

**Making the most of
your Teachers'
Pension Scheme
and Local
Government
Pension Scheme
Benefits**

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Wesleyan are here to support you

180
Years



Advisory Board



Financial Consultants



Specialists



Wesleyan Foundation



Mutual

We cover a lifetime of financial needs for you



Savings & Investments



ISAs
Unit Trusts
Investment Bonds

Financial Protection



Income protection
Critical Illness Cover
Term assurance
Whole of life assurance

Mortgages



First time buyer mortgages
Remortgaging
Commercial mortgages

Retirement & Estate Planning



Inheritance Tax mitigation
Teachers' Pension Scheme
Local Government Pension Scheme
Personal pensions

Insurance



Travel insurance
Motor insurance
Home insurance
Specialist insurance

Banking*



Deposit accounts
Fixed rate bonds
Cash ISAs

*Provided by Wesleyan Bank


Commercial mortgages and inheritance planning are not regulated by the Financial Conduct Authority
Please remember the value of investments, and any income can go down as well as up and you may get back less than you invest

Your Teachers' Pension Scheme (TPS) and Local Government Pension Scheme (LGPS) benefits

What can you expect from the Scheme?

Pension age discrimination

Your actions and next steps



**Your TPS and
LGPS benefits**
AN OVERVIEW

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- ▶ The TPS and LGPS are Defined Benefit schemes, providing valuable benefits for members.
- ▶ Membership of the scheme can help you make financial provision for you and your family now and for the future.
- ▶ www.teacherspensions.co.uk
- ▶ www.lgpsmember.org



Actual pensionable pay: from 1 APRIL 2021	Member contribution rate
Up to £28,309.99	7.4%
£28,310 - £38,108.99	8.6%
£38,109 - £45,185.99	9.6%
£45,186 - £59,885.99	10.2%
£59,886 - £81,661.99	11.3%
£81,662 and above	11.7%

The employer previously contributed 16.4%, however since 1 September 2019 this increased to 23.68% including the 0.08% administration levy.

Source: www.teacherspensions.co.uk

Actual pensionable pay 2021/2022	Contribution rate 2021/22
Up to £14,600	5.5%
£14,601 - £22,900	5.8%
£22,901 - £37,200	6.5%
£37,201 - £47,100	6.8%
£47,101 - £65,900	8.5%
£65,901 - £93,400	9.9%
£93,401 - £110,000	10.5%
£110,001 - £165,000	11.4%
Over £165,001	12.5%


WHAT IS YOUR NORMAL RETIREMENT AGE?

60?

65?

