

# Factsheet Teachers' Superannuation Order 2011

## Annual Benefit Statement

This Factsheet is to be read in conjunction with your Teachers' Superannuation Order 2011 (the "Scheme") Annual Benefit Statement and will provide you with additional information and answer some common questions you may have.

### What is an Annual Benefit Statement?

The purpose of sending you the statement is to give you an estimate of the value of the benefits you have built up so far (up to April) for your retirement and we hope that you will find it useful for any future financial planning.

As an active member of the Scheme you will receive an Annual Benefit Statement.

As you know, the Scheme offers you a range of valuable benefits for you and your family: including a pension, lump sum, annual inflation proofing of benefits and potential pension benefits for your surviving dependants.

### When will we get one?

The PSPA are reliant on receiving your pay and service details from your employer and if we have these on time, the statements for active members are usually despatched to your home address during November and December.

The statements for deferred members are usually despatched in May and June.

If you haven't had one then please email [abs@pspa.im](mailto:abs@pspa.im) as soon as possible, so we can arrange for one to be sent to you.

### What does it tell us?

Your annual benefit statement will give you an estimate of the pension, any automatic lump sum, plus the maximum lump sum and respective reduced pension benefits you may receive at the scheme normal pension age, of either 60 or 65 depending on when you joined the Scheme.

We recognise that there will be some information that you may like to know how it is calculated, especially service and final pensionable pay. In view of this we have developed this factsheet to support the issue of your annual benefit statements and to help in your understanding of the figures we have quoted and the service and salary we have based them on.

All the factsheets, member guide and any forms you may need can be found on the forms and guides page of our website at [www.pspa.im](http://www.pspa.im)

## Why is it to April?

Each year, your employer tells us about both your earnings and the service you have worked up to the end of the scheme year, which is 31 March. We record that data and produce your annual benefit statement. It takes several months to receive service and pay data and then produce these statements, so it means that we tend to run these statements approximately 6-8 months in arrears.

As stated, the pension and lump sum estimates illustrated on the statement are based on your service, working pattern and your final pensionable pay to 31 March.

For deferred members we increase your preserved benefits each year in line with inflation and we apply the inflation in April each year, so your statement will show the most up to date value of your benefits.

## What do I need to do?

We would recommend that you read the statement and check the 'About You' details carefully. It is important that these are correct, so if you disagree with any of the information we have quoted, especially pay and service, then please first refer to the notes page of the statement or read this factsheet, as these may answer your questions.

If after reading the information we have provided, you still have a question or your personal data looks wrong, then please email at [abs@pspa.im](mailto:abs@pspa.im) quoting your reference number and giving as much information as you can.

**Please ensure you email your question rather than telephoning as it is important that we can keep a written record of your question and our written response.**

We will acknowledge your email and tell you when we aim to respond to you.

If you are content with the data provided, then we would recommend that you keep the statement to assist in your future retirement planning.

## About You

This is the section which confirms important information that we hold about you and the following explanations are to help you understand how some of this information has come about. For security reasons, we do not include your date of birth or your National Insurance Number.

### Unique Member Number

The member number is your unique pension scheme number. Please make sure you quote it in all correspondence to us.

### Scheme Name

This is the full name of your Scheme.

## Category

The Scheme provides benefits to 3 categories of Teachers depending on when they started their pensionable career. There are differences in the normal pension age and the accrual (or growth) rate used to calculate pension benefits. The categories are explained below:

**Existing Members** – Are members who were in the scheme before 1 January 2007 and have a Normal Pension Age of 60. The pension accrual rates are:

1.  $1/80^{\text{th}}$  for Service up to 31 October 2018 and
2.  $1/83^{\text{th}}$  for service from 1 November 2018 to date of leaving

**New Members** – Are members who joined the scheme after 1 January 2007 and have a Normal Pension Age of 65. The pension accrual rates are:

1.  $1/60^{\text{th}}$  for Service up to 31 October 2018 and
2.  $1/62.5$  for service from 1 November 2018 to date of leaving

**Mixed Members** – These are members have two distinct periods of service. Service accrued before 1 January 2007 and then service accrued after 1 January 2007, after they had left the scheme for a period of 5 years or more. Their service accrued prior to 1 January 2007 has a normal pension age of 60 and the period of service which commenced on or after 1 January 2007 has a normal pension age of 65. This means that to claim the post 1 January 2007 part of their pension at age 60 it would be reduced by an actuarial factor to reflect the fact that it will be paid 5 years earlier than the normal pension age of 65. Benefits could all be claimed from age 55 but they would be reduced to take account of them being paid earlier than the normal pension age.

For the purpose of the annual benefits statement we have assumed a normal pension age of 65.

Further information on the categories can be found in the Scheme guide on the website at [www.pspa.im](http://www.pspa.im)

## Pensionable Pay as 31 March

These are your pensionable earnings for the period 1 April to 31 March. If you have worked as a full-time employee in this year, then this is the same figure that will be shown on your March payslip.

