STATUTORY INSTRUMENTS

2014 No. 512

The Teachers' Pension Scheme Regulations 2014

PART 5

Retirement benefits for teachers

CHAPTER 3

Phased retirement

Interpretation of Chapter

89.—(1) In this Chapter—

"average annual rate", in relation to pensionable earnings in a 6 month period, means the amount of pensionable earnings in that period multiplied by 2;

"increased annual rate", in relation to pensionable earnings, has the meaning given in regulation 97(2);

"new employment" has the meaning given in regulation 91(2);

"new employment condition" has the meaning given in regulation 91;

"pensionable earnings", for a person not in an eligible employment, means the amount which would be the person's pensionable earnings if the employment were eligible employment;

"phased retirement application" means an application under regulation 162 for payment of a phased retirement pension;

"previous employment" has the meaning given in regulation 91(2);

"reduced annual rate", in relation to pensionable earnings, means the annual rate of P's pensionable earnings following the reduction referred to in regulation 90;

"reduced annual rate condition" has the meaning given in regulation 90.

(2) When calculating the reduced annual rate or increased annual rate of a person's pensionable earnings, any standard increase(**1**) which takes effect on or after the entitlement day must be ignored.

The reduced annual rate condition

90. A person (P) meets the reduced annual rate condition if—

(a) P is in one or more eligible employments;

(b) the terms of employment change and as a result there is a reduction in the annual rate of P's pensionable earnings; and

(c) the reduced annual rate is not more than 80% of the average annual rate of P's pensionable earnings for the 6 months of pensionable service immediately before the reduction.

(**1**) See the meaning of "standard increase" in Chapter 4 of Part 3.

The new employment condition

91.—(1) A person (P) meets the new employment condition if—

(a) P leaves all eligible employment;

(b) within 6 months after leaving all eligible employment, P enters a new employment; and

(c) on the day after the entitlement day referred to in regulation 92 the reduced annual rate of P's pensionable earnings in the new employment does not exceed 80% of the average annual rate of P's pensionable earnings for the last 6 months of the previous employment.

(2) In this regulation—

"a new employment" means—

(a) one or more new eligible employments;

(b) one or more employments with an employer mentioned in any paragraph in Parts 2 to 4 of Schedule 1, each of which is not an eligible employment, where—

(i) P's normal duties in the employment include providing education or services ancillary to education (other than administrative services); and

(ii) if the employer is a function provider, P's duties relate to functions or services in respect of which the function provider is accepted under paragraph 3 of Schedule 1; or

(c) one or more new eligible employments and one or more employments mentioned in paragraph (b); and

"previous employment" means one or more previous eligible employments.

Meaning of "entitlement day" (phased retirement pension)

92. The entitlement day for a phased retirement pension is—

(a) if a person (P) meets the reduced annual rate condition, the day on which the reduced annual rate takes effect; or

(b) if P meets the new employment condition, the day on which P enters a new employment.

Entitlement to phased retirement pension

93.—(1) A person (P) is entitled to payment of a phased retirement earned pension from the entitlement day if—

(a) P has reached normal minimum pension age but has not reached 75;

(b) P is qualified or re-qualified for retirement benefits;

(c) P meets the reduced annual rate condition or the new employment condition;

(d) P has made a phased retirement application; and

(e) P has not applied under regulation 162 for payment of any other retirement pension.

(2) P is entitled to payment of a phased retirement additional pension from the entitlement day if P has applied under regulation 94 to receive an additional pension with the phased retirement earned pension.

(3) Subject to regulation 97, a phased retirement pension is payable for life.

Phased retirement applications

94.—(1) For the purpose of regulation 93, a person (P) must make a phased retirement application within 3 months after the entitlement day.

(2) The application must—

(a) be accompanied by a certificate from P's current employer stating that P meets the reduced annual rate condition or the new employment condition; and

(b) state whether P is applying to receive an additional pension with the phased retirement earned pension.

(3) A certificate is not required in relation to the new employment condition if the scheme manager is satisfied that P's current employer has not received the necessary information about P's previous employment from P's previous employer.

Phased retirement proportion

95.—(1) A phased retirement application must specify the proportion of accrued earned pension for which payment is claimed ("phased retirement proportion").

(2) The phased retirement proportion must not exceed 75%.

Annual rate of phased retirement pension

96. The annual rate of phased retirement pension payable to a member (P) is found by—

(a) taking the amount of phased retirement earned pension specified in P's pensioner member's account;

(b) applying the standard reduction (if any) and the actuarial adjustment (if any) specified in that account in relation to that amount;

(c) subtracting the conversion amount (if any) specified in that account in relation to that amount;

(d) if P has applied to receive an additional pension with the phased retirement earned pension, adding the amount of phased retirement additional pension specified in that account;

(e) applying the actuarial adjustment (if any) specified in that account in relation to that amount; and

(f) subtracting the conversion amount (if any) specified in that account in relation to that amount.

Cessation of phased retirement pension

97. A phased retirement pension ceases to be payable to a member (P) if—

(a) in the 12 months after the entitlement day, the annual rate of P's pensionable earnings increases; and

(b) as a result, the annual amount of P's pensionable earnings in that 12 month period is more than 80% of the average annual rate—

(i) if P met the reduced annual rate condition, in the 6 months of pensionable service immediately before the reduced annual rate took effect; or

(ii) if P met the new employment condition, in the last 6 months of the previous employment.

Subsequent phased retirement applications

98.—(1) A person (P) may make a subsequent phased retirement application if—

(a) a phased retirement pension ceases to be payable under regulation 97 but P once more meets the reduced annual rate condition or the new employment condition; or

(b) while P is receiving a phased retirement pension, the terms of P's employment change or P enters a new employment and P once more meets the reduced annual rate condition or the new employment condition.

(2) P may not make a subsequent phased retirement application if—

(a) P has made 3 previous phased retirement applications; or

(b) P has not reached 60 and has made 2 previous phased retirement applications.

(3) If P makes a subsequent phased retirement application after a phased retirement pension ceases to be payable—

(a) the phased retirement proportion specified in that application must be the same as or greater than the phased retirement proportion specified in the original application;

(b) if P applied under regulation 94 to receive an additional pension as part of the original pension, P must apply under that regulation to receive an additional pension as part of the new phased retirement pension ("the new pension"); and

(c) if P received a lump sum under regulation 168 in place of part of the original pension ("original lump sum")—

(i) P must apply under that regulation to receive a lump sum in place of part of the new pension ("new lump sum");

(ii) the amount of the new lump sum must be the same as or greater than the amount of the original lump sum; and

(iii) the amount of lump sum payable is the amount of the new lump sum less the amount of the original lump sum.

(4) Any subsequent phased retirement application must be made in accordance with regulation 94.

(5) In this regulation—

"original application" means P's application under regulation 162 for payment of the original pension;

"original pension" means a phased retirement pension that ceases to be payable under regulation 97;

"previous phased retirement application" includes the original application.