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Notional Salaries for Part-time Teachers and Adult Education Lecturers paid on School Teacher Rates

In calculating the notional salaries for part-time teachers, it has been agreed that the Full Time Equivalent Salary for this purpose only shall be Incremental Point 13 of Scale 1 at 8 April 1976 through to 30 April 1995. It has been recognised that many part-time teachers would not have been eligible to be paid at Incremental Point 13 but at a lower point on the scale. However, counter balancing this is the fact that quite a number of teachers would have been eligible to be paid on the Good Honours Graduate extension to the scale, Incremental Point 15. Additionally, many teachers would have received other allowances, such as Special Schools Allowance, Social Priority Allowance and the various London Allowances.

Notional Salaries for Part-time Primary & Secondary Teachers

Pay date	Salary
01.04.1976	4056
01.04.1977	4239
01.04.1978	4662
01.04.1979	5082
01.01.1980	5514
01.04.1980	6228
01.09.1980	6807
01.04.1981	7317
01.04.1982	7755
01.04.1983	8142
01.04.1984	8556
01.04.1985	9147
01.04.1986	9804
01.01.1987	10503
01.10.1987	11199
01.04.1988	11672
01.09.1988	12351
01.04.1989	13092
01.09.1989	13923
01.04.1990	14893
01.09.1990	15723
01.01.1991	16002
01.04.1991	17208
01.12.1991	17523
01.04.1992	18837
01.04.1993	18942
01.09.1993	19062
01.04.1994	19614

Notional Salaries for Part-time Primary & Secondary Teachers

Period	Up 20%	Up to 40%	Up to 60%	Up to 80%	FTE
01.04.76 - 30.03.77	811	1622	2434	3245	4056
01.04.77 – 30.03.78	848	1696	2543	3391	4239
01.04.78 – 30.03.79	932	1865	2797	3730	4662
01.04.79 – 30.03.80	1038	2076	3114	4152	5190
01.04.80 – 30.03.81	1313	2626	3939	5253	6566
01.04.81 – 30.03.82	1463	2927	4390	5854	7317
01.04.82 – 30.03.83	1551	3102	4653	6204	7755
01.04.83 – 30.03.84	1628	3257	4885	6514	8142
01.04.84 – 30.03.85	1711	3422	5134	6845	8556
01.04.85 – 30.03.86	1829	3659	5488	7378	9147
01.04.86 – 30.03.87	1996	3992	5987	7983	9979
01.04.87 – 30.03.88	2170	4340	6511	8681	10851
01.04.88 – 30.03.89	2414	4827	7241	9654	12068
01.04.89 – 30.03.90	2715	5431	8146	10862	13577
01.04.90 – 30.03.91	3089	6179	9268	12358	15447
01.04.91 – 30.03.92	3463	6925	10388	13850	17313
01.04.92 – 30.03.93	3767	7535	11302	15070	18837
01.04.93 – 30.03.94	3802	7605	11407	15210	19012
01.04.94 – 30.03.95	3923	7846	11768	15691	19614
01.04.95 – 30.03.96	4029	8058	12087	16116	20145

Notional Salaries for Part-time Lecturers in the Adult Educational Services

In calculating the notional salaries for part-time lecturers I have started from Incremental Point 14 (maximum of scale) for a Lecturer Grade I at 8 April 1976 and progressed this point through to 30 April 1995. If they had been paid on an assessed rate of salary most would have been at the maximum of Lecturer Grade I because of their qualifications and relevant experience; some would have progressed to Lecturer Grade II and some would also have been in receipt of the various London Allowances. The various hourly rates of pay roughly equate to a mid point of Lecturer Grade I and points above the maximum of Lecturer Grade I.

Notional Salaries for Part-time Lecturers Adult Educational Services

Pay date	Salary
01.04.1976	4377
01.04.1977	4869
01.04.1978	5334
01.04.1979	5814
01.09.1979	5992
01.01.1980	6309
01.04.1980	7125
01.09.1980	7821
01.04.1981	8409
01.04.1982	8898
01.04.1983	9348
01.04.1984	9777
01.04.1985	10266
01.12.1985	10461
01.04.1986	11037
01.04.1987	11589
01.09.1987	14499
01.07.1988	15369
01.04.1989	16674
01.04.1990	16752
01.09.1990	18285
01.09.1991	19401
01.09.1992	20235
01.09.1993	20538
01.08.1994	21135

Notional Salaries for Part-time Lecturers Adult Education Services

Period	Up to 20%	Up to 40%	Up to 60%	Up to 80%	FTE
01.04.76 - 30.03.77	875	1751	2626	3502	4377
01.04.77 – 30.03.78	913	1826	2740	3653	4869
01.04.78 – 30.03.79	1067	2134	3200	4267	5334
01.04.79 – 30.03.80	1209	2418	3626	4835	5997
01.04.80 – 30.03.81	1527	3055	4582	6110	7531
01.04.81 – 30.03.82	1732	3463	5195	6926	8409
01.04.82 – 30.03.83	1853	3707	5560	7414	8898
01.04.83 – 30.03.84	1947	3894	5841	7788	9348
01.04.84 – 30.03.85	2102	4205	6307	8410	9777
01.04.85 – 30.03.86	2221	4443	6664	8886	10331
01.04.86 – 30.03.87	2373	4746	7119	9492	11037
01.04.87 – 30.03.88	2497	4994	7490	9987	13287
01.04.88 – 30.03.89	2674	5349	8023	10698	15152
01.04.89 – 30.03.90	3173	6346	9519	12692	16674
01.04.90 – 30.03.91	3529	7058	10588	14117	17646
01.04.91 – 30.03.92	3799	7598	11398	15197	18996
01.04.92 – 30.03.93	3978	7955	11933	15910	19888
01.04.93 – 30.03.94	4082	8165	12247	16330	20412
01.04.94 – 30.03.95	4177	8354	12532	16709	20886

**Hourly part-time rates of pay for Adult Education
1981 to 1995 with London Allowances from 1976**

Date of pay	Grade V	Grade IV	Grade I, II & III	Inner London Allowance	Outer London Allowance	Fringe London Allowance
01.04.1976				0.42	0.31	0.16
01.04.1977				0.42	0.31	0.16
01.04.1978				0.50	0.34	0.17
01.04.1979				0.64	0.43	0.19
01.04.1980				0.80	0.52	0.22
01.04.1981	6.80	9.56	10.94	0.88	0.58	0.24
01.04.1982	7.21	10.12	11.57	0.99	0.65	0.26
01.04.1983	7.58	10.63	12.15	1.04	0.68	0.27
01.04.1984	7.96	11.12	12.70	1.09	0.73	0.27
01.04.1985	8.35	11.68	13.35	1.17	0.77	0.30
01.12.1985	8.52	11.90	13.60			
01.04.1986	9.05	12.57	14.36			
01.07.1986				1.28	0.84	0.32
01.04.1987	9.51	13.20	15.09			
01.07.1987				1.38	0.90	0.35
01.09.1987	10.00	13.60	15.96			
01.07.1988	10.59	14.43	16.92	1.45	0.95	0.37
01.04.1989	11.50	15.56	18.44			
01.07.1989				1.58	1.04	0.40
01.04.1990	12.61	17.15	20.12			
01.07.1990				1.73	1.13	0.44
01.07.1991				1.84	1.21	0.47
01.09.1991	13.38	18.21	21.35			
01.07.1992				1.92	1.25	0.49
01.07.1993				1.95	1.28	0.50
01.07.1994				2.00	1.31	0.51

In 1992 there were five grades agreed, but many LEA's did not implement the five but either remained on the 1991, or increased the 3 grades.

Date of pay increase	Grade V	Grade IV	Grade III	Grade II	Grade 1
01.09.1992	13.96	15.64	17.31	19.00	22.27
01.09.1993	14.17	15.87	17.57	19.29	22.60
01.09.1994	14.52	16.27	18.01	19.77	23.17

PART-TIME HOURLY RATES AGREED NATIONAL WITH REGIONAL DIFFERENCES**Table 1: Regional Rates 1976-8****1.4.78**

Grade	1	11	111	1V	V or VA	VB
Counties*						
1	6.55	6.55	6.55	5.44	4.55	4.03
2	6.60	6.27	6.07	5.03	4.48	
3	6.33	6.33	6.16	5.20	4.24	3.51
4	6.55	6.12	5.61	5.05	3.96	
5	6.25	6.25	5.87	5.07	4.15	3.55
6	6.44	5.84	5.68	4.77	3.96	3.35
7	6.62	6.62	6.62	5.48	4.52	3.59
8	11.22	11.22	11.22	9.15	7.47	
9	6.46	6.46	6.27	4.89	4.45	3.81
10	6.42	6.42	6.33	5.45	4.25	3.45

Part time hourly rates for Grade VB have been assimilated to point 5 of the salary scale for pension purposes only

Part-time hourly rates for Grade IV, V or VA have been assimilated to point 9 of the salary scale for pension purposes only

Part-time hourly rates for Grade I,II, III have been assimilated to point 9 of the salary scale for pension purposes only

Table 2: Regional Rates from 1.4.79

(except for rate for Category 11/111 which comes in September 1979.