State Pension
Age
66 / 67 / 68

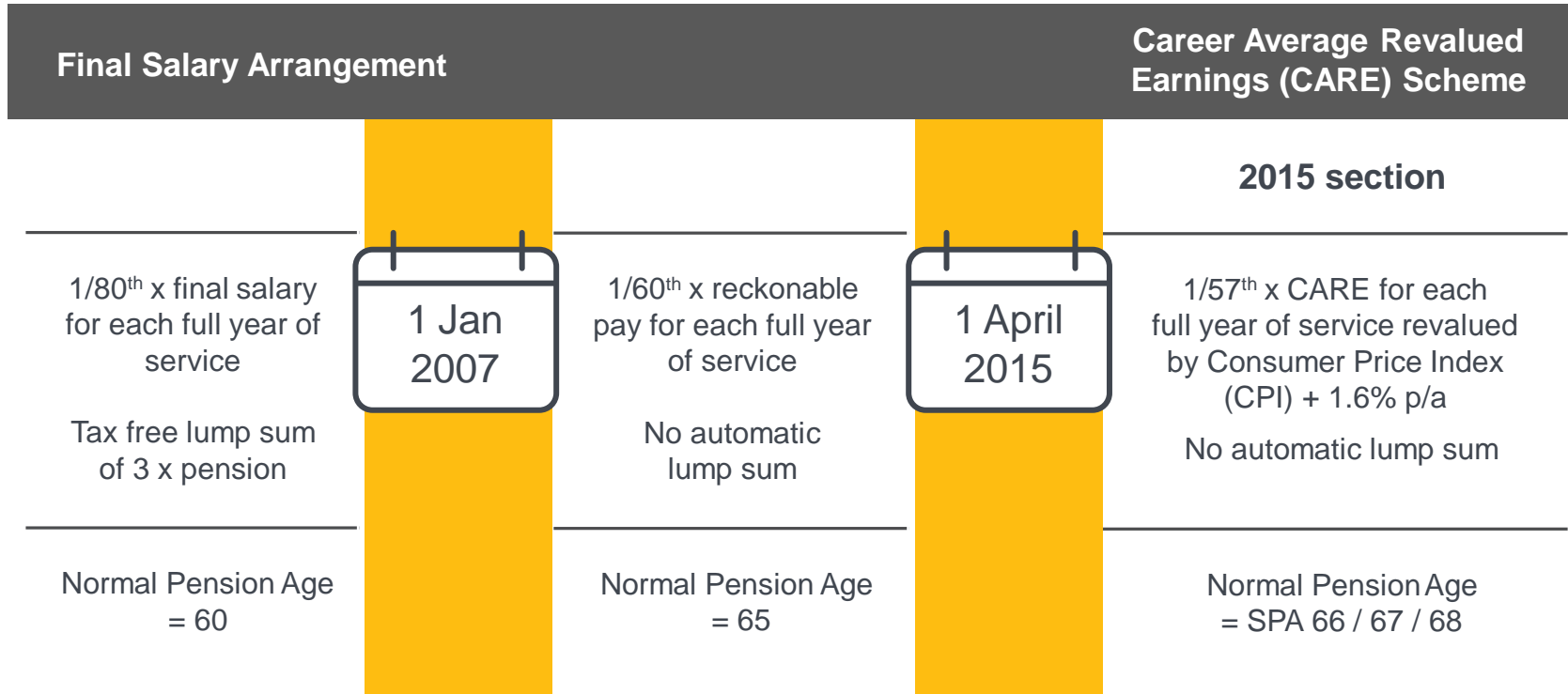
This depends on when you first joined the scheme



What can you
expect from the
Scheme?

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How your TPS benefits are calculated



1
APRIL
2015

- $1/57^{\text{th}}$ x pensionable earnings per annum revalued annually by CPI + 1.6%
- Pension = total of each year added together
- No automatic lump sum

NORMAL RETIREMENT AGE = State Pension Age or 65 if higher

WILL YOU BE AFFECTED?



This depends on how far you were away from Normal Pension Age (NPA) immediately before 1 April 2012

PROTECTED MEMBERS

If you were within 10 years of your Normal Pension Age immediately before 1 April 2012



You continue to build final salary benefits in your existing Scheme

TAPERED MEMBERS

If you were between 10 and 13 years and 5 months of your Normal Pension Age immediately before 1 April 2012

You remain in your existing section until your TRANSITION DATE. After this you enter the 2015 section.



0 years

10 years

13 years and 5 months

How close were you to your TPS Normal Pension Age (NPA) immediately before 1 April 2012?

TRANSITION MEMBERS

If you were more than 13 years and 5 months away from your Normal Pension Age immediately before 1 April 2012

You entered the 2015 section on 1 April 2015 and all future benefits will be on a Career Average Revalued Earnings basis