If you have worked part-time, then this will be the full time equivalent pensionable pay. So, if you are part-time the amount we show for you is the full time equivalent. For example, if your part-time pensionable earnings are £20,000 and you work 50% of the full time hours, your full time equivalent pensionable earnings will be £40,000.

## Current Working Pattern

The pensionable service you accrue in the scheme is based on your working pattern, either full-time or part-time (including supply).

### Full-time 100%

A member is classed as full-time for the purpose of pension benefits if their contract of employment is on a full-time basis. Full-time contributing membership counts at full calendar length i.e. 365 days a year towards pensionable service. If you work full-time the percentage working pattern will be 100% i.e. 365 days out of 365 days.

### Part-time %

A member is classed as part-time if they work less than the recognised full-time standard hours for their particular job. All contributing part-time membership is converted to a percentage by dividing the actual part-time hours worked by the full-time equivalent for that post i.e.

$$\frac{\text{Actual hours worked}}{\text{Full-time Equivalent hours}} \times 100 = \text{Part-time Hours \%}$$

### Estimated Retirement Benefits

We have shown two sets of estimated benefits:

**As at 31 March:** these show the benefits that you have accrued up to 31 March. These are calculated using your Average Salary as at 31 March, your Pensionable Service at 31 March and the accrual rate applicable to the category of the Scheme that you are a member of. These assume payment at age 60, if paid earlier these benefits would be reduced.

**Projected:** These show the pension pensions built up so far and then projected with your pensionable service to age 60 (or later if you are over age 60). If you were to remain in the scheme, on your current working pattern up to age 60 (or later if over age 60) then this is an estimate of the benefits that would be paid to you.

When we refer to retirement, we are referring to the date you resign from your employer and claim your benefits from the Scheme. The Normal Pension Age (NPA) at which you can retire, without a reduction to your benefits, depends on when you first joined the scheme and what Category of membership you are in, as detailed above.

### Pension

This is calculated using your Average Salary as at 31 March; your Pensionable Service at 31 March and Pensionable Service projected to your NPA of 60 or 65; and the accrual rate applicable to the category of the Scheme that you are a member of.

Here are examples of how pension is calculated:

### For Pre 2007 Joiners

The annual pension is the addition of the pensions from Part 1 and Part 2.

Part 1: For Service up to 31 October 2018:

Accrual rate of  $1/80^{\text{th}}$  x Average Salary x Pensionable Service = pension

Part 2: For Service built up from 1 November 2018 to date of leaving:

Accrual rate of  $1/83$  x Average Salary x Pensionable Service = pension

### For Post 2007 Joiners

The annual pension is the addition of the pensions from Part 1 and Part 2.

Part 1: For Service up to 31 October 2018:

Accrual rate of  $1/60^{\text{th}}$  x Average Salary x Pensionable Service = pension

Part 2: For Service from 1 November 2018 to date of leaving:

Accrual rate of  $1/62.5$  x Average Salary x Pensionable Service = pension

### Trivial Pensions

Please note, if your expected total pension income from all your pension arrangements, including this Scheme has a value of £100,000 or less, then you may be able to claim them on grounds of triviality. This means that instead of paying you a small pension each year, we will exchange the pension for a one-off trivial cash lump sum. If it is likely that this option may be available to you at the point you claim your benefits, we will let you know.

For more information on how your pension is calculated please refer to the Scheme Guide on the website.

### Automatic Lump Sum

Pre 2007 Members will have an automatic lump sum of 3 x annual pension.

### Reduced Pension

If you choose to give up some of your pension for a higher lump sum and depending on the amount of Maximum Cash Lump Sum you take (between nil and the maximum), your pension will reduce by an amount of pension per annum equal to £1 for every £12 of additional cash you take (not including any automatic lump sum) and this is known as the Reduced Pension. For the purposes of this statement we have assumed that the maximum cash lump sum is taken

### Maximum Cash Lump Sum

Members can opt to commute (permanently give up) some of their annual pension in order to receive a larger lump sum.

### **Existing Member (Service Pre 2007):**

As stated above, these members are entitled to an automatic lump sum of 3 x annual pension. But, there is the option to commute some of that pension to give an Additional Lump Sum. This is calculated as follows:

$$\text{Annual Pension} \times 13/4$$

So, if the annual pension is £15,000, the automatic lump sum would be 3 times that pension, £45,000. The Additional Lump Sum would be £48,750, which when added to the £45,000 the Maximum Lump Sum is £93,750.

### **New Member (Service Post 2007):**

There is no automatic lump sum for this category of members. However, they can choose to commute part of their pension for a lump sum. This is calculated as follows:

$$\text{Annual Pension} \times 5$$

So, if your pension is £15,000 per year, the additional maximum lump sum could be as much as £75,000.

### **Mixed Members**

This category of members has mixed Pre and Post 1 January 2007 service and as such their automatic lump sum will be a mixture of the above.

You can choose how much cash lump sum you want, up to the Maximum Cash Lump Sum that we have quoted on this statement.

### **Surviving Adult Dependent Pension**

A post retirement pension may be paid to surviving spouses, civil partner, or a nominated qualifying partner.