Category 11 and Category 111 apply 1.4.1979 to 31.8.1979)

Same counties groupings for pay

Grades	1	11 and 11/111	111	1V	V or VA	VB
Counties*						
1	7.21	7.21	7.21	6.00	5.03	4.47
2	7.27	6.91	6.69	5.56	4.96	4.78
3	6.97	6.97	6.79	5.74	4.70	4.01
4	7.21	6.75	6.19	5.58	4.47	
5	6.89	6.89	6.47	5.60	4.60	4.01
6	7.09	6.44	6.27	5.27	4.47	4.01
7	7.29	7.29	7.29	6.05	5.00	4.01
8	12.38	12.38	12.38	10.12	8.29	
9	7.12	7.12	6.91	5.41	4.93	4.23
10	7.07	7.07	6.97	6.02	4.71	4.01

Table 3: Regional Rates 1.9.80 to 31.3.81

Same counties groupings for pay

Counties*	Grades	1	11/111	1V	V
1		9.49	9.49	8.10	6.11
2		9.53	9.31	7.83	6.11
3		9.35	9.35	7.94	6.11
4		9.49	9.21	7.84	6.11
5		9.30	9.30	7.85	6.11
6		9.42	9.02	7.65	6.11
7		9.54	9.54	8.13	6.11
8		8.86	8.86	7.52	6.11
9		9.44	9.44	7.74	6.11
10		9.40	9.40	8.11	6.11

Table 4: Regional Rates 1.4.81 to 31.8.81

Same counties grouping for pay

Counties*	Grades	1	11/111	1V	V
1		10.20	10.20	8.71	6.57
2		10.24	10.01	8.42	6.57
3		10.05	10.05	8.54	6.57
4		10.20	9.90	8.43	6.57
5		10.00	10.00	8.44	6.57
6		10.13	9.70	8.22	6.57
7		10.26	10.26	8.74	6.57
8		9.52	9.52	8.08	6.57
9		10.15	10.15	8.32	6.57
10		10.11	10.11	8.72	6.57

***Counties:**

1. Counties of Buckinghamshire, East Sussex, Essex, Hertfordshire, Kent, Surrey, the Greater London Council area and the area of Berkshire within the former county of Buckinghamshire.
2. Counties of Berkshire excluding the area formerly within Buckinghamshire, Hampshire, Isle of Wight. Oxfordshire and West Sussex
3. Counties of Avon, Cornwall, Devon, Dorset, Gloucestershire, Isles of Scilly, Somerset and Wiltshire
4. Counties of Hereford and Worcester, Salop, Staffordshire, Warwickshire, and the Metropolitan Districts of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton
5. Counties of Derbyshire, Leicestershire, Lincolnshire, Northampton and Nottinghamshire
6. Counties of Bedfordshire, Cambridgeshire and Norfolk and Suffolk
7. Counties of Humberside and North Yorkshire and the Metropolitan Districts of Barnsley, Bradford, Calderdale, Doncaster, Kirklees, Leeds, Rotherham, Sheffield and Wakefield.
8. Counties of Cheshire and Lancashire and the Metropolitan Districts of Bolton, Bury, Manchester, Oldham, Rochester, Salford, Stockport, Tameside, Trafford, Wigan, Knowsley, Liverpool, St. Helens, Sefton and Wirral.
9. Counties of Cleveland, Cumbria, Durham and Northumberland and the Metropolitan Districts of Gateshead, Newcastle upon Tyne, North Tyneside, South Tyneside and Sunderland.
10. Counties of Clwyd, Dyfed, Gwent, Gwynedd, Mid Glamorgan, Powys, South Glamorgan and West Glamorgan

Adult Education Pay Rates as FTE with London Allowances

Pay date	Grade V @ point 5	Grade IV @ point 9	Grade I,II & III @ point 12	Inner London Allowance	Outer London Allowance	Fringe Allowance
01.04.1976	3099	3657	4089	402	297	150
01.04.1977	3099	3657	4089	402	297	150
01.04.1978	3894	4536	5019	474	327	159
01.04.1979	4245	4944	5472	609	408	177
01.01.1980	4608	5364	5937	609	408	177
01.04.1980	5205	6057	6705	759	498	213
01.09.1980	5712	6651	7362	759	498	213
01.04.1981	6141	7149	7914	834	549	231
01.04.1982	6515	7575	8379	939	615	246
01.04.1983	6861	7968	8808	987	645	258
01.04.1984	7176	8334	9213	1038	678	264
01.04.1985	7536	8751	9675	1110	726	282
01.12.1985	7677	8916	9858	1110	726	282
01.04.1986	8196	9435	10401	1110	726	282
01.07.1986				1215	795	309
01.04.1987	8607	9906	10920	1215	795	309
01.07.1987				1305	855	333
01.09.1987	9999	12000	13500	1305	855	333
01.07.1988	10599	12720	14310	1377	903	351
01.04.1989	11499	13800	15525	1377	903	351
01.07.1989				1500	984	384
01.09.1989	11553	13866	15597	1500	984	384
01.07.1990				1641	1077	420
01.09.1990	12609	15135	17025	1641	1077	420
01.07.1991				1746	1146	447
01.09.1991	13377	16059	18063	1746	1146	447
01.07.1992				1821	1194	465
01.09.1992	13953	16749	18840	1821	1194	465
01.07.1993				1845	1212	471
01.09.1993	14163	17001	19122	1845	1212	471
01.08.1994				1902	1248	486

Summary of FTE for Adult Education divided into terms for the financial year.

Financial Year	Grade V Summer	Autumn	Spring	FTE	Grade IV Summer	Autumn	Spring	FTE	Grade I, II,III, Summer	Autumn	Spring	FTE
Apr76-Mar77				3099				3657				4089
Apr77-Mar78				3099				3657				4089
Apr78-Mar79				3894				4536				5019
Apr79-Mar80				4336				4944				5743
Apr80-Mar81				5712				5768				7088
Apr81-Mar82				6141				7149				7914
Apr82-Mar83				6516				7575				8379
Apr83-Mar84				6861				7968				8808
Apr84-Mar85				7176				8334				9213
Apr85-Mar86				7583				8806				9736
Apr86-Mar87				8196				9435				10401
Apr87-Mar88				9419				11158				12425
Apr88-Mar89				10499				12540				14108
Apr89-Mar90				11499				13800				15525
Apr90-Mar91				12161				14606				16430
Apr91-Mar92				13057				15674				17631
Apr92-Mar93				13713				16462				18516
Apr93-Mar94				14076				16896				19005
Apr94-Mar95				14403				17288				19446

Tables if your Adult Education Service moved to the five grades in 1992.

	Grade	V		FTE	Grade	IV		FTE	Grade	III		FTE
	Summer	Autumn	Spring		Summer	Autumn	Spring		Summer	Autumn	Spring	
Apr92-Mar93				13713				15263				15669
Apr93-Mar94				14076				15489				16190
Apr94-Mar95				14403				15813				16528
Dates	Grade	II		FTE	Grade	I		FTE				
	Summer	Autumn	Spring		Summer	Autumn	Spring					
Apr92-Mar93				16078				18516				
Apr93-Mar94				16896				19005				
Apr94-Mar95				17250				19446				

Summary of FTE for Adult Education with Inner London Allowance divided into terms for the financial year.

Financial Year	Grade V Summer	Autumn	Spring	FTE	Grade IV Summer	Autumn	Spring	FTE	Grade I, II,III, Summer	Autumn	Spring	FTE
Apr76-Mar77				3501				4059				4491
Apr77-Mar78				3501				4059				4491
Apr78-Mar79				4368				5010				5493
Apr79-Mar80				5066				5658				6206
Apr80-Mar81				6260				7163				7847
Apr81-Mar82				6975				7983				8748
Apr82-Mar83				7454				8514				9318
Apr83-Mar84				7848				8955				9795
Apr84-Mar85				8214				9372				10251
Apr85-Mar86				8696				9916				10846
Apr86-Mar87				9385				10624				11590
Apr87-Mar88				10702				12411				13707
Apr88-Mar89				11808				13798				15395
Apr89-Mar90				13000				15308				17036
Apr90-Mar91				13775				16212				18036
Apr91-Mar92				14329				17548				19350
Apr92-Mar93				15516				18264				20320
Apr93-Mar94				15915				18784				20844
Apr94-Mar95				16286				19171				21329

If your Adult Education Service moved to five grades in 1992 then you need to use the table below from April 1992.

Date	Grade V Summer	Autumn	Spring	FTE	Grade IV Summer	Autumn	Spring	FTE	Grade III Summer	Autumn	Spring	FTE
Apr92-Mar93				15516				16333				17186
Apr93-Mar94				15915				17328				18030
Apr94-Mar95				16046				17695				18411

Date	Grade II Summer	Autumn	Spring	FTE	Grade I Summer	Autumn	Spring	FTE
Apr92-Mar93				18264				20320
Apr93-Mar94				18784				20844
Apr94-Mar95				19171				21329

Summary of FTE for Adult Education with Outer London Allowance divided into terms for the financial year.

Financial Year	Grade V Summer	Autumn	Spring	FTE	Grade IV Summer	Autumn	Spring	FTE	Grade I, II,III, Summer	Autumn	Spring	FTE
Apr76-Mar77				3396				3945				4386
Apr77-Mar78				3396				3945				4386
Apr78-Mar79				4221				4863				5346
Apr79-Mar80				4744				5457				5996
Apr80-Mar81				5999				6902				7586
Apr81-Mar82				6690				7698				8463
Apr82-Mar83				7130				8190				8994
Apr83-Mar84				7506				8613				9453
Apr84-Mar85				7854				9012				9891
Apr85-Mar86				8482				9533				10462
Apr86-Mar87				8974				10213				11179
Apr87-Mar88				10260				11968				13265
Apr88-Mar89				11341				13431				14998
Apr89-Mar90				12494				14803				16531
Apr90-Mar91				13223				15660				17484
Apr91-Mar92				14186				16803				18759
Apr92-Mar93				14895				17644				19699
Apr93-Mar94				15283				18103				20213
Apr94-Mar95				15639				18524				20607

If your Adult Education Service moved from three grades of hourly paid rates to five grades then from April 1992 you need to use the table below.

Date	Grade V Summer	Autumn	Spring	FTE	Grade IV Summer	Autumn	Spring	FTE	Grade III Summer	Autumn	Spring	FTE
Apr92-Mar93				14895				15712				16118
Apr93-Mar94				15283				16696				17573
Apr94-Mar95				15639				17049				17890
Date	Grade II			FTE	Grade I			FTE				
	Summer	Autumn	Spring		Summer	Autumn	Spring					
Apr92 - Mar93				17644				19699				
Apr93 - Mar94				18103				20213				
Apr94- Mar95				18524				20607				

Summary of FTE for Adult Education with Fringe London Allowance divided into terms for the financial year.

Financial Year	Grade V Summer	Autumn	Spring	FTE	Grade IV Summer	Autumn	Spring	FTE	Grade I, II,III, Summer	Autumn	Spring	FTE
Apr76-Mar77				3249				3807				4239
Apr77-Mar78				3249				3807				4239
Apr78-Mar79				4053				4695				5178
Apr79-Mar80				4785				5226				5765
Apr80-Mar81				5714				6617				7301
Apr81-Mar82				6372				7380				8145
Apr82-Mar83				6761				7821				8625
Apr83-Mar84				7119				8226				9066
Apr84-Mar85				7440				8598				9577
Apr85-Mar86				7865				9113				10020
Apr86-Mar87				8498				9737				10707
Apr87-Mar88				9746				11400				12752
Apr88-Mar89				10796				12887				14454
Apr89-Mar90				11906				14215				15942
Apr90-Mar91				12580				15018				16841
Apr91-Mar92				13497				16115				18071
Apr92-Mar93				14174				16923				18977
Apr93-Mar94				14546				17366				19474
Apr94-Mar95				14884				17769				21561

If your Adult Education Service moved to five grades in April 1992 then use the table below from that point

Date	Grade V Summer	Autumn	Spring	FTE	Grade IV Summer	Autumn	Spring	FTE	Grade III Summer	Autumn	Spring	FTE
Apr92-Mar93				14174				15805				15306
Apr93-Mar94				14546				17366				16568
Apr94-Mar95				14884				17769				17009

Date	Grade II Summer	Autumn	Spring	FTE	Grade I Summer	Autumn	Spring	FTE
Apr92-Mar93				16923				18977
Apr93-Mar94				17366				19474
Apr94-Mar95				17769				21561

Options for payment of employee contributions in the TPS

The Teachers Pension Scheme has recently reached an Agreement between the national employer and national union representatives.

