



Flexibilities

November 2023

Introduction

The Teachers' Pension Scheme offers a range of flexibilities for members to increase their pension. In order to apply and pay for a flexibility option you'll need to be in active pensionable service. If you require more information about our flexibilities please take a look at our [factsheets](#) on the different flexible options.

Please note that the amount of extra pension you can purchase in the Teachers' Pension Scheme is subject to a maximum amount. See the [Updates section of our website](#) for the current maximum.

Additional Pension

Additional pension can be bought in multiples of £250, although please note it does cost more than this to provide for an additional annual pension of £250. There are two easy ways of doing this:

- Have deductions made from your salary.
- Pay a one-off lump sum.

The maximum payment period is 20 years and must be completed before your Normal Pension Age, but be aware that payments will be reviewed after each Scheme valuation. That means contributions may increase or decrease depending upon the outcome of the valuation. Additional Pension will be re-valued by figures provided by HM Treasury. It does not attract the in-service indexation that Faster Accrual benefits receive.

Additional pension will be revalued at a lower rate than your standard benefits. It's important that you check that the correct amount is being deducted.

Faster Accrual

The career average scheme is based on a standard rate of pension accrual of 1/57th of your pensionable earnings each year you're in pensionable service. Faster Accrual gives you the opportunity to pay higher contributions to increase your pension for a particular scheme year (1 April to 31 March). An election for Faster Accrual must be made before the start of the Scheme year in April and it only applies for one year. A new election needs to be made every Scheme year and each election starts on 1 April and ends on the following 31 March.

If you're taking up a new employment mid-year you can make an election to cover the remainder of that year for that employment, but you must make an election within one month of taking up your new post. If you change jobs then your Faster Accrual election for the employment you've left ends at that point; you'll need to take out a new election within a month of joining your new employer.

With a Faster Accrual election you can make a higher level of contributions in return for an accrual rate of 1/55th, 1/50th or 1/45th. The larger the rate of accrual the higher the contributions - so you'll pay the most for an accrual rate of 1/45th. It's important that you check that the correct amount is being deducted from you salary and if you identify a mistake you must contact your employer immediately.

Example of how Faster Accrual works

You're a member who has earnings between 1 April 2015 and 31 March 2016 at £30,000.

In the first year you're in career average and if you do nothing, you'll earn a pension for that year of:
 $£30,000 \times 1/57 = £526.31$.

To build up a higher pension you could elect to pay for Faster Accrual and select from the range of accrual rates available. The table below shows the amount of pension you would build up in a single year if you selected to pay additional contributions to earn a Faster Accrual rate, compared to the standard rate of 1/57th.

Accrual Rate	Pension for that year	Difference to the standard rate
1/57th (standard)	£526.31	0
1/55	£545.45	£19.14
1/50	£600.00	£73.69
1/45	£666.67	£140.36

Buy Out

If you plan to retire before your Normal Pension Age (NPA) and take Early Retirement your benefits will be reduced for each year that they are taken before your NPA.

In career average you'll be able to buy out that actuarial adjustment for up to three years, depending on the number of years between 65 and your career average NPA. You'll pay higher contributions subject to an overall flexibilities limit ([which you can find on our website](#)).

For example if your new NPA is 66 you'll be able to buy out 1 year's actuarial adjustment, but if your new NPA is 67 you'll be able to buy out two years and if your NPA is 68 you'll be able to buy out three years.

You only have one opportunity to buy out this reduction and your election must be made within six months of first entering career average.

Contributions towards this option will last throughout your career, so you need to appreciate that this is a long term commitment.

You also need to be aware that the rates you'll have to pay will change throughout your career. If you die while purchasing Buy Out, any benefits paid to your family will not be affected, nor will any Buy Out contributions be refunded. If you continue to work until your NPA or retire on ill-health grounds, your benefits will not be adjusted nor will your Buy Out contributions be refunded.

Where there is any difference between the legislation governing the Teachers' Pension Scheme and the information in this factsheet the legislation will apply.

How do I take out an Additional Voluntary Contribution (AVC)?

The Department for Education have an agreement with Prudential to provide a Teachers' Additional Voluntary Contribution scheme, but you can use other providers.

For more information about the Prudential contact:

Teachers' AVC Department

Prudential

Craig Forth

Stirling

FK9 4UE

Telephone: 0845 0700 007

Website: www.mandg.com/pru/workplace-pensions/employees/public-sector-avc-schemes/teachers-avc-scheme

Before making any decision about whether to participate in the flexibilities that the Scheme offers, you should obtain independent financial advice for your individual circumstances. This could be especially important if you're likely to exceed your Annual Allowance.