

Teachers' Pre Retirement Factsheet

This factsheet is designed for the Scottish Teachers' Superannuation Scheme (STSS) and the Scottish Teachers' Pension Scheme 2015 (Teachers' 2015 Scheme), and should be read in conjunction with the appropriate Scheme Member Guide.

Depending on your circumstances, deciding what is best for you when you retire can be complex. This factsheet is intended to highlight a number of points to consider before making your application. Applications can take up to four months to process and you should make sure to send in your application in plenty of time. To reduce potential delays you should consider issues such as lump sum choice and taxation, before submitting your retirement application form.

You can obtain a copy of the [Scottish Teachers' Retirement Application form \(TEACH:RET\)](#) on our website www.sppa.gov.uk. Please take time to read the guidance notes attached to the form. Once you have completed your part, please forward this to your employer to allow them to complete your pensionable pay details and other information required. Your employer will forward your completed application directly to us.

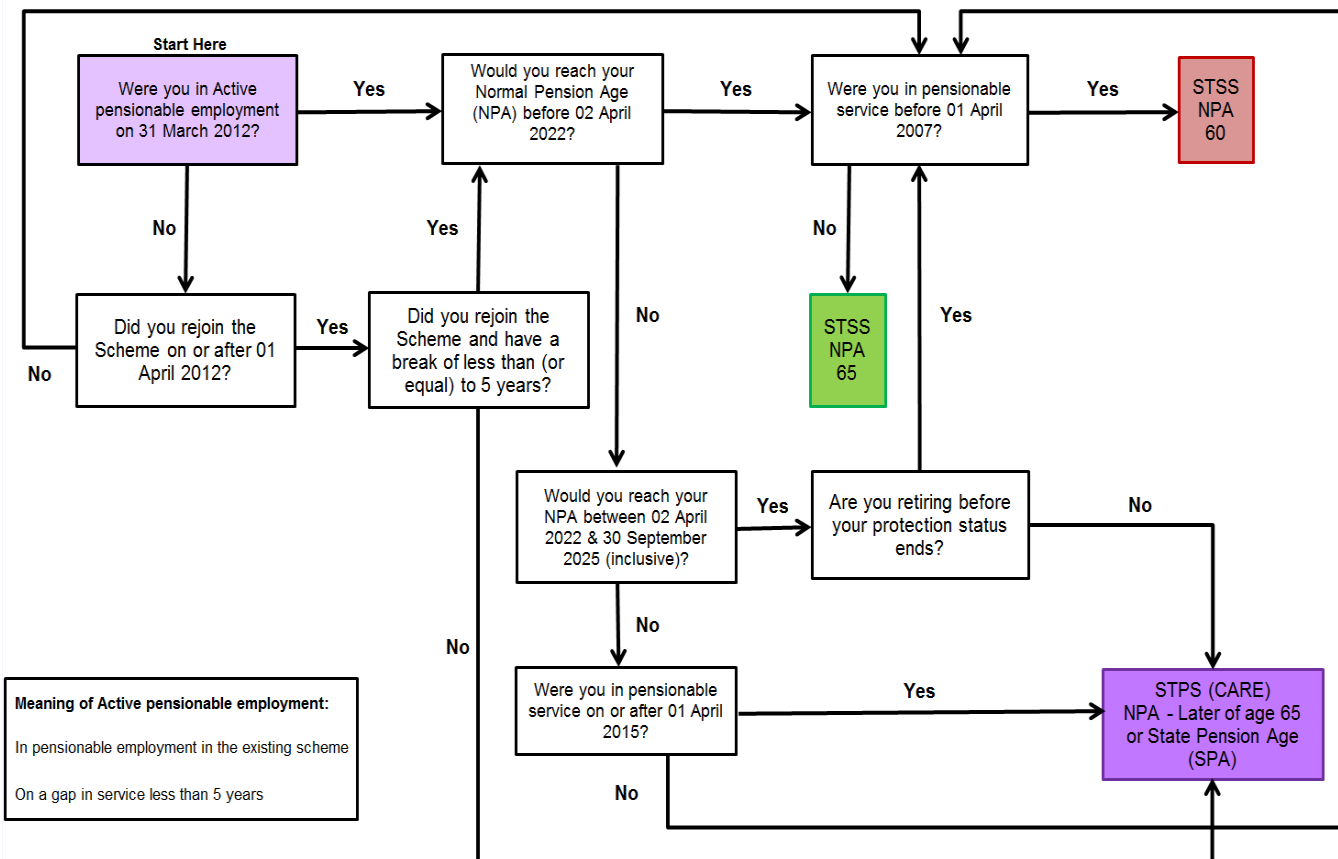
If you are no longer a member of the scheme and have preserved benefits, please supply us with a photocopy of your birth certificate when you send us the completed application.