1. The claimant will be able to purchase all or part of the period. If only part of the period is to be purchased, it must be a complete calendar year or a multiple of complete calendar years.		
2. The decision by the claimant will be a one-off, once and for all decision.		
3. The claimant should be offered a six month period from the date they are notified of the amount due within which to notify their intention to proceed.		
4.If the claimant wishes to proceed the following options should be made available:-		
ACTIVE MEMBERS	DEFERRED MEMBERS	PENSIONER MEMBERS
5A; They can choose to pay off the sum within 6 months from the date they opt to purchase the service, OR;	5B; They can choose to pay off the sum notified to them within 6 months from the date they opt to purchase the service, OR;	5C; They will have the sum due deducted from the retirement lump sum and, if necessary, by making a deduction from the pension in payment until the outstanding sum is recovered. The deductions should not exceed the additional pension payable as a result of the buy back unless the person agrees to a higher deduction.
6A; They can spread the payments of the sum due (including interest) over a longer period of time with additional interest to take account of the extended repayment period.	6B; They can pay as much of the sum due, in respect of the period they opt to purchase, as they can afford and have the outstanding balance (plus interest) deducted from the retirement lump sum (or death grant) when it is paid, OR;	

<p>The repayment period is equal to the period being purchased or, if earlier, the period up to the member's 60th birthday.</p> <p>Any deduction from salary will not be expressed as a percentage of pay, but will be as a fixed monthly amount.</p>		
<p>7A;</p> <p>If the person leaves with immediate payment of retirement benefits, before completion of the payments, the balance will be deducted from the retirement lump sum and, if necessary, by making a deduction from the pension in payment (the deductions should not exceed the additional pension payable as a result of the buy back unless the person agrees to a higher deduction).</p>	<p>7B;</p> <p>They can have the sum due (plus interest) deducted from the retirement lump sum (or death grant) when it is paid.</p>	
<p>8A;</p> <p>If the person leaves without immediate payment of pension benefits before completion of payment they can opt to;</p> <p>i) pay off the balance of the outstanding amount within 6 months of leaving, or</p> <p>ii) have any balance of the outstanding amount (plus interest) deducted from the deferred lump sum (or death grant) when it is paid and, if necessary, by making a deduction from the pension in payment etc (see above).</p>	<p>8B;</p> <p>At any time before the deferred benefit (or death grant) becomes payable, a person can pay off, in a single payment, the whole of the outstanding balance (plus interest).</p>	

Education Authorities Appendix

<p>9A;</p> <p>Any person paying the arrears over a longer period who dies or who is retired on the ground of permanent incapacity will not be treated as having completed payment of any outstanding arrears. The balance of the sum due will, in the case of ill health retirement, be recovered from any benefits due and, in the case of a death, from the lump sum death grant.</p>	<p>9B;</p> <p>If, before the deferred benefits become payable, the person wishes to transfer their accrued pension rights to another pension scheme they must pay off any balance (plus interest) within 6 months of the “guarantee date” of the CETV.</p>	
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GAD SPREADSHEET MODEL TO ASSIST IN CALCULATING REPAYMENT
AMOUNTS

A guide to use of the spreadsheet model

The tax contributions

- 1. There are likely to be few applicants who fall into the “no tax relief” bracket, but authority/ies are advised to obtain a list, from the payroll manager of the applicants who have additional deductions from salary for pension contribution purposes only (i.e. AVC’s) and what % of tax relief is allocated to this contribution.*
- 2. It should then be possible to identify whether the applicant is already receiving any tax relief for pension purposes and whether the applicant is entitled to tax relief for this contribution or not.*
- 3. Tax relief totalling 15% of earnings is allowed for pension purposes.*
- 4. Tax relief of 6% is allocated to individuals for contribution to the TPS.*
- 5. If the only pension that the applicant contributes to is TP then the calculation that should be used is 6% which shows the contribution, including tax relief.*
- 6. If the applicant contributes to additional pensions schemes or is purchasing AVC’s and the tax relief they receive is in excess of 9%, this, combined with 6% tax relief related to TP will take the applicant over the 15% limit and the contributions that are due will be calculated by the Settlement Model excluding tax relief.*

Standard Offer Letter

Active Scheme Members

[Name
and
Address
Of Applicant]

[Date]
[My ref]
[Your ref]

Dear [Applicant]

Teachers' Pension Scheme (TPS)

Backdating of Part Time Membership – Active Scheme Members

Thank you for your claim to backdate membership in respect of part time service.

I am pleased to inform you that [name of employer] has accepted your claim for service between [dd/mm/yy] and [dd/mm/yy] to count for pension purposes upon payment of the relevant pension contributions. A total of * years and * days.

If a part-time election has not previously been completed by you and accepted by Teachers' Pensions, then any part-time service after 1 May 1995 can be pensionable if you so wish by ticking the appropriate box on Form 1. However, any such service will be pensionable under the terms of the Teachers' Pensions Regulations 1997 and contributions will be collected by Teachers' Pensions accordingly (the information contained in this guidance document cannot be applied to an election for part-time service after 1 May 1995)."

How much service can I purchase?

You can purchase all of the service shown above or, if the period is greater than one year, you can if you wish purchase part of the service. If you wish to purchase only part of the service the amount you purchase must be a complete number of years.

Therefore, for example, if you only have 183 calendar days of eligible part time service you can purchase all of that service, or none of the service. If you have 3 years 200 days eligible part time service you can purchase all of that service or 1, 2 or 3 complete years (but not, for example, 3 years 50 days).

How much will it cost me to purchase the service?

The cost of purchasing all of your eligible part time service is [£amount] if you make full payment within 6 months of the date you confirm your election on the attached Form 1.

If you only wish to purchase part of your eligible part time service, the cost is [£amount] for each year you wish to purchase, provided you make full payment within 6 months of the date you confirm your election on the attached Form 1.

If you opt to pay contributions by deduction from pay over a period of more than 6 months, from the date you confirm your election, you will receive automatic tax relief on the contributions, through the PAYE system (on total pension contributions of up to a maximum of 15% of your pay in the year).

If you choose to pay by a lump sum, please send a cheque made payable to **[name of institution]** to **[name and address of institution]**. *If you pay tax* You will need to claim the tax relief due on this sum from your Tax Office. **[Name of institution]** will issue you with a Certificate to present to your Tax Office confirming the contribution you have made.

What if I want to spread payment over a period of longer than 6 months?

You can, if you wish, spread your payments by deduction from pay over a period of longer than 6 months but interest will be added to the amount of contributions you have to pay. The period you can spread payments over is the shorter of:

- a) a period equal to the number of calendar years of service you are purchasing.
For example, three years retrospective membership can be purchased over a period of three years, or
- b) the period to your 60th birthday. For example, if your 60th birthday is within two years and you are eligible to purchase three years retrospective membership, this can only be purchased over a period of two years.

If you choose to purchase all of your eligible part time service and to spread payments over a period longer than six months, specified above, the contributions payable by you over that time would be a total of **[£amount]** per month, assuming contributions were paid between **[dd/mm/yy]** and **[dd/mm/yy]**.

If you choose to purchase only part of your eligible part time service and to spread payments over a period longer than six months, specified above, the contributions payable by you over that time for each year of service you wish to purchase would be a total of **[£amount]** per month, assuming contributions were paid between **[dd/mm/yy]** and **[dd/mm/yy]**.

How have the amount of contributions been calculated?

The contributions have been calculated based on (either, actual salary or) notional salary rates, as agreed between the Employer Associations and Trade Union representatives.

What benefits will I receive in return for the contributions?

Benefits under the Teachers' Pension Scheme are based on an aggregate of pensionable service and an average salary which is the highest amount of full-time equivalent salary for any successive 365 days of pensionable employment (ignoring gaps), during the last three years of such employment.

Assuming that you do not retire before age 60, then, for each calendar year of part time service that you decide to purchase, the benefits under the TPS would, based on the *salary used in the model settlement as the full time equivalent salary*, be increased by:

Annual Pension	*[£amount]	
Plus Lump Sum	*[£amount]	
Spouse's pension	*[£amount]	1

Thus, if you purchased all of your relevant part time service the benefits would be increased by:

Annual Pension	*[£amount]
Plus Lump Sum	*[£amount]
Spouse's pension	*[£amount]

Previous part-time elections.

If you have not previously completed a part-time election which has been accepted by Teachers' Pensions, then any part-time service after 1 May 1995 can be pensionable if you wish by ticking the appropriate box on Form 1.

By when must I make a decision?

You must confirm your decision on the attached the attached Form 1 by no later than 6 months from the date of this letter, by **[date of return]** and return it to the address shown on the option form.

Whether you decide to purchase all, some or none of your service you must also complete the enclosed "Withdrawal of Employment Tribunal Application" (Form 2) and send it to the relevant address shown on form.

This is because by agreeing to accept the terms of the offer, your claim with the Employment Tribunal will become settled and can be withdrawn. The same is true if you decide to decline the offer. Again this matter will be considered settled and the claim can be withdrawn.

Failure to respond within the six month timescale will mean that we will be able to ask the Employment Tribunal to "strike out" your claim.

Before making a final decision on whether or not to purchase any or all of the service outlined in this letter, you are strongly advised to consider any implications there might be in respect of National Insurance Contributions (NIC) and the State Earnings Related Pension Scheme (SERPS), both of which are discussed later in this letter.

If you do decide to purchase some or all of your service you should, together with Forms 1 and 2, also complete and return Form 64-8, a copy of which is enclosed. Completion of this form authorises the Inland Revenue to give us a breakdown of any National Insurance Contributions (NIC) refund that you may be eligible to receive and will enable us to calculate and pay you interest on the NIC refund that you receive (see the 'General Information' section at the end of this letter). Please note that for the purposes of Form 64-8 your "agent" is the employer dealing with your claim for backdated membership of the Teachers' Pension Scheme.

PLEASE NOTE:

- any decision you make will be a one off, once and for all, decision;
- in opting to purchase a period of service you will be entering into a contractual commitment to pay the required pension contributions. It will not be possible, at some later stage, to withdraw from that commitment; and
- if you decide to purchase none of your service you will not be able to subsequently alter your decision and opt to purchase service. Similarly, if you opt to purchase part of your service you will not subsequently be able to opt to purchase a further part of your service.

If you decide not to purchase any of your eligible part-time service, you will have to complete the “Withdrawal of Employment Tribunal Application” and complete and return a completed Form 1.

