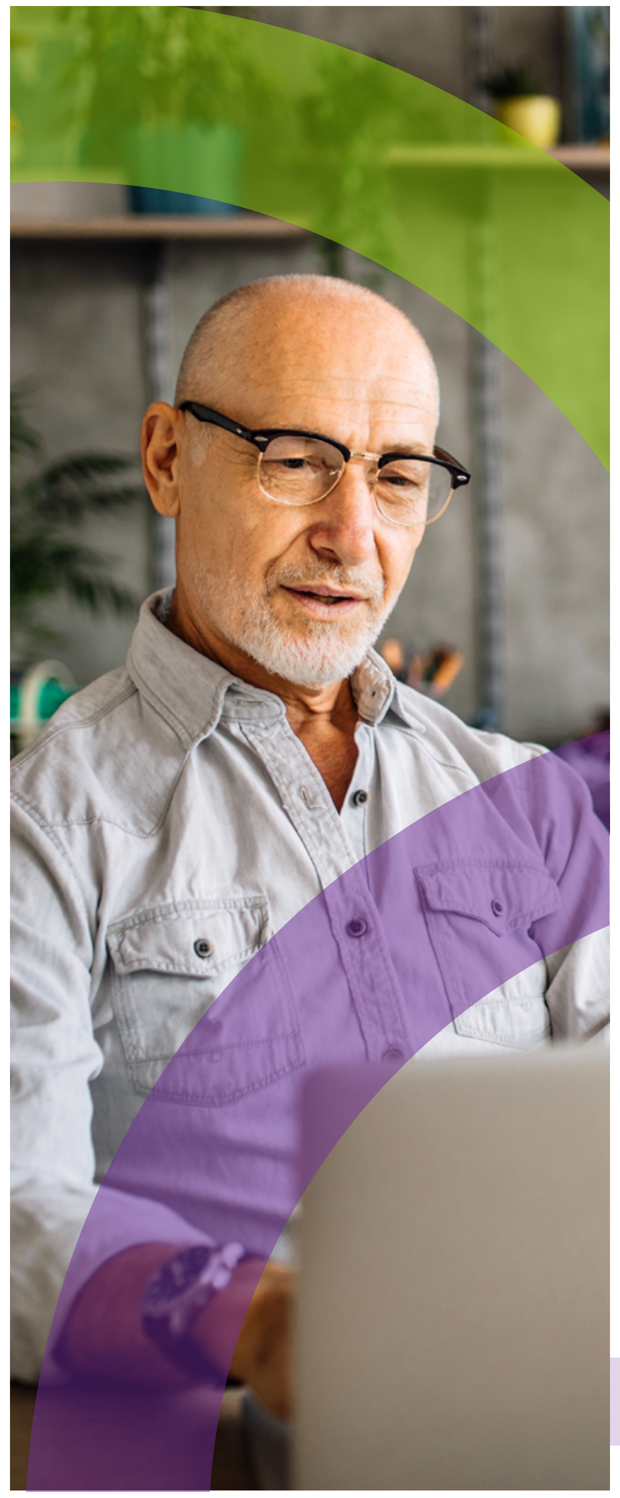
George's choices

Part B

Remedy period

Dates:
1 April 2015 – 31 March 2022

Scheme:
Choice of **two** schemes



Choice 1

Remedy period from final salary (legacy) scheme

Total Pension	Total Automatic Lump Sum
£19,790.58	**£57,742.20**

How's it made up?

	Total Pension	Total Automatic Lump Sum
Final salary (legacy) up to 31/03/2015	£15,606.00	£46,818.00
Remedy period (01/04/2015 - 31/03/2022)	£3,641.40	£10,924.20
Career average (reformed) post 01/04/2022	£543.18	n/a

Choice 2

Remedy period from career average (reform) scheme

Total Pension	Total Automatic Lump Sum
£20,298.33	**£46,818.00**

How's it made up?

	Total Pension	Total Automatic Lump Sum
Final salary (legacy) up to 31/03/2015	£15,606.00	£46,818.00
Remedy period (01/04/2015 - 31/03/2022)	£4,149.15	n/a
Career average (reformed) post 01/04/2022	£543.18	n/a

Note: Pension amounts include adjustments for Early Retirement, where appropriate.

Pre 2012
Final salary

Remedy period
Deferred Choice Underpin

Post 2022
Career average

What to consider

When deciding on what is the best option for himself and the lifestyle he wants, George should also consider what balance he wants between the pension he receives each year, and the amount of lump sum he would like to take. Under both options he can convert some of his pension to a lump sum (£1 x 12).

To help George work this out he could use our **Estimate your final pension calculator** or seek independent advice.

In George's case if he were to convert only £507.75 of his pension (which would still give him the same amount of pension each year as Choice 1), it would give him a larger lump sum than Choice 2 but not Choice 1.

This would give George a reduced annual pension of **£19,790.58**, an automatic lump sum of **£46,818,00** and a commuted lump sum of **£6,092.96** giving him a total lump sum of **£52,910.96**.

Note: We always recommend you seek financial advice from an approved Financial Advisor. These case studies are for guidance only.