Scheme membership

Which scheme you are a member of depends on when you joined the scheme and your age on 31 March 2012. The scheme flowchart below will help you to identify which scheme you are a member of and your normal pension age (NPA).

Your NPA in the STSS depends on whether or not you were a member of the scheme before 01 April 2007. If you were in pensionable employment before 01 April 2007 your NPA in the STSS is 60, if you joined the STSS on or after 01 April 2007 your NPA is 65.

When the Teachers' 2015 scheme was introduced on 01 April 2015, members who were less than 13 years and 6 months from their NPA in the STSS received some form of protection.



Full Protection

If on 31 March 2012, you were classed as an active member (in pensionable employment or on a gap in service not exceeding 5 years) and you would reach your NPA before 02 April 2022 (within 10 years), you will not join the Teacher's 2015 Scheme and will remain in the STSS. This is known as full protection and you will retain your NPA of 60 or 65.

Tapered Protection

If on 31 March 2012, you were classed as an active member and would reach your NPA between 02 April 2022 and 30 September 2025 (inclusive), you will receive tapered protection and you will join the Teachers' 2015 Scheme at a later date. This date should have been communicated to you in a letter from SPPA. If you are retiring before your protection status ends you will retain your NPA in the STSS. If not, you will join the Teachers' 2015 scheme and your NPA will be the later of age 65 or your State Pension Age (SPA).

Type of retirement

You should be clear about what type of retirement is applicable to you before completing your application. The types of retirement available are:

Age retirement (AGE)

If you are an active member you can apply for benefits from your NPA.

Premature retirement (PRC)

If you are being retired prematurely because of redundancy or in the interests of organisational efficiency, you may be granted premature retirement benefits. You must, however, be aged over 55 and in pensionable employment. The payment of these benefits are solely at the discretion of your employer.

Actuarial Reduced Pension (ARP)

You can apply for an actuarially reduced pension and lump sum from age 55. You must have pensionable service or excluded employment on or after 01 July 2002 and qualify for retirement benefits.

Phased retirement

You can apply for Phased retirement if you are aged 55 or over and are prepared to reduce your pay by at least 20% for a period of at least 12 months and remain in at least one employment if you have more than one. You must leave at least 25% of your pension benefits remaining in the scheme.

Preserved member (no longer contributing to the scheme)

Age retirement (AGE)

Preserved members can claim their preserved benefits, providing that they are not in teaching employment in other parts of the UK at the time of their application. Preserved members who were in the scheme prior to 01 April 2007 can claim their preserved benefits from age 60, those who were in the scheme on or after 01 April 2007 can claim their preserved benefits from age 65. Preserved members who joined the scheme on or after 01 April 2015 can claim their preserved benefits from the later of age 65 or SPA.

Actuarial Reduced Pension (ARP)

Preserved members can apply for Actuarial Reduced benefits from age 55 if they were in service on or after 01 July 2002. Please note your nominated retirement date must be at least 6 weeks after your date of application.

Re-employed Teachers (not including those on Phased Retirement)

If you retired and then returned to work before 01 April 2012, you will remain under your previous scheme arrangements.

If you returned to work after retirement with more than a 5 year break in employment between 02 April 2012 and 31 March 2015, you will accrue mixed NPA 60 and NPA 65 benefits. If you had less than a 5 year break before becoming reemployed you will remain in your previous scheme. Any

benefits accrued on or after 01 April 2015 will fall under the Scottish Teacher's Pension Scheme 2015 (Teachers' 2015 Scheme).

If you return to work after retirement from 01 April 2015, you will automatically join the Teachers' 2015 Scheme where your NPA will be the later of age 65 or your SPA.

This does not apply to those on phased retirement as the contract is continuing.

If you took Ill Health retirement and become re-employed in an eligible employment as a teacher your ill health pension ceases to be payable unless you have reached your NPA.