When your completed “Withdrawal of Employment Tribunal Application” is received by the Employment Tribunal, your claim will be withdrawn and the case will be closed.

If you decide to purchase some or all of your eligible part time service by deduction from your pay, we will commence deduction of additional contributions from the next available payroll in accordance with your instructions, provided on Form 1.

If you pay by a lump sum cheque this will be acknowledged by us and we will also issue a Certificate for you to present to your Tax Office confirming the contribution you have made. If you pay tax, this will enable you to claim from the Tax Office any tax relief due on the contributions.

Cheques should be made payable to [name of payee] and sent to [name and address of employer].

Form 2 is simply to notify the Tribunal that your claim has been brought to a satisfactory conclusion and allows the Tribunal to complete its paperwork.

If you opt to purchase some, or all, of your eligible part time service, we will arrange for the Inland Revenue to pay any National Insurance refund due. We will then calculate and pay you interest on the refund, provided you have completed and returned to us the attached Form 64-8.

What happens if I opt to pay contributions by deduction from pay but leave my employer before completing payment of the contributions due?

If you leave before completing payment of the contributions you will have the following options:

- a) if you leave with the immediate payment of pension benefits, the balance of outstanding contributions (plus interest) will be deducted from the retirement lump sum and, if necessary, by making a reduction from your monthly pension in payment until any outstanding contributions (plus interest) are recovered. Any reduction from the pension payment will not exceed the additional amount of pension derived from

your decision to buy back part time service for pension purposes, unless you agree otherwise at the time;

- b) if you die in service, the balance of outstanding contributions (plus interest) will be deducted from the lump sum death grant due; and
- c) if you leave without immediate payment of pension benefits you will be able to:
 - i) pay off the balance of the outstanding contributions (plus interest), or as much of the outstanding contributions (plus interest) as you can afford, within 6 months of leaving; or
 - ii) have any balance of the outstanding contributions (plus interest) deducted from your deferred retirement lump sum and, if necessary, your annual pension payment, or from a death grant if appropriate, when it is paid.

In the case of c), ii) above, you should note that:

- you will be able, at any time before the deferred benefits come into payment, to pay off in a single payment the whole of the outstanding balance of the contributions (including interest);
- if, before the deferred benefits come into payment, you opt to transfer your accrued pension rights to another pension scheme, you will have to pay off the outstanding contributions (including interest) within 6 months, of the date of transfer; and
- if you die before the deferred benefits are brought into payment, the outstanding contributions (including interest) will be deducted from the lump sum death grant due.

In all the above cases, the outstanding balance of the contributions due will be reduced by the amount of tax relief you would have received on that amount and you would only be required to pay the net payment.

Are there any other matters I should take into consideration?

When considering whether or not to backdate membership of the TPS you will need to compare the cost to you of doing so and the TPS benefits that you will get in return, against the amount of the NIC refund and interest that would be due to you (if any) and the effect this will have on your State Earnings Related Pension Scheme (SERPS) benefits.

This and other matters, which you may wish to consider, are detailed below. Some, all or none of these may be applicable in your particular case:

Potential drawbacks of backdating membership of the TPS

Backdating membership of the TPS could, when the TPS benefits become payable, impact on means tested benefits that a person may be entitled to from the State, for example the Minimum Income Guarantee or Pension Credit and benefits from other sources for example council rent and council tax rebates);

A person already drawing a TPS pension who has become re-employed by an employer offering membership of the TPS could find that the increase in their TPS pension resulting from the buy-back of previous part time service could be abated in full or in part during the period of re-employment, depending on the overall level of income and the abatement policy operated by the scheme. If this applies to you, please contact Teachers Pensions direct for further information.

General information

You may have overpaid NIC for any period of service in respect of which you opt to pay backdated pension contributions and in respect of which you paid full not contracted-out rate NIC and therefore, your NI record will need to be adjusted.

This could mean that you will be eligible to a refund of the overpaid NIC (plus interest), which could reduce the pension payable from the State Earnings Related Pension Scheme (SERPS).

No refund of NIC will be due in respect of any period during which you did not pay any National Insurance contributions (due to the level of your earnings) or for any period during which you held a married woman's or widow's reduced rate election.

If you are already over State Pension Age and you are receiving the additional state pension (SERPS) and you opt to backdate membership of the TPS, the SERPS benefit you are receiving may have been overpaid.

Any refund of NIC you may be entitled to will be reduced by the amount of any overpaid SERPS pension. You will not, however, be asked to repay any remaining SERPS overpayment.

Before electing to pay contributions to backdate membership of the TPS it is strongly recommended that you seek information from the Inland Revenue in respect of the amount of NIC refund you may be entitled to and from the Department for Work and Pensions in respect of the effect the NIC refund may have on your SERPS benefits.

You will need to take this information into account and consider the likely benefits from the TPS if you pay contributions to backdate membership of the TPS, before deciding whether or not to elect to backdate membership of the TPS.

To obtain details of any refund of NIC you may be due, you should write quoting your name and address, your NI Number, the start and end date of the period for which you wish to backdate membership of the TPS, and the reference "PRESTON" to:

Inland Revenue
National Insurance Contributions Office
Benton Park View
Newcastle upon Tyne, NE98 1ZZ

To obtain details of the effect on your SERPS benefits you should contact the Pensions Information Order line on 08457 313233 and ask for leaflet BMO1, *"Backdating membership of an occupational pension scheme: what this might mean for you"*.

We make no representation that an individual will be better off being in the TPS rather than in SERPS, or vice versa.

If you do decide to backdate membership of the TPS, please complete and return the enclosed Form 64-8. This authorises the Inland Revenue to give us a breakdown of any NIC refund that you may be eligible to receive and will enable us to calculate and pay you interest on any NIC refund that you receive. Please note that for the purposes of Form 64-8 your “agent” is the employer dealing with your claim for backdated membership of the Teachers’ Pension Scheme.

You should note that claims for a refund of NIC may take some time to be processed.

Additional Voluntary Contributions (AVCs)

If you are already paying Additional Voluntary Contributions or have entered into a contract to purchase added years to make up for a period when you were excluded from the Scheme, you can opt to cease payment of the AVCs or cancel the added years contract if you so wish.

However, you cannot use the AVCs or added year’s contributions paid so far to offset the cost of 'buying back' your part-time service.

Personal Pension Schemes

The Department for Work and Pensions (DWP) leaflet BMO1 “*Backdating membership of an occupational pension scheme: what this might mean for you*” states that up to April 2001, in most circumstances, Inland Revenue rules did not permit people to be a member of an occupational and personal pension scheme at the same time.

However, the Inland Revenue has advised that there is no need to unscramble personal pensions as they will have been validly entered into at the time. The Inland Revenue will nonetheless seek to recover from a contracted-out personal pension fund any overpaid NI minimum contribution paid to the personal pension scheme (which will reduce the size of the personal pension pot).

Also, if a person is already in receipt of an annuity (a pension) from the proceeds of that contracted-out personal pension pot, the Inland Revenue may seek to recover the NI minimum contributions directly from the individual.

If you were a member of a contracted-out personal pension scheme during any of the period you wish to buy back membership of the Teachers’ Pension Scheme please provide the relevant details requested on Form 1.

Before making a decision on how you may wish to proceed you are strongly advised to seek advice from your solicitor, your union or an independent Financial Adviser.

Yours sincerely

[Title of signatory]

Form 1 Active Scheme Members

Election Form to Backdate Membership of the Teachers' Pension Scheme (TPS) in cases where a claim has been lodged with an Employment Tribunal

THIS IS A LEGALLY BINDING AGREEMENT TO COMPROMISE YOUR CLAIM IN THE ET MADE BETWEEN THE PARTIES TO THAT CLAIM.

Forenames

Surname Title: Mr/Mrs/Miss/Ms/Other

Date of Birth

NI Number

Home address

.....

Payroll Number (from payslip).....

DfES reference number (if known).....

Having considered the relevant merits of backdating membership of the Teachers' Pension Scheme and the terms of the settlement, I hereby elect to purchase:

- a) none of my eligible part time service [please tick if appropriate]
b) all of my eligible part time service [please tick if appropriate]
c) part of my eligible part time service [please enter number of complete years you wish to purchase]

.....whole years

I wish to make the payments by:

- a) deductions from my pay over:
- the period equal to the number of years of service I am purchasing, or
 - the period to my 60th birthday whichever is the earlier [please tick if appropriate]
- b) a single lump sum payment [please tick if appropriate and attach a cheque for the sum due made payable to **(name of payee)**]
- c) I wish my part-time service since 1 May 1995 to be pensionable under the terms of the Teachers' Pension Regulations 1997,

Yes <input type="checkbox"/> No <input type="checkbox"/>

I acknowledge that:

- this completed option form represents a one off, once and for all, decision on my part;
- I agree to the terms of the settlement;
- in making any option to purchase a period of service I am entering into a contractual commitment to pay the required pension contributions and it will not be possible, at some later stage, to withdraw from that commitment; and
- if I have decided not to purchase any of my eligible part time service I will not be able to subsequently opt to purchase the service. Similarly, if I have opted to purchase only part of my eligible part time service I will not be able to subsequently opt to purchase a further part of my service;
- I authorise for deductions to be made from my salary, retirement lump sum, death grant and monthly pension payments, as the case may be, in accordance with the terms of this agreement;
- I agree to withdraw my claim or claims brought in the Employment tribunal or in any other forum relating to admission to the Teachers' Pension Scheme

I confirm that I have returned Form 2 to the relevant address shown on that Form.

If I have opted to purchase some or all of my eligible part time service I attach the completed Form 64-8.

If I have opted to purchase some or all of my eligible part time service, I confirm that:

Please ticks as appropriate

- a) I WAS NOT a member of a contracted out personal pension scheme during a part or all of that period; OR
- b) I WAS a member of a contracted out personal pension scheme with (name of policy provider) during a part or all of that period and the Appropriate Scheme Contracted Out Number referred to in the policy/scheme documents was A_____ (please enter the ASCON number – from the Pension Policy document).

SignedDate

Upon completion, please return this form to: [Authority/ies name and address]

.....

.....

**Standard Offer Letter
Deferred Scheme Members**

[Name
and
Address
Of Applicant]

[Date]
[My ref]
[Your ref]

Dear [*Applicant*]

**Teachers' Pension Scheme (TPS)
Backdating of Part Time Membership – Deferred Scheme Members**

Thank you for your claim to backdate membership in respect of part time service.

I am pleased to inform you that [**name of institution**] has accepted your claim for service between [**dd/mm/yy**] and [**dd/mm/yy**] to count for pension purposes upon payment of the relevant pension contributions. A total of * years and * days.

How much service can I purchase?