13 years and
5 months

Normal
Pension Age

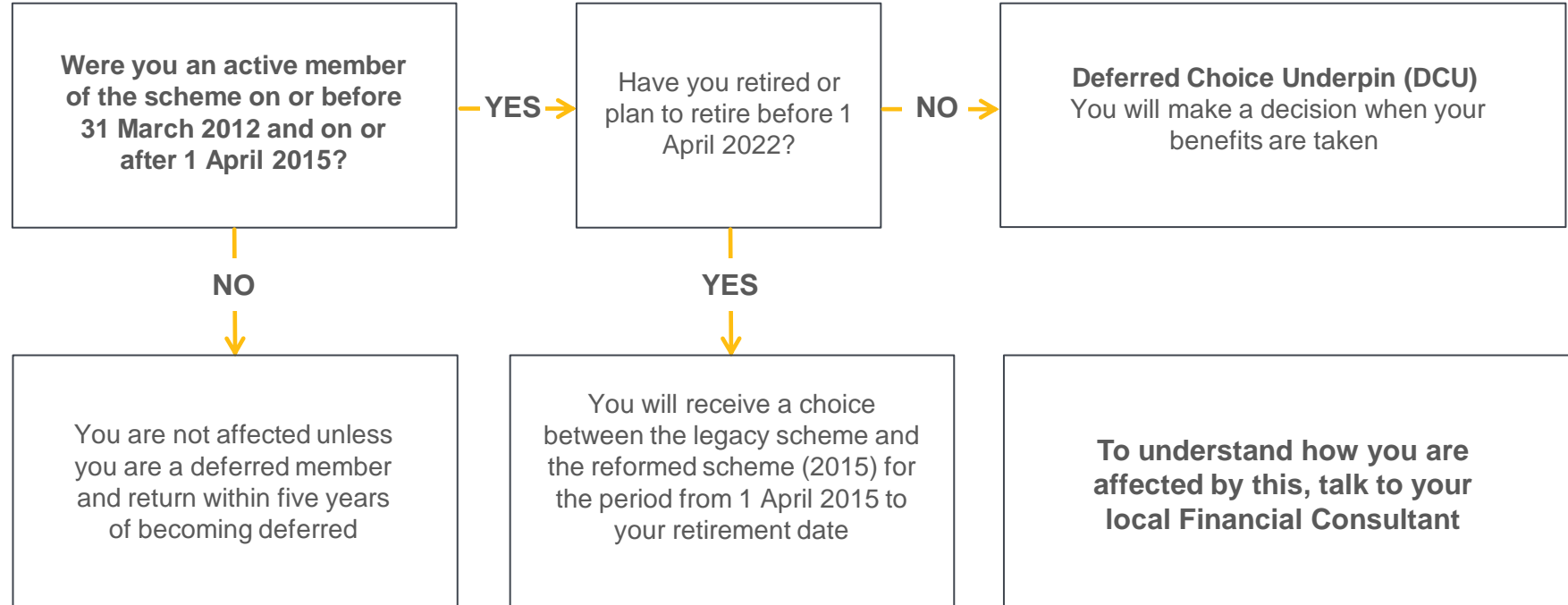
How close were you to your TPS Normal Pension Age (NPA) immediately before 1 April 2012?



**Pension Age
Discrimination**

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- ▶ 2015 public sector pension schemes reformed with members moving to new career average arrangements
- ▶ Transitional protections in place for those approaching retirement
- ▶ Individuals approaching retirement would be moved to the reformed schemes
- ▶ Younger teachers were not offered the same protection and were transferred to another scheme constituting 'unlawful age discrimination'
- ▶ December 2018, the Court of Appeal found that these transitional protections unlawfully discriminated against younger members of the judicial and firefighters' schemes.
- ▶ The Government confirmed that the ruling would apply to all public sector schemes however as there was no legal commitment to do this, teachers set about conducting legal action
- ▶ July 2019 the Government accepted that the judgment applied to all the main public service pension schemes, including the Teachers' Pension Scheme
- ▶ Feb 2021 the Government published its response to their 2020 consultation, highlighting the approach that will be taken to remove the discrimination.



Early retirement

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When is early?

What is your definition of 'retirement' and what does 'early' mean to you?

Stop work completely?



What will you do with your time?

How can you achieve financial independence?

55+

- ▶ Actuarially Adjusted Benefits (AAB)
- ▶ Premature retirement
- ▶ Phased retirement

How do I achieve financial independence?

Paying off your debts

Paying off your mortgage, or
being close to doing so

Enough income for your
daily needs



Additional funds so you can
enjoy life – holidays etc

Essential v discretionary
spending

Income streams

Summary of Pension Estimate

Assessment based on standard LTA of £1 million for 2016/17

Name

This pension benefit estimate should be used for indicative purposes only and should not be considered to constitute financial advice. The calculator takes into account your TPS pension including any added years or additional pension being purchased. It also includes where relevant your estimated state pension entitlement, any additional voluntary contributions, and any contributions you are paying to personal pension schemes

Estimated Accrued TPS Pension Benefit (excluding State and Personal Pension)

We estimate that you will have accrued the following TPS Pension benefits by 7/2/2019 when you will be aged 60 years, 0 months

Income	£	15,764	Lump Sum	£	47,293
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These pension benefits do not include any taxation but do take into account any actuarial reduction being applied to the pension due to early retirement

- A full summary of your TPS benefits
- Overview of your options
- Obtain expert advice

Maximum Income vs Maximum Pension Lump Sum

When you take your TPS pension benefits you have the option to increase the lump sum you receive. The maximum tax free lump sum you can take is the lower of 25% of the capital value or 25% of your remaining lifetime allowance. For every £12 of additional lump sum purchased your pension income will be reduced by £1.

