

- If your pension is paid before your 55<sup>th</sup> birthday this increase will not be paid until you reach age 55. Except in cases of ill-health retirement or you have been prematurely retired and have dependent children.

### Do I pay tax on my benefits?

- Lump sums are tax-free, but pensions are assessable for income tax as earned income.
- When retirement benefits are drawn, the value of all benefits, ie
  - pension and lump sum, are added together and tested against the Life Time Allowance (LTA).
- The LTA takes account of the total value of an individual's pension benefits, excluding state benefits and dependants' pensions, across all registered schemes.
- Any benefits above the LTA will be subject to a tax charge.

### How do I apply for benefits?

- You can obtain the relevant application form from your employer.
- You can also download the forms from the DE website at [www.deni.gov.uk](http://www.deni.gov.uk) link – Teachers/NITPS/Forms
- Many members retire at the end of an academic term so you should aim to complete and submit your retirement application early, at least four months before peak dates.
- If you are paying extra contributions and the contribution period will go beyond your proposed retirement date, please contact TPB about the outstanding payments.

[www.deni.gov.uk](http://www.deni.gov.uk)

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# Planning for Retirement

## How much service do I need to have to qualify for benefits?

- To qualify for retirement benefits you must normally have two years of pensionable service.

## When can I normally retire?

- If you were in pensionable service prior to 1 April 2007, your Normal Pension Age (NPA) is 60.
- If you entered pensionable service for the first time on or after 1 April 2007, your NPA is 65.
- If you return to pensionable service after a break of more than five years, your NPA will still be 60 in respect of your earlier service, but it will be 65 for your future service.

## What are the different types of retirement?

- Ill health: where you are no longer fit enough to continue teaching.
- Premature: where your employer releases you on grounds of redundancy or in the interests of the employer's functions.

- Actuarially Reduced Benefits (ARB): where you choose to take your benefits from age 55, but before NPA.
- Age: benefits taken at NPA or later.
- Phased retirement: where you take part of your benefits and remain in employment in a reduced capacity e.g. by going part-time.

### How old do I need to be to claim retirement benefits?

- Ill health: at any age before NPA.
- Premature: If you were in the scheme before 1 April 2007 it is currently age 50, but if you joined the scheme on or after 5 April 2006, it is age 55. From 2010, it will be 55 for all scheme members regardless of when they joined the scheme.
- Actuarially Reduced Benefits: between age 55 and NPA.
- Age retirement: between NPA and before age 75
  - no lump sum can be paid once you reach age 75.
- Phased retirement: after age 55, but before age 75
  - no lump sums can be paid once you reach age 75.

### What benefits will I receive?

- If you were a member of the NITPS before 1 April 2007, you will receive a lump sum and a pension.
- If you joined the NITPS on or after 1 April 2007, you will receive a pension only but you may exchange part of it for a lump sum.

### Can I increase my benefits?

- Yes, please see the fact sheet 'Increasing your pension benefits'.

### How are my benefits calculated?

- Your benefits are based on pensionable service and average salary – please see the fact sheet, 'Average salary'.
- If you were a member of the NITPS before 1 April 2007, your pension is 1/80<sup>th</sup> of the average salary for each year of pensionable service. Individual days count as 1/365<sup>th</sup> of a year. Your tax-free lump sum is three times your pension.
- If you joined the scheme on or after 1 April 2007, your pension is 1/60<sup>th</sup> of the average salary for each year of pensionable service. Individual days count as 1/365<sup>th</sup> of a year. You may commute up to 25% of your 'fund value' to a tax-free lump sum by surrendering £1 of annual pension to realise £12 of lump sum.

### What if I have more than one employer?

- If you are employed by more than one employer when you apply for retirement benefits, you must terminate all employment before benefits can be paid except for phased retirement when it is not necessary to leave pensionable service.

### Will my pension be index-linked?

- Yes, your pension will be increased annually each April in line with the Retail Prices Index (RPI).