You can purchase all of the service shown above or, if the period is greater than one year, you can if you wish purchase part of the service. If you wish to purchase only part of the service the amount you purchase must be a complete number of years.

Therefore, for example, if you only have 183 calendar days of eligible part time service you can purchase all of that service, or none of the service. If you have 3 years 200 days eligible part time service you can purchase all of that service or 1, 2 or 3 complete years (but not, for example, 3 years 50 days).

How much will it cost me to purchase the service?

The cost of purchasing all of your eligible part time service is [**£amount**] if you make full payment within 6 months of the date you confirm your election on the attached Form 1.

If you only wish to purchase part of your eligible part time service, the cost is [**£amount**] for each calendar year you wish to purchase provided you make full payment within 6 months of the date you confirm your election on the attached Form 1.

Alternatively, you can elect to pay as much of the sum due in respect of the period you wish to purchase as you can afford now and have the outstanding balance (plus interest) deducted from the retirement lump sum and, if necessary, from your pension (or, if appropriate, from the death grant) when it is paid.

OR you could pay nothing now and have the sum due (plus interest) in respect of the period you wish to buy back deducted from the retirement lump sum and, if

necessary, from your pension (or, if appropriate, from any death grant) when it is paid. If you choose this option and the sum (plus interest) is recovered from your lump sum on retirement, it is anticipated that, if you purchase one year of service, it would reduce your total lump sum by **[relevant %]** (assuming benefits are paid at Normal Retirement Age).

How have the amount of contributions been calculated?

The contributions have been calculated based on (either, actual salary or) notional salary rates, as agreed between the Employer Associations and Trade Union representatives.

What benefits will I receive in return for the contributions?

Benefits under the Teachers' Pension Scheme are based on a an aggregate of pensionable service and an average salary which is the highest amount of full-time equivalent salary for any successive 365 days of pensionable employment (ignoring gaps), during the last three years of such employment.

Assuming that you have completed payment of the contributions and do not draw your benefits before **[dd/mm/yy]** (being the date you attain Normal Retirement Age) then, for each calendar year of part time service you decide to purchase, the benefits under the TPS would, based on the salary *used in the model settlement*, be increased by:

Annual Pension	* [£amount]
Plus Lump Sum	* [£amount]
Spouse's pension	* [£amount]

Thus, if you purchased all of your relevant part time service, your pension would be increased by

Annual Pension	* [£amount]
Plus Lump Sum	* [£amount]
Spouse's pension	* [£amount]

BUT, if you opt to have the contributions due in respect of all your relevant part time service recovered from your benefits, it is anticipated that the lump sum would be reduced . This would be calculated by Teachers Pension when you come to retire.

Deferred benefits in the TPS are increased each year in line with the rise in the Retail Prices Index.

Previous part-time elections.

If you have not previously completed a part-time election which has been accepted by Teachers' Pensions, then any part-time service after 1 May 1995 can be pensionable if you wish by ticking the appropriate box on Form 1.

By when must I make a decision?

You must confirm your decision on the attached Form 1 by no later than 6 months from the date of this letter (date of return) and return it to the address shown on the form.

Whether you decide to purchase all, some or none of your service you must also complete the enclosed "Withdrawal of Employment Tribunal Application" (Form 2) and send it to the relevant address shown on the form.

This is because by agreeing to accept the terms of the offer, your claim with the Employment Tribunal will become settled and can be withdrawn. The same is true if you decide to decline the offer. Again this matter will be considered settled and the claim can be withdrawn.

Failure to respond within the 6 months timescale will mean that we will be able to ask the Employment Tribunal to "strike out" your claim.

Before making a final decision on whether or not to purchase any or all of the service outlined in this letter, you are strongly advised to consider any implications there might be in respect of National Insurance Contributions (NIC) and the State Earnings Related Pension Scheme (SERPS), both of which are discussed later in this letter.

If you do decide to purchase some or all of your service you should, as well as completing Forms 1 and 2, also complete and return Form 64-8, a copy of which is enclosed. Completion of this form authorises the Inland Revenue to give us a breakdown of any National Insurance Contributions (NIC) refund that you may be eligible to receive and will enable us to calculate and pay you interest on the NIC refund that you receive (see the 'General Information' section at the end of this letter).

PLEASE NOTE:

- any decision you make will be a one off, once and for all, decision;
- in opting to purchase a period of service you will be entering into a contractual commitment to pay the required pension contributions. It will not be possible, at some later stage, to withdraw from that commitment; and
- if you decide to purchase none of your service you will not be able to subsequently alter your decision and opt to purchase service. Similarly, if you opt to purchase part of your service you will not subsequently be able to opt to purchase a further part of your service.

What will happen after I have completed the forms mentioned above?

If you decide not to purchase any of your eligible part-time service, you will have to complete the "Withdrawal of Employment Tribunal Application" and complete and return a completed Form 1.

When your completed "Withdrawal of Employment Tribunal Application" is received by the Employment Tribunal, your claim will be withdrawn and the case will be closed.

If you decide to purchase some or all of your eligible part time service by a lump sum payment, please send a cheque to **[name of payee]** and return to [name and address of employer]. You will subsequently be issued with a revised deferred benefit statement showing your increased deferred benefits.

If you decide to purchase some or all of your eligible part time service by deduction from your benefits when they become paid, you will be issued with an updated deferred benefits statement showing your increased deferred benefits and confirming that these will be reduced by the contributions (plus interest) due when the benefits become payable.

Form 2 is simply to notify the Tribunal that your claim has been brought to a satisfactory conclusion and allows the Tribunal to complete its paperwork.

If you opt to purchase some or all of your eligible part time service we will arrange for the Inland Revenue to pay any NIC refund due to you and we will calculate and pay you interest on that sum (provided you have completed and returned to us Form 64-8).

If I opt to pay some contributions now and have the rest deducted (with interest) from my benefits when they are paid, can I pay off the balance of the contributions due (with interest) before the benefits become payable?

Yes, you will be able, at any time before the deferred benefits come into payment, to pay off in a single payment the whole of the outstanding balance of the contributions (including interest).

What happens if, instead of paying all the contributions now, I opt to have some or all of the contributions deducted from my benefits when they are paid but, before my benefits become payable, I either want to transfer my benefits to another pension scheme or arrangement or I die?

You would have the following options:

- a) if, before the deferred benefits come into payment, you opt to transfer your accrued pension rights to another pension scheme you would have to pay off the outstanding contributions (including interest) within 6 months; and
- b) if you die before the deferred benefits are brought into payment, the outstanding contributions (including interest) would be deducted from the lump sum death grant due.

In the above cases, the outstanding balance due will be reduced by the amount of tax relief you would have received on that amount and you would only be required to pay the net payment.

Are there any other matters I should take into consideration?

When considering whether or not to backdate membership of the TPS you will need to compare the cost to you of doing so and the TPS benefits that you will get in return against the amount of the NIC refund rebate that would be due to you (if any)

and the effect this will have on your State Earnings Related Pension Scheme (SERPS) benefits. This and other matters, which you may wish to consider, are detailed below. Some, all or none of these may be applicable in your particular case:

Potential drawbacks of backdating membership of the TPS

Backdating membership of the TPS could, when the TPS benefits become payable, impact on means tested benefits that a person may be entitled to from the State for example the Minimum Income Guarantee or Pension Credit and from other sources for example council rent and council tax rebates.

General information

You may have overpaid National Insurance contributions for any period of service in respect of which you opt to pay backdated pension contributions and in respect of which you paid full not contracted-out rate NIC and therefore, your NI record will need to be adjusted.

This may mean that you will receive a refund of the overpaid NIC (plus interest) which could reduce the pension payable from the State Earnings Related Pension Scheme (SERPS).

No refund of NIC will be due in respect of any period during which you did not pay any National Insurance contributions (due to the level of your earnings) or for any period during which you held a married woman's or widow's reduced rate election.

If you are already over State Pension Age and you are receiving the additional state pension (SERPS) and you opt to backdate membership of the TPS, the SERPS benefit you are receiving may have been overpaid.

Any refund of NIC contributions you may be entitled to will be reduced by the amount of any overpaid SERPS pension. You will not, however, be asked to repay any remaining SERPS overpayment.

Before electing to pay contributions to backdate membership of the TPS it is strongly recommended that you seek information from the Inland Revenue in respect of the amount of any NIC refund you may be eligible to receive and from the Department for Work and Pensions about the effect this may have on your SERPS benefits.

You will need to take these into account and consider the likely benefits from the TPS if you pay contributions to backdate membership of the TPS, before deciding whether or not to elect to backdate membership of the TPS.

To obtain details of any refund of NIC you may be due you should write quoting your name and address, your NI Number, the start and end date of the period for which you wish to backdate membership of the TPS, and the reference "PRESTON" to:

Inland Revenue
National Insurance Contributions Office
Benton Park View
Newcastle upon Tyne, NE98 1ZZ.

To obtain details of the effect on your SERPS benefits you should contact the Pensions Information Order line on 08457 313233 and ask for leaflet BMO1, "Backdating membership of an occupational pension scheme: what this might mean for you".

We make no representation that an individual will be better off being in the TPS rather than in SERPS, or vice versa.

If you do decide to backdate membership of the TPS, please complete and return the enclosed Form 64-8. This authorises the Inland Revenue to give us a breakdown of any NIC refund that you may be eligible to receive and will enable us to calculate and pay you interest on the NIC refund that you receive.

Please note that for the purposes of Form 64-8 your "agent" is the employer dealing with your claim for backdated membership of the Teachers' Pension Scheme.

You should note that claims for a refund of NIC contributions can take some time to be processed.

Additional Voluntary Contributions (AVCs)

If you have already paid Additional Voluntary Contributions or you have already purchased added years to make up for a period when you were excluded from the Scheme, you cannot use these AVCs or added years contributions to offset the cost of 'buying back' your part-time service;

Personal Pension Schemes

The Department for Work and Pensions (DWP) leaflet BMO1 "*Backdating membership of an occupational pension scheme: what this might mean for you*" states that up to April 2001, in most circumstances, Inland Revenue rules did not permit people to be a member of an occupational and personal pension scheme at the same time.

However, the Inland Revenue has advised that there is no need to unscramble personal pensions as they will have been validly entered into at the time. The Inland Revenue will nonetheless seek to recover from a contracted-out personal pension any overpaid NI minimum contribution paid to the personal pension scheme (which will reduce the size of the personal pension pot).

Also, if a person is already in receipt of an annuity (a pension) from the proceeds of that contracted-out personal pension pot, the Inland Revenue may seek to recover the NI minimum contributions directly from the individual.

If you were a member of a contracted-out personal pension scheme during any of the period you wish to buy back membership of the Teachers' Pension Scheme please provide the relevant details requested on Form 1.