Pre-2007 Benefits

The estimate is based on no further contributions to this pension section from 7/2/2019 and then taking your Pre-2007 benefits on 7/2/2019. Based on no actuarial reduction

	Standard	Max Lump Sum	Difference
Pension Income	£ 15,764	£ 12,668	£ 3,097
(net monthly)*	£ 1,242.63	£ 1,036.19	£ 206.44
Lump Sum	£ 47,293	£ 84,453	£ 37,159


* (Net monthly income does not take into account any tax implications of additional income from other sections of the TPS's pension or other source)

Summary of Benefits

This is based on the combined value of all TPS pension benefits, after all benefits have been taken

	Standard	Max Lump Sum	Difference
Pension Income	£ 15,764	£ 12,668	£ 3,097
(net monthly)*	£ 1,242.63	£ 1,036.19	£ 206.44
Lump Sum	£ 47,293	£ 84,453	£ 37,159

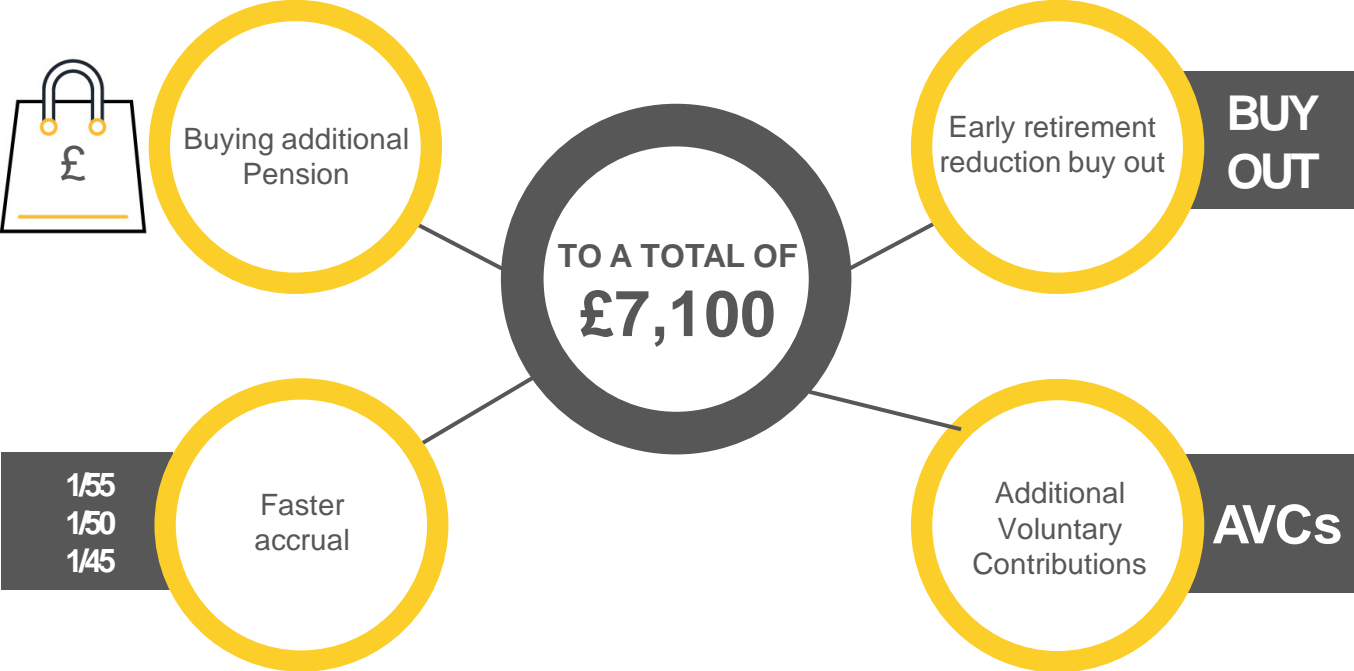
* (Net monthly income does not take into account any tax implications of additional income from other sources)



Increasing your retirement income

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Options in the Career Average Arrangement available to new joiners, tapered and transition members





Please remember the value of investments and any income can go down as well as up and you may get back less than you invest

£10,000 IN CASH COULD BE WORTH ...

