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STATUTORY INSTRUMENTS

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**2014 No. 512**

**The Teachers' Pension Scheme Regulations 2014**

VALID FROM 01/04/2015

**PART 4**

Pension accounts

CHAPTER 1

Interpretation

**Interpretation**

**42.** In this Part—

“the leaving year” means the financial year in which the relevant last day falls;

“the relevant last day” means—

- (a) for a member who has made a phased retirement application, the day before the entitlement day for a phased retirement pension; and
- (b) otherwise, the last day of pensionable service.

**Pensionable service**

**43.** For the purpose of this Part, a person (P) who re-enters pensionable service after a gap in service not exceeding 5 years is taken to be in pensionable service during the gap.

**Meaning of “leaver index adjustment”**

**44.—(1)** The leaver index adjustment for an amount of accrued earned pension other than an amount of club transfer accrued earned pension is an amount calculated as follows—

*Step 1*

Add 1.6 to the percentage increase or decrease in prices specified in the Treasury order in relation to the leaving year.

*Step 2*

Multiply the result at Step 1 by A/B

where—

A is the number of complete months in the period between the beginning of the leaving year and the end of the relevant last day; and