Before making a decision on how you may wish to proceed, we strongly advise that you seek advice from your solicitor, your union or an independent financial adviser.

Yours sincerely

[Title of signatory]

Form 1 Deferred Scheme Members

Election Form to Backdate Membership of the Teachers' Pension Scheme (TPS) in cases where a claim has been lodged with an Employment Tribunal

THIS IS A LEGALLY BINDING AGREEMENT TO COMPROMISE YOUR CLAIM IN THE ET MADE BETWEEN THE PARTIES TO THAT CLAIM.

Forenames

Surname

Title: Mr/Mrs/Miss/Ms/Other

Date of Birth

NI Number

Home address

.....

DfES reference number (if known).....

Having considered the relevant merits of backdating membership of the Teachers' Pension Scheme and the terms of the settlement, I hereby elect to purchase:

- a) none of my eligible part time service [please tick if appropriate]
- b) all of my eligible part time service [please tick if appropriate]
- c) part of my eligible part time service [please enter number of complete years you wish to purchase]

.....whole years

I wish to make the payments by:

- a) a one off lump sum payment [please tick if appropriate and attach a cheque for the sum due made payable to **(name of payee)**]
- b) part by a lump sum payment of (**£amount**) [please attach a cheque for the relevant sum made payable to **(name of payee)**] with the balance being deducted from my benefits when they become payable [please tick if appropriate]
- c) by deduction from my benefits when they become [please tick if appropriate]
- d) I wish my part-time service since 1May 1995 to be pensionable under the terms of the Teachers Pensions Regulations 1995

Yes <input type="checkbox"/> No <input type="checkbox"/>

I acknowledge that:

- This completed option form represents a one off, once and for all, decision on my part;
- I agree to the terms of the settlement;
- In making any option to purchase a period of service I am entering into a contractual commitment to pay the required pension contributions and it will not be possible, at some later stage, to withdraw from that commitment; and
- If I have decided not to purchase any of my eligible part time service I will not be able to subsequently opt to purchase the service. Similarly, if I have opted to purchase only part of my eligible part time service I will not be able to subsequently opt to purchase a further part of my service.
- I authorise for deductions to be made from my retirement lump sum, death grant and monthly pension payments, as the case may be, in accordance with the terms of this agreement.
- I agree to withdraw my claim or claims brought in the Employment Tribunal or in any other forum relating to admission to the Teachers' Pension Scheme.
- I confirm that I have returned Form 2 to the relevant address shown on that Form.

If I have opted to purchase some or all of my eligible part time service I attach the completed Form 64-8.

If I have opted to purchase some or all of my eligible part time service, I confirm that:
Please tick as appropriate

- a) I WAS NOT a member of a contracted out personal pension scheme during a part or all of that period; OR
- b) I WAS a member of a contracted out personal pension scheme with.....(name of policy provider) during a part or all of that period and the Appropriate Scheme Contracted Out Number referred to in the policy/scheme documents was A_____ (please enter the ASCON number from the Pension Policy document).

SignedDate

Upon completion, please return this form to [Institute name and address]

.....

.....

**Standard Offer Letter to
Pensioner Scheme Members**

[Name
and
Address
Of Applicant]

[Date]
[My ref]
[Your ref]

Dear [Applicant,]

**Teachers' Pension Scheme (TPS)
Backdating of Part Time Membership – Pensioner Scheme Members**

Thank you for your claim to backdate membership in respect of part time service.

I am pleased to inform you that [name of employer] has accepted your claim for service between [dd/mm/yy] and [dd/mm/yy] to count for pension purposes upon payment of the relevant pension contributions. A total of * years and* days.

If a part-time election has not previously been completed by you and accepted by Teachers' Pensions, then any part-time service after 1 May 1995 can be pensionable if you so wish by ticking the appropriate box on Form 1. However, any such service will be pensionable under the terms of the Teachers' Pensions Regulations 1997 and contributions will be collected by Teachers' Pensions accordingly (the information contained in this guidance document cannot be applied to an election for part-time service after 1 May 1995)."

How much service can I purchase?

You can purchase all of the service shown above or, if the period is greater than one year, you can if you wish purchase part of the service. If you wish to purchase only part of the service the amount you purchase must be a complete number of years.

Therefore, for example, if you only have 183 calendar days of eligible part time service you can purchase all of that service, or none of the service. If you have 3 years 200 days eligible part time service you can purchase all of that service or 1, 2 or 3 complete years (but not, for example, 3 years 50 days).

How much will it cost me to purchase the service?

The cost of purchasing all of your eligible part time service is [£amount].

If you only wish to purchase part of your eligible part time service, the cost is **[£amount]** for each calendar year you wish to purchase.

How have the amount of contributions been calculated?

The contributions have been calculated based on (either, actual salary or) the notional salary rates, as agreed between the Employer Associations and Trade Union representatives.

What benefits will I receive in return for the contributions?

Benefits under the Teachers' Pension Scheme are based on a person's length of membership of the scheme and, usually, the final years full time equivalent salary. Thus, for each calendar year of your part time service that you decide to purchase, *based on the salary used in the model settlement* the benefits under the TPS would be increased by:

Annual Pension	*[£amount]
Plus Lump Sum	*[£amount]

Please note that if your benefits were drawn early with an actuarial reduction, the above figures take the reduction into account.

Spouse's pension	*[£amount]
------------------	-------------------

If you purchased all of your relevant part time service the benefits would be increased by:

Annual Pension	*[£amount]
Plus Lump Sum	*[£amount]

Please note that if your benefits were drawn early with an actuarial reduction, the above figures take the reduction into account.

Spouse's pension	*[£amount]
------------------	-------------------

Previous part-time elections.

If you have not previously completed a part-time election which has been accepted by Teachers' Pensions, then any part-time service after 1 May 1995.

By when must I make a decision?

You must confirm your decision on the attached Form 1 by no later than 6 months from the date of this letter by [date of return] and return it to the address shown on the form.

Whether you decide to purchase all, some or none of your service you must also complete the enclosed "Withdrawal of Employment Tribunal Application" (Form 2) and send it to the relevant address shown on that form.

This is because by agreeing to accept the terms of the offer, your claim with the Employment Tribunal will become settled and can be withdrawn. The same is true if

you decide to decline the offer. Again this matter will be considered settled and the claim can be withdrawn.

Failure to respond within the 6 months timescale will mean that we will be able to ask the Employment Tribunal to “strike out” your claim.

Before making a final decision on whether or not to purchase any or all of the service outlined in this letter, you are strongly advised to consider any implications there might be in respect of National Insurance Contributions (NIC) and the State Earnings Related Pension Scheme (SERPS), both of which are discussed later in this letter.

If you do decide to purchase some or all of your service you should, as well as completing Forms 1 and 2, also complete and return Form 64-8, a copy of which is enclosed. Completion of this form authorises the Inland Revenue to give us a breakdown of any National Insurance Contributions (NIC) refund that you may be eligible to receive and will enable us to calculate and pay you interest on the NIC refund that you receive (see the ‘General Information’ section at the end of this letter).

PLEASE NOTE:

- any decision you make will be a one off, once and for all, decision;
- in opting to purchase a period of service you will be entering into a contractual commitment to pay the required pension contributions. It will not be possible, at some later stage, to withdraw from that commitment; and
- if you decide to purchase none of your service you will not be able to subsequently alter your decision and opt to purchase service. Similarly, if you opt to purchase part of your service you will not subsequently be able to opt to purchase a further part of your service.

What will happen after I have completed the forms mentioned above?

If you decide not to purchase any of your eligible part-time service, you will have to complete the “Withdrawal of Employment Tribunal Application” and complete and return a completed Form 1.

When your completed “Withdrawal of Employment Tribunal Application” is received by the Employment Tribunal, your claim will be withdrawn and the case will be closed.

If you decide to purchase some or all of your eligible part time service, your TPS benefits will be recalculated. The additional benefits due, less the amount of contributions you owe, will be paid to you.

If the additional lump sum due to you is less than the contributions due from you, the outstanding contributions will be recovered from the additional monthly pension due to you, as a result of your purchase of the retrospective access.

Form 2 is simply to notify the Tribunal that your claim has been brought to a satisfactory conclusion and allows the Tribunal to complete its paperwork.

If you opt to purchase some or all of your eligible part time service we will arrange for the Inland Revenue to pay any NIC refund which may be due to you and we will calculate and pay you interest on the refund (provided you have completed and returned to us Form 64-8).

Are there any other matters I should take into consideration?

When considering whether or not to backdate membership of the TPS you will need to compare the cost to you of doing so and the TPS benefits that you will get in return, against the amount of the NIC refund that may be due to you (if any) and the effect this will have on your State Earnings Related Pension Scheme (SERPS) benefits.

This and other matters, which you may wish to consider, are detailed below. Some, all or none of these may be applicable in your particular case:

Potential drawbacks of backdating membership of the TPS

Backdating membership of the TPS could impact on means tested benefits that a person may be entitled to from the State for example the Minimum Income Guarantee or Pension Credit and from other sources for example council rent and council tax rebates.

A person already drawing a TPS pension who has become re-employed by an employer offering membership of the TPS could find that the increase in their TPS pension resulting from the buy-back of previous part time service could be abated in full or in part during the period of re-employment, depending on the overall level of income and the abatement policy operated by the scheme. If this applies to you, please contact Teachers Pensions for further information.

General information

You may have overpaid NIC for any period of service in respect of which you opt to pay backdated pension contributions and in respect of which you paid full not contracted-out rate NIC, in which case your National Insurance record will need to be adjusted.

This could mean that you may be eligible for a refund of the overpaid NIC (plus interest) which could reduce the pension payable from the State Earnings Related Pension Scheme (SERPS).

No refund of NIC will be due in respect of any period during which you did not pay any NIC (due to the level of your earnings) or for any period during which you held a married woman's or widow's reduced rate election.

If you are already over State Pension Age and you are receiving the additional state pension (SERPS) and you opt to backdate membership of the TPS, the SERPS benefit you are receiving may have been overpaid.

Any refund of NIC you may be entitled to will be reduced by the amount of any overpaid SERPS pension. You will not, however, be asked to repay any remaining SERPS overpayment.

Before electing to pay contributions to backdate membership of the TPS it is strongly recommended that you seek information from the Inland Revenue in respect of the amount of NIC refund you may be eligible to receive and from the Department for Work and Pensions about the effect this may have on your SERPS benefits.

You will need to take these into account and consider the likely benefits from the TPS if you pay contributions to backdate membership of the TPS, before deciding whether or not to elect to backdate membership of the TPS.

To obtain details of any refund of NIC you may be due you should write quoting your name and address, your NI Number, the start and end date of the period for which you wish to backdate membership of the TPS, and the reference "PRESTON" to :

Inland Revenue
National Insurance Contributions Office
Benton Park View
Newcastle upon Tyne, NE98 1ZZ.