1 YEAR
FROM NOW



£9,803

5 YEARS
FROM NOW




£9,057

10 YEARS
FROM NOW



£8,203

Supposed inflation rate of 2%



**ill-health and
death benefits**

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ILL HEALTH
RETIREMENT



SERIOUS ILL
HEALTH



DEATH IN
SERVICE
BENEFIT





Ill health retirement pension if long term sick

- Two potential types of ill health retirement
- Not a guaranteed benefit, qualifying criteria to be met
- If awarded, your length of service and salary will determine the level of pension you receive



Serious ill health options

- Serious Ill-health Commutation
- Ill health retirement
- Death Grant

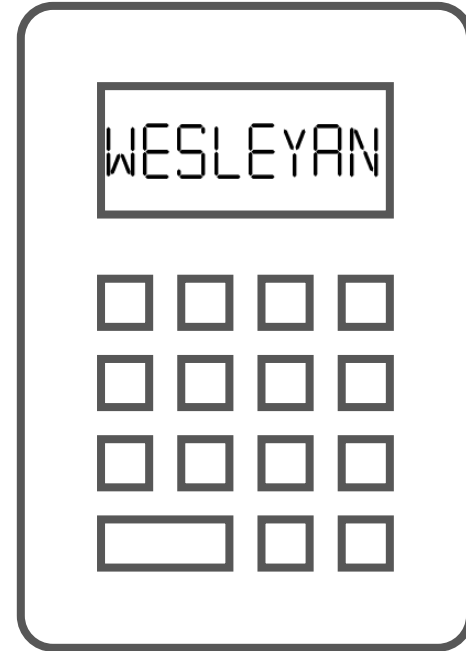



Death in Service benefit

- Tax free lump sum of 3 x salary (3 x full time equivalent if part time)
- Short term pension for beneficiary/nominee
- Long term financial dependant's pension

**WHAT WOULD YOUR ILL
HEALTH AND DEATH
BENEFITS BE IF YOU
NEEDED THEM?**

WOULD THEY BE ENOUGH?





LGPS Scheme – Key Differences

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Final Salary Arrangement

Career Average Revalued Earnings (CARE) Scheme

$1/80^{\text{th}}$ x final salary
for each full year of
service

Tax free lump sum
of 3x pension

Normal Pension Age
= 65

1 April
2008

$1/60^{\text{th}}$ x reckonable
pay for each full year
of service

No automatic
lump sum

Normal Pension Age
= 65

1 April
2014

$1/49^{\text{th}}$ x CARE for each
full year of service revalued
by Consumer Price Index
(CPI) + 1.6% p/a