Benefits for adult survivors are paid at the rate of 1/160 of the final average salary for each year of the survivor benefits service. All service counts for survivor benefits, the pension will be half the pension a member has earned up to the date of their death.

More information on these benefits can be found in your Scheme Guide.

### **Average Salary**

In a 'final salary' scheme such as the Teachers' Superannuation Order 2011 benefits are calculated at retirement using the pay near retirement and we call this the Average Salary. The amount used to calculate the Average Salary is whichever is the highest of these:

- the pensionable salary received in the last 365 days before retirement; or
- the average salary across the best three consecutive years salaries (revalued to take into account inflation) during the 10 years prior to leaving service.

The Average Salary is likely to change between now and when you leave the scheme so the actual figures used at retirement will be different. For the purposes of the annual benefit

statements we have used the current pensionable pay at 31 March to project to a normal pension age of 60 or 65.

### Pensionable Service

This is the number of years and days of used to calculate the benefits.

This may be different to the length of time you have worked and contributed to the Scheme. For example, it will include service built up in your previous schemes that have been transferred into the Scheme. Also, if you work part-time, the Pensionable Service shown will be pro rata. Any additional years of service you have purchased up to the estimated ages quoted will also be included in your pensionable service.

The service shown is based upon your current working pattern to 31 March and the total pensionable service we estimate that you would accrue, if you carried on working in your current working pattern up to the normal pension age shown.

### Assumed Working Pattern

For the purposes of this statement, we have assumed that the current working pattern will continue from the 1 April up to the normal pension age of 60 or 65. If in the future the working pattern changes, for example a member reduces the numbers of hours they work, then this will impact on the overall pension benefits that are built up.

### Protection for your family

The Scheme makes provision for your family when you die, by way of a one-off lump sum Death Grant.

In addition an Adult's Pension and/or Dependent Child Pension may also be payable.

### **Nominating a Beneficiary for the Death Grant**

The Death Grant will be paid to your spouse or civil partner automatically. If you are unmarried and you want to nominate a beneficiary you can make a nomination by downloading the Death Grant Nomination Form on the forms and guides pages of our website at [www.pspa.im](http://www.pspa.im)

Where there is no nominated beneficiary or surviving spouse or civil partner, the Death Grant will be paid to your estate.

Please note the Nomination for a lump sum Death Grant is not the same as a Partner Nomination, which is covered below. The nomination for the lump sum death grant only relates to the payment of the death grant and not the payment of an adult's pension to an unmarried partner. If you are unsure which applies to you, please contact us.

### **Nominating a Partner to receive the Adult's Pension**

If you are not married or in a civil partnership, but co-habiting with a long-term partner you may be able to nominate them to receive the Adult Pension.

You can download a Partner Nomination from the forms and guides page of our website.

## How much do you pay?

Depending on salary, a Scheme member will pay a contribution rate of between 6.4% and 12.4% of their gross full time equivalent salary for their Scheme pension. Further information on the current contribution rates can be found on the Teachers' Scheme pages of our website at [www.pspa.im](http://www.pspa.im)

This rate does not include any additional contributions you may be paying (e.g. for additional pension, added years or AVC's).

## Added Years

For members purchasing added years, the statement will confirm the balance of added years that are being purchased from 1 April.

## Added Pension

This is the added pension purchased to 31 March and is included in the pension and lump sums quoted in the statement.

## Disclaimer

This factsheet is a guide only and does not represent any entitlement to the provisions described. This factsheet provides information to help you understand your annual benefit statement and does not cover every aspect of any Government scheme. The full details are contained only in the Rules of each Scheme, which are the legal basis of the schemes. Nothing in this factsheet will over ride the Rules, and in the event of any unintentional difference, the rules will apply.

## How we use your information

The PSPA use the information that we hold on our records about you to administer your Teachers' Superannuation Order 2011 membership and process the payment of your pension benefits. We may share your information to administer and pay your pension, enable us to prevent and detect fraud and mistakes, or as required by law. For more information about who we share your information with and how long we keep your personal data and your rights, please refer to our Privacy Notice on our website at [www.pspa.im](http://www.pspa.im)

## Important Note on Future Estimates

To help you with your retirement planning, we will keep you informed of how your pension benefits in the Teachers' Scheme are growing by giving you these benefit estimates every year. Any requests for additional estimates will incur a charge, unless we have confirmation of your imminent retirement or resignation from employment. More information on charging can be found on the PSPA Schedule of Charges which is available on the website at [www.pspa.im](http://www.pspa.im)



## Where can I go for help?

The PSPA website has numerous guides and fact sheets to help you understand the Teachers' Scheme. These are held on the forms and guides page at [www.pspa.im](http://www.pspa.im)

Contact the Scheme administrators at the PSPA:

Email: [abs@pspa.im](mailto:abs@pspa.im)

Write to:  
PSPA, Third Floor,  
Prospect House, 27-29 Prospect Hill,  
Douglas, ISLE OF MAN, IM1 1ET

You can telephone us on 01624 685598, however we always recommend putting your enquiry in writing if you can, so that there is a written record of your enquiry and our response.

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