To obtain details of the effect on your SERPS benefits you should contact the Pensions Information Order line on 08457 313233 and ask for leaflet BMO1, Backdating membership of an occupational pension scheme: what this might mean for you.

We make no representation that an individual will be better off being in the TPS rather than in SERPS, or vice versa.

If you do decide to backdate membership of the TPS, please complete and return the enclosed Form 64-8. This authorises the Inland Revenue to give us a breakdown of any NIC refund that you may be eligible to receive and will enable us to calculate and pay you interest on the NIC refund that you receive. Please note that for the purposes of Form 64-8 your "agent" is the employer dealing with your claim for backdated membership of the Teachers' Pension Scheme.

You should note that claims for a refund of NIC contributions can take some time to be processed.

Additional Voluntary Contributions (AVCs)

If you have already paid Additional Voluntary Contributions or you have already purchased added years to make up for a period when you were excluded from the Scheme, you cannot use the AVCs or added years contributions to offset the cost of 'buying back' your part-time service;

Personal Pension Schemes

The Department for Work and Pensions (DWP) leaflet BMO1 *Backdating membership of an occupational pension scheme: what this might mean for you* says that up to April 2001, in most circumstances, Inland Revenue rules did not permit people to be a member of an occupational and personal pension scheme at the same time.

However, the Inland Revenue has advised that there is no need to unscramble personal pensions as they will have been validly entered into at the time. The Inland Revenue will

nonetheless seek to recover from a contracted-out personal pension any overpaid NI minimum contribution paid to the personal pension scheme (which will reduce the size of the personal pension pot).

Also, if a person is already in receipt of an annuity (a pension) from the proceeds of that contracted-out personal pension pot, the Inland Revenue may seek to recover the NI minimum contributions directly from the individual person.

If you were a member of a contracted-out personal pension scheme during any of the period you wish to buy back membership of the Teachers' Pension Scheme please provide the relevant details requested on Form 1.

Before making a decision on how you may wish to proceed you are strongly advised to seek advice from your solicitor, your union or independent financial adviser.

Yours sincerely

[Title of signatory]

Form 1 Pensioner Scheme Members

Election Form to Backdate Membership of the Teachers' Pension Scheme (TPS) in cases where a claim has been lodged with an Employment Tribunal

THIS IS A LEGALLY BINDING AGREEMENT TO COMPROMISE YOUR CLAIM IN THE ET MADE BETWEEN THE PARTIES TO THAT CLAIM.

Forenames

Surname Title: Mr/Mrs/Miss/Ms/Other

Date of Birth

NI Number

Home address

.....

DfES Pensions reference number

Having considered the relevant merits of backdating membership of the Teachers' Pension Scheme and the terms of the settlement, I hereby elect to purchase:

- a) none of my eligible part time service [please tick if appropriate]
- b) all of my eligible part time service [please tick if appropriate]
- c) part of my eligible part time service [please enter number of complete years you wish to purchase]
- d) I wish my part-time service since 1 May 1995 to be pensionable under the terms of the Teachers' Pensions Regulations 1997

.....whole years
Yes <input type="checkbox"/> No <input type="checkbox"/>

I authorise the deduction of the contributions due from the additional benefits due to me under the TPS i.e. by deduction from the additional retirement lump sum and, if the amount of contributions due exceeds the additional lump sum, by recovering the balance from the additional pension due to me, in accordance with the terms of this agreement.

I acknowledge that:

- this completed option form represents a one off, once and for all, decision on my part;
- I agree to the terms of the settlement;
- in making any option to purchase a period of service I am entering into a contractual commitment to pay the required pension contributions and it will not be possible, at some later stage, to withdraw from that commitment; and

- if I have decided not to purchase any of my eligible part time service I will not be able to subsequently opt to purchase the service. Similarly, if I have opted to purchase only part of my eligible part time service I will not be able to subsequently opt to purchase a further part of my service.

I confirm that I have returned Form 2 to the relevant address shown on that Form.

If I have opted to purchase some or all of my eligible part time service I attach the completed Form 64-8.

If I have opted to purchase some or all of my eligible part time service, I confirm that:

Please tick as appropriate

- a) I WAS NOT a member of a contracted out personal pension Scheme during a part or all of that period; OR
- b) I WAS a member of a contracted out personal pension scheme with.....(name of policy provider) during a part or all of that period and the Appropriate Scheme Contracted Out Number referred to in the policy/scheme Documents was A_____ (please enter the ASCON if you have this information available).

SignedDate

Upon completion, please return this form to [the Institute/employer].....

.....

.....

FORM 2 – WITHDRAWAL OF EMPLOYMENT TRIBUNAL APPLICATION
TO BE SENT TO ALL APPLICANTS

APPLICANT'S FULL NAME (please include all surnames used since 1994)

--

APPLICANT'S EMPLOYMENT TRIBUNAL CASE NUMBER

--

APPLICANT'S DATE OF BIRTH

--

NAMED RESPONDENT

--

I wish to withdraw my application to the Employment Tribunal.

APPLICANT'S
SIGNATURE_____ **DATE**_____

The applicant should sign the form above and return it to one of the addresses shown overleaf.

ADDRESSES TO RETURN THIS FORM TO

If you are represented by one of the following unions, please sign and return this form to the address shown, marking your envelope “Part Time Pension: Tribunal Case Withdrawal”

ATL 7 Northumberland Street, London, WC2N 5RD

NAHT 1 Heath Square, Boltro Road, Haywards Heath, West Sussex, RH16 1BL

NASUWT c/o Reynolds Porter Chamberlain, 278-282 High Holborn, London WC1V 7HA

NUT Hamilton House, Mabledon Place, London, WC1H 9BD

PAT No 2 St James’ Court, Friar Gate, Derby, DE1 1BT

SHA 21 Monmouth Drive, Sutton Coldfield, West Midlands, B73 6JQ

If you are not represented by one of the unions named above please sign and return this form to the address below, marking your envelope “Part Time Pension : Tribunal Case Withdrawal”

Clayton Hayward, National Pensions Coordinator, ETS, 3rd Floor, Byron House, 2a Maid Marian Way, Nottingham, NG1

TO BE SENT TO ALL APPLICANTS

**GUIDANCE NOTES FOR COMPLETION OF FORM 2
WITHDRAWAL OF EMPLOYMENT TRIBUNAL APPLICATION**

This form is to be completed by the applicant stating that they wish to withdraw their case. The case number, full name and signature are essential. The applicant's date of birth would also be useful.

Where an applicant is unrepresented, they should send the completed withdrawal form to the National Co-ordinator, Employment Tribunal Service (currently Clayton Hayward) who will forward it to the local ET office for a withdrawal letter to be issued and the file closed. (Where an applicant is represented, withdrawals will be actioned by the National Co-ordinator personally).

Applicants represented by a union are to return the signed form to their union.

Unions will collate their members' withdrawal forms and send monthly schedules to the National Coordinator instructing him to withdraw all cases listed in the schedule.

Cases will be disposed of by the tribunal issuing a letter confirming that the cases have been withdrawn and the files closed. "Dismissed on Withdrawal" decisions will not be issued.

The named respondent on the withdrawal letter will be The Secretary of State for Education & Others to avoid the complication of adding all named respondents

Unions will inform their members that their ET case has been withdrawn upon receipt of the withdrawal letter from the tribunal

The tribunal will copy withdrawal letters to Treasury Solicitor/Office of the Solicitor who will notify the employing respondents of the withdrawal

Copy of withdrawal letters issued by the National Co-ordinator will be sent to each tribunal office to enable them to close local records.

TO BE SENT TO ALL APPLICANTS

INLAND REVENUE FORM 64-8

<http://www.inlandrevenue.gov.uk/pdfs/64-8.pdf>

Estimate of Retirement Benefits

This facility is accessible via the Teachers' Pensions website at www.teacherspensions.co.uk. It enables the customer to perform an approximate calculation of their retirement benefits. It can be utilised any number of times and allows the user to enter any combination of service and salary details from which to obtain an approximate estimate of retirement benefits.

Access to Function

Choose the option ' Teachers' Guide ' by clicking on the relevant button located on the left hand side of the ' Welcome ' page, then click on the Pension and lump sum ready reckoner 'button at the head of the next page.

Information Required to Access Your Estimate

Upon accessing the site you may care to enter an approximate amount in the average salary box. You do not need to enter a pound sign the salary can be a string of numbers Le. 30000. This might be your gross annual salary and the amount of service you have undertaken or, the amount of service you may have completed by retirement. It can also be full years only, or a combination of years and days.

It is suggested that you use this particular function if you wish to perform multiple calculations to enable you to reach a decision on the date from which you may decide to retire.

Calculator Disclaimer

You should also be aware that the result quoted will be calculated using information you have provided and should be used for estimate purposes only. Whilst every care has been taken to provide a facility which will make accurate calculations based on the information you input, Teachers' Pensions will not be held responsible for any discrepancies between the figures calculated here and those which actually become payable.

NB. If you want a more accurate estimate and are aged between 50 and 59 inclusive, currently employed in pensionable employment and have not previously had an award of pension benefits you may choose the alternative option " On-line Estimate of Retirement Benefits " located on the Welcome Page. You will be guided through the registration process on choosing this option.

Sample Tax Certificate to be issued to those current employees who make a lump sum payment by cheque to purchase part time service. The employee can then pass the certificate on to the Inspector of Taxes to claim any tax relief due.

To: H. M. Inspector of Taxes

Re:

Name of employee:

Home address:.....

NI Number:.....

Payroll

Reference Number:.....

Employer

tax reference:

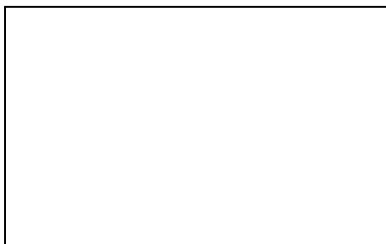
I certify that on the above named paid a lump sum cheque of £ to in respect of pension contributions due to the Teachers' Pension Scheme. The Teachers' Pension Scheme is an exempt approved statutory scheme. The payment by lump sum cheque represented the pension contributions payable in order to purchase a period of part time service for pension purposes following the House of Lords decision in Preston & Others v Wolverhampton Healthcare NHS Trust & Others. As the payment has been made by cheque, the tax relief due under section 592 of the Income and Corporation Taxes Act 1988 has not been given under the PAYE system.