No automatic lump sum

Normal Pension Age
= SPA 66 / 67 / 68

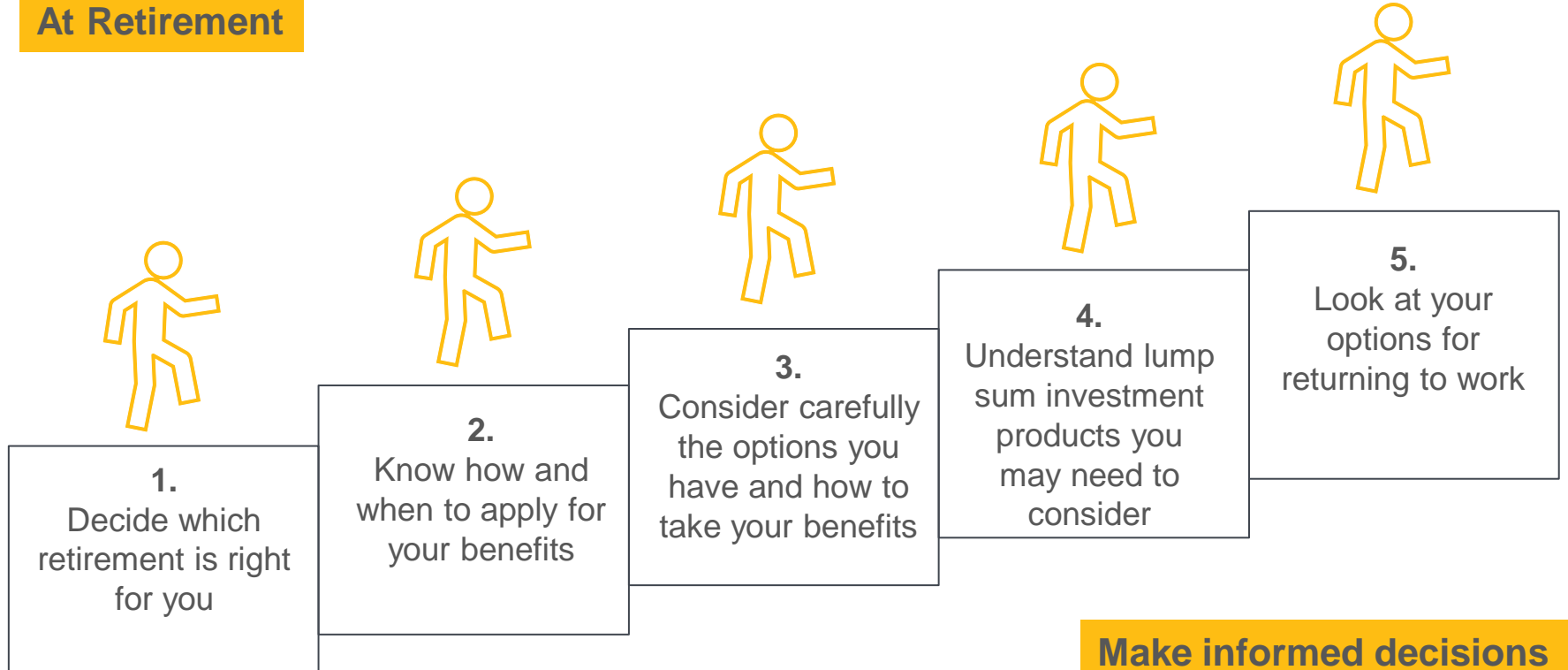


Your actions and next steps

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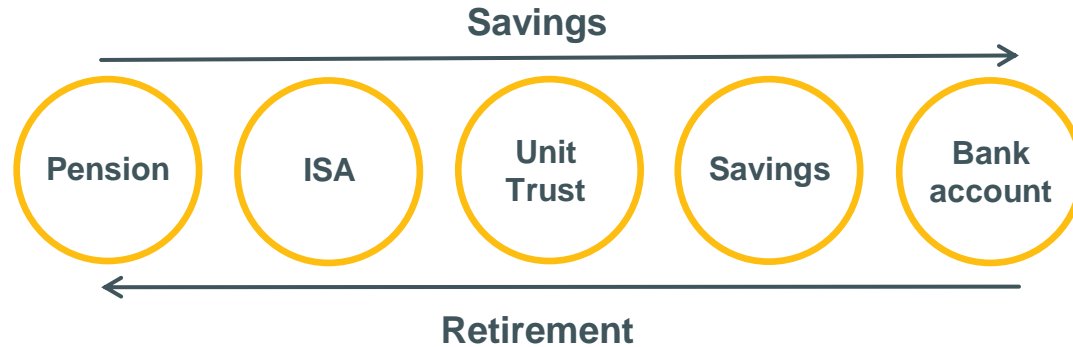
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At Retirement



Personal pension options

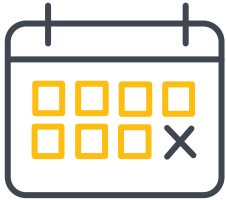
Think about how you access your money in retirement...



You can take capital or income in a flexible way

Taking money out of your pension removes it from a tax efficient environment and adds capital to your estate. This could have implications for Inheritance Tax planning.

Inheritance Tax Planning is not regulated by the Financial Conduct Authority.



Make an appointment with a Wesleyan Financial Consultant



Discuss your financial needs and receive specialist advice



Complete an enquiry form today to arrange a no-obligation meeting to discuss your requirements



Thank you

Financial Advice: Retirement Planning • Investing • Funding • Insurance

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