Lump sum choice (commutation of pension)

You may choose to give up some of your pension to increase your lump sum or to generate a lump sum. The maximum lump sum you can take is 25% of the capital value of your pension fund, as determined by HMRC. The factor for converting your pension into lump sum is 1:12 therefore for each £1 of pension you give up, £12 will be added to your lump sum.

All members of the scheme who were in pensionable employment on or before 01 April 2007, have the option to elect to give up part of their pension to increase their tax free lump sum. Members who joined the scheme at any time on or after 01 April 2007 have the option to elect to give up some of their pension to generate a tax free lump sum (there is no automatic lump sum for these members).

The application TEACH:RET offers the opportunity to request further information on your lump sum choice prior to you making your election. To allow your retirement award to be processed on time, it is important that you have this election completed and returned to SPPA on time. Your benefits will not be paid until we are in receipt of this form.

Please note that should you subsequently change your lump sum choice election this will incur an administrative charge and this must be done before your benefits are put into payment. Details of the administrative charge can be found on our website www.sppa.gov.uk.

Your lump sum election cannot be revoked or changed once you are retired and receiving your benefits.

Winding Down Employment

If you are currently in Winding Down employment, each year of service under your part-time contract is counted as one full year for pension benefit calculation purposes.

You should note that the final pensionable salary, for benefit calculation purposes, will be the salary that you received in the 365 days prior to entering winding down employment, index-linked to the actual point of retirement.

This may not be the most beneficial, as the index linked winding down salary may not provide a pension equal to or better than a pension based on part-time service and an average of the best 3 out of the last 10 years' salary.

You may wish to request an estimate of benefits from SPPA to find out if your Winding down election is still more beneficial or if it may be in your best interests to revoke your Winding Down election prior to applying for retirement benefits. Please note you will not be able to revoke your election after your benefits have been calculated.

Taxation

There are restrictions that you may need to be aware of which may affect your benefits such as Annual Allowance, Lifetime Allowance and Recycling. See the Taxation factsheet for further information.

Additional Pension

If you elected to purchase additional pension and have not completed the contract at the time of your retirement you have two options. You can either receive the proportionate credit based on the payments already made or purchase the remainder of any outstanding additional pension by lump sum prior to retirement. See the Additional Pension factsheet for further information.

Returning to Teaching (Re-employment)

If you make a decision to return to teaching following retirement, you need to inform SPPA immediately so we can issue you with an earnings limit. This is the amount that you can earn before your pension is affected. By being aware of your earnings limit you can avoid any pension overpayments being made which you would need to pay back. If you retired on ARP grounds, you are not subject to an earnings limit.

Members entering re-employment must have a break of at least one working day, after retirement, before returning to work. It must be shown that there was a clear intention on the part of the member to retire. Failure to take at least a one day break will result in your pension being stopped. Your lump sum and any pension already paid will be recovered.

If you return to teaching you will automatically join the Teachers' 2015 Scheme and your NPA will be the later of age 65 or your SPA. If you decide to pay further contributions to the scheme and have completed one calendar year of re-employment, you are eligible to claim a second pension from your NPA, irrespective of the service accrued for that period.

If your re-employment ends before one calendar year, you will be awarded a short service annuity. This is calculated by your total contributions being divided by a Government Actuary's Department (GAD) factor based on your age. If you have paid contributions after 01 April 2015 this would be payable from your SPA or 65, whichever is later.

We will contact you on an annual basis with an updated earnings limit, for as long as we believe you to be re-employed. If your circumstances change within that time, please contact us.

Pension payments

Your payments will be made on the last banking day of each month and are paid directly into the bank account you nominate when completing your application form. Payment is made monthly, in arrears and you will receive 1/12th of the annual amount. However, the first payment will be a proportion of one month's payment if your pension starts part way through the month. If we are in

receipt of all the relevant information on time, lump sum payments (if applicable) will normally be paid into your nominated bank account within one month of your date of retirement.

You can nominate a bank account out with the UK.

Questions

Factsheets are designed to give a brief overview. They do not cover every aspect and further guidance can be obtained from the member and employer guides. Full details are contained in the rules of the scheme. If you are unclear about any aspect of this factsheet, you can get in touch with us through the Contact Us details on our website: www.sppa.gov.uk