Signed

Designation

Date

Official stamp:



Background to National Insurance Contributions (NIC)

- 1. When an individual joins an occupational or private pension scheme they usually “contract-out” of the State Earnings Related Pension Scheme (SERPS) and the NIC that would have been paid to SERPS are diverted to the occupational or private pension scheme.*
- 2. Therefore individuals who were denied access to TPS and did not make contributions to a personal pension scheme would have been “contracted-into” SERPS.*
- 3. Employers of individuals “contracted-into” will also have made a NIC payment into SERPS, in respect of the individual.*
- 4. Therefore the NIC rate will have to be adjusted from contracted-in to contracted-out for any period of retrospective membership of the TPS that is purchased retrospectively.*
- 5. Accordingly, any such adjustment will result in a refund of NIC to the employer and to the employee (assuming they earned enough, in the relevant period, to pay NIC and did not hold a married woman’s / widow’s election).*
- 6. National Insurance legislation only provides for payment of interest on Employer refunds from 1993. Inland Revenue does not have the power to pay interest to employee refunds.*
- 7. As Applicants need to be reinstated, as far as NIC are concerned, into the position they would have been had they not been excluded from TPS, it is the educational authority/ies responsibility to compensate the individual for the interest on the employee NIC refund.*
- 8. It has been agreed that this should be credited from the employer NIC refund, plus the interest payable on such refund.*
- 9. It will therefore be the educational authority/ies responsibility to calculate and pay the interest on any NI refund due to the individual.*
- 10. The Inland Revenue will pay to the institution a refund of employer contributions (A) and interest on those employer contributions (B).*
- 11. Inland Revenue will also pay a refund of employee contributions (C) to the employee.*
- 12. Inland Revenue will normally pay any employee refund direct to the employee. If however the individual wishes the refund to be forwarded to the institution, then the Applicant will have to prepare a letter for Inland Revenue, requesting that their refund is paid directly to that institution.*
- 13. The NICRC spreadsheet will be updated monthly (by GAD) to take account any changes in the interest factors. Educational authority/ies will, therefore, need to*

ensure they use the most up-to-date version of the NICRC spreadsheet when calculating the interest due to the individual.

- 14. In addition, the individual must complete Inland Revenue Form 64-8, which authorises Inland Revenue to provide employee refund information direct to RC.*
- 15. This will enable the institution to calculate any interest due to the individual as described below.*
- 16. A sample Inland Revenue Form 64-8 is at Page 41 of the Appendices Pack. Further copies of the form are available from www.inlandrevenue.gov.uk/pdfs/64-8.pdf*
- 17. To compensate for lack of interest on the employee refund, an interest figure (D) must be calculated and paid to the individual by the institution (funded from (A + B) based on the refund (C)*
- 18. The Government Actuary's Department (GAD) has devised a spreadsheet for calculating Applicant interest (NIC Refund Calculator (NICRC)), based on the annual employee refund and the month of calculation, both of which will be provided by NICO.*
- 19. The NICRC spreadsheet for use in calculating the interest due on the employee's NIC refund is available http://www.hm-treasury.gov.uk/documents/taxation_work_and_welfare/public_service_pensions/tax_pensions_preston.cfm*
- 19. The figure (C) is inserted into the latest version of the NIVRC spreadsheet, together with the month of calculation, to produce a figure (D), which is due to the Applicant.*
- 21. Once the institution has calculated and paid the interest (D) due to the employee from (A + B), the remainder (A + B – D) should be forward to TPS.*
- 22. This sum will be used towards the employer pension contribution for the individual.*
- 23. Individual will need to obtain information in respect of the refund of NIC they may be entitled to from:*

*Inland Revenue,
National Insurance Contributions Office,
Benton Park View,
Newcastle upon Tyne, NE98 1ZZ*

- 24. The request must be in writing and provide the following information:*

*Name and address,
NI Number,
Start and end date of the period of retrospective access,
Marked "PRESTON"*

25. *Applicants will also need to obtain information in respect of the effects any refund of NI contributions will have on SERRPS, so they may compare this with the likely benefits from retrospective access to TPS.*
26. This information is available from The Pensions Information Order line on 08457 313233 - leaflet BMO1, “Backdating membership of an occupational pension scheme: what this might mean for you”.

Information on Personal Pensions and Retrospective access to Teachers Pension.

1. *As well as the basic state pension, employees can get an additional pension from the state, which is earnings-related.*
2. *This additional pension was commonly known as SERPS (State Earnings-Related Pension Scheme) before 6 April 2002, but was replaced from that date by the State Second Pension. An individual's right to SERPS or State Second Pension is not dependent on their right to a basic state pension.*
3. *The amount of additional pension an individual will be entitled to is based on the amount and type of earnings on which National Insurance contributions have been paid, since 6 April 1978, and, from 6 April 2002, on the lower earnings threshold.*
4. *Since April 1987, individuals have been able to use a personal pension scheme (or, from April 2001, a stakeholder pension scheme) to contract out of SERPS or the State Second Pension. This means that part of the National Insurance contributions is directed into the personal or stakeholder pension scheme, which will then provide a replacement for SERPS or the State Second Pension.*
5. *Most of the schemes which are authorised to do this are called Appropriate Personal Pension schemes (APP).*
6. *It is possible that some individuals who fit into the "cases like to succeed" category will have paid into a personal pension scheme for part or all of the period that they are seeking retroactive membership of the TPS.*
7. *There are like to be three categories of individuals who have purchases personal pensions.*
 - a) *Individuals who paid into a personal pension scheme, at a time when they were eligible for membership of the TPS and who have, as a result of the Securities and Investment Board review of mis-sold personal pensions, subsequently been reinstated in the TPS for part or all of the period of their claim;*
 - b. *Individuals who paid into a personal pension scheme and still hold the personal pension policy (i.e. the person has not transferred the value of the personal pension scheme into the TPS);*
 - c. *Individuals who paid into a personal pension and have transferred the value of that personal pension into the TPS as a normal transfer i.e. not as a mis-sold personal pension reinstatement.*
8. *Advice on each of these categories is given below.*

Category (a)

An institution should not accept that part of a claim for retroactive membership of the TPS, which relates to a period that has already been reinstated within the TPS, following the Securities and Investment Board (SIB) review of mis-sold personal pensions. This is because the effect of the reinstatement is to put the Applicant back in the position they would have been in, had they not been mis-sold the personal pension but had, instead, been in the TPS. The institution should check with Teachers' Pensions whether any part of the period claimed by the applicant has already been reinstated in the TPS under the SIB review. If so, that part of the individual's claim should not be accepted.

Category (b)

Where an Applicant contributed to a personal pension scheme during part or all of the period s/he is seeking retroactive membership of the TPS and still holds the personal pension policy (i.e. the person has not transferred the value of the personal pension scheme into the TPS), the institution should ignore the fact that the individual had contributed to the personal pension scheme when deciding what, if any, period of the part-time claim to accept.

This is because the Inland Revenue has advised that there is no need to unscramble personal pensions as they will have been validly entered into at the time. The Inland Revenue will, nonetheless, seek to recover from a contracted-out personal pension any overpaid NI minimum contribution paid to the personal pension scheme in respect of any period for which the person also backdates membership of the TPS. Also, if a person is already in receipt of an annuity (a pension) from the proceeds of that contracted-out personal pension, the Inland Revenue may seek to recover the NI minimum contributions directly from the individual person in respect of any period for which the member backdates membership of the TPS.

Category (c)

Where an individual contributed to a personal pension scheme during part or all of the period s/he is seeking retroactive membership of the TPS and has transferred the value of that personal pension into the TPS as a normal transfer (i.e. not as a mis-sold personal pension reinstatement), the institution can (when deciding what, if any, period of the part-time claim to accept) ignore the fact that the person had contributed to the personal pension scheme and that this has already purchased membership in the TPS.

This is because the Inland Revenue has advised that there is no need to unscramble personal pensions as they will have been validly entered into at the time. The Inland Revenue will, nonetheless, initially seek to recover from the TPS any overpaid NI minimum contribution included in the transfer value paid from the personal pension scheme to the TPS (i.e. in respect of any period for which the person also backdates membership of the TPS). Teachers' Pensions will already have notified the person of the period of membership the transfer value has purchased in the TPS and has no power to repay the overpaid NI minimum contributions.

Upon failing to obtain a repayment from the TPS, it is understood the Inland Revenue will automatically debit the relevant sum from the total NI minimum contributions that they next pay over to that particular personal pension provider. The relevant personal pension provider will, undoubtedly, seek recompense from the TPS but will meet with the same response i.e. that Teachers' Pensions has no power to repay the amount requested by the personal pension provider.

9. *Whether or not an individual who opts for reinstatement into TPS can continue paying into a personal pension will depend on whether:*
 - a) *they qualify under the concurrency criteria for the same employment (i.e. earn less than £30k) or*
 - b) *they have another source of earnings in respect of which personal pension payments can be made.*
10. *Inland Revenue opinion is that it is unlikely that individuals with personal pensions and retrospective membership of TPS would breach the maximum retained benefits limit.*
11. *However, the amount of additional pension an individual will be entitled to is based on the amount and type of earnings on which National Insurance contributions have been paid, since 6 April 1978, and, from 6 April 2002, on the lower earnings threshold.*

Since April 1987, individuals have been able to use a personal pension scheme (or, from April 2001, a stakeholder pension scheme) to contract out of SERPS or the State Second Pension. This means that part of the National Insurance contributions is directed into the personal or stakeholder pension scheme, which will then provide a replacement for SERPS or the State Second Pension.

Most of the schemes which are authorised to do this are called Appropriate Personal Pension schemes (APP), or Appropriate Personal Pension Stakeholder Pension schemes (APPSHP).

In cases where payments can no longer be made, these personal pensions would be treated as paid up and frozen until the pension comes into payment under the normal rules for personal pensions.

Reinstatement of Part Time Service Following the Preston Ruling			
Calculation of Member's Interest on NI Rebate			
Inputs			
Name		A. Testcase	
Present month (mm/yyyy)		05/2004	
Year	Interest factor	Rebate	
1978/79	401.6%		
1979/80	362.0%		
1980/81	320.6%		
1981/82	283.3%		
1982/83	249.7%		
1983/84	224.8%		
1984/85	200.5%		
1985/86	176.9%		
1986/87	156.8%		
1987/88	138.2%		
1988/89	122.2%		
1989/90	106.8%		
1990/91	91.0%		
1991/92	75.4%		
1992/93	62.3%		
1993/94	53.4%		
1994/95	45.4%		
Output	Total Interest (D)	£0.00	

Schedule for applying for refunds

NAME OF EMPLOYER	
CONTRACTED OUT NUMBER	
PAYE REFERENCE	

LAST NAME	FIRST NAMES	NI NO	DOB	LATEST ADDRESS	START OF REIN-STATEMENT	END OF REIN-STATEMENT	PRIVATE PENSION START	PRIVATE PENSION END	PRIVATE PENSION NUMBER

GAD Model