

## Countdown to retirement – 6 months left – nearly there!

With your retirement just a hop, skip and a jump away, you are probably busy making plans for your time – but before you get too carried away with the holiday brochures and your 'to do' list, there are a few things you need to do to make sure your transition into retirement is a smooth one!

Make sure your retirement plans are in order – ask yourself:

**Q Will my teachers' pension be paid to me automatically?**

If you don't ask for it – you won't get it! You must apply for your retirement benefits, they will not automatically be sent to you. You should apply to Teachers Pensions about four months before the date of your retirement. You can obtain an application form from your employer if you are in service, otherwise it can be downloaded from the forms and leaflets section of the Teachers Pensions website – [www.teacherspensions.co.uk](http://www.teacherspensions.co.uk).

**Q Should I increase my pension lump sum by sacrificing some of my pension income?**

This is the big question facing retiring teachers. When applying for your pension you will be asked to select if you wish to take an increased lump sum by giving up some of your pension income. It's very important that you give full consideration to this option – once you are receiving your pension there's no changing the options you have taken. This is a lifestyle choice and will depend on your own personal circumstances. As well as your requirement for immediate capital and on-going income, your tax status in retirement could also influence which is the best option for you.

If you are unsure of what benefits to take, or just want to double check that what you have in mind is the right thing for you, you could arrange an appointment with one of our financial consultants. They will 'crunch the numbers' and provide you with a clear understanding of your options.

**Q When will I receive my Teachers' Pension benefits?**

Your pension lump sum will be paid to you on the first working day after your retirement date. For example, as the majority of teachers choose to retire in September (thus receiving 6 weeks paid holiday first!), they will receive their lump sum on the first school day in September.

You will receive your regular monthly pension payment depending on your birthday. For example, if you were born on the 18<sup>th</sup> of the month, your pension will be paid on the 17<sup>th</sup> of each month.

**Q What should I do about other pension arrangements I have paid into?**

**I have previous membership of an occupational pension scheme**

If before becoming a teacher, you were a member of a company scheme, now is the time to get in touch with the scheme administrators – notify them of your retirement and request information of your retirement options from their scheme.

**I am making/have made contributions into other pensions**

- Personal Pensions
- Additional Voluntary Contributions (AVCs)
- Free Standing Additional Voluntary Contributions (FSAVCs)
- Stakeholder Pension

You do not have to take the benefits from these plans at the same time as you retire, and can defer taking them until a later date.

When you want to take your benefits, you need to notify your plan provider of your intention to retire, and request information of your current fund value and your retirement options.

Unlike the Teachers Pension Scheme these plans do not offer guaranteed benefits – but instead accumulate a fund that will provide you with retirement benefits. The fund size will depend upon the amount of contributions paid in and any investment growth the fund has received, so the larger the fund – the greater the income.

You can take up to 25% of your fund as a tax-free lump sum, the remaining fund must be used to provide a pension income which will be taxed as earned income. Upon request, your pension provider will provide you with details of your fund value and the retirement income they can offer you. As well as the size of your fund, the rate you will receive will depend upon a number of other factors including: -

Your age - You can choose to take your benefits from age 55 – 75. The ‘older’ you are when you take your benefits, the better they are likely to be.

Guarantees you want included - Do you want your income to increase each year?  
Do you want to include widows/widowers pension if you die?

How you want the income to be paid Monthly, quarterly, in arrears, in advance?

It’s important to know that you are not obliged to buy your pension income from the company you have been paying your premiums to - you have a legal right to ‘shop around’ for a better deal. This is called an ‘Open Market Option’ and you should investigate other providers to see if you could get a better deal from your fund.

If you are satisfied with the retirement package offered to you by your current provider, you need to complete and return their forms – indicating your requirements as listed above. If you identify a better option from another provider – you need to make the request to them; they will forward relevant documentation to you and will arrange the transfer of your fund to them from your existing provider.

If you would like to discuss your retirement plans and options, you could arrange an appointment with one of our consultants – they can also advise you if Teachers Assurance Open Market Option can offer you improved benefits.

**Q Do I need to replace any benefits that will stop when I retire?**

Whilst in service and a member of the Teachers Pension Scheme, you have a Death in Service benefit that pays a lump sum of 3x your salary if you die. When you retire this benefit will stop. Depending upon your family’s financial needs, you may need to consider replacing this benefit with a life assurance policy.

Find out more about life assurance or speak with a financial consultant to assess your family’s needs.

**Q When can I start getting my State pension?**

You can claim your State Pension once you reach state pension age – this is currently age 65 for men born before 6<sup>th</sup> April 1959, and age 60 for women born before 6<sup>th</sup> April 1950.

The Pension Service should automatically send you a State Pension Information booklet and invite you to claim 4 months before you reach State Pension age. If you haven't received this 2 months before your state pension age, you can download State Pension Claim Form from [www.direct.gov.uk](http://www.direct.gov.uk).

You can also put off claiming State Pension until later and get a higher weekly amount or a one-off taxable lump sum.

Find out more about your State Pension including your State Pension Age and claiming your State Pension by visiting [www.direct.gov.uk](http://www.direct.gov.uk).

**Get answers to your questions, use the resources available to you and look forward to your retirement.**

**About us**

Teachers Assurance has been looking after the financial interests of education professionals and their families since 1877.

Our nationwide team of Financial Consultants have expert knowledge of the Teachers Pension Scheme. This means they are able to offer a retirement planning service that will take into account existing benefits, identify any shortfalls, and offer financial solutions to address them.

As well as retirement, our consultants provide advice on investments, savings and protection products and services from Teachers Assurance and selected third party providers.

To arrange to receive financial advice or find out more about the services offered by Teachers Assurance, visit [www.teachersassurance.co.uk](http://www.teachersassurance.co.uk) or call Freephone 0800 056 0563

This article contains information that is based on our understanding, as at January 2011, of current taxation, legislation, Teachers Pensions and HMRC, all of which may change without notice. The impact of taxation (and any tax reliefs) depends on individual circumstances.

None of the information contained in this article should be considered as advice to save, invest or purchase. If you have any doubt as to whether or not a product is suitable for you, please ask us for advice. We are only able to advise on our own products and those of selected third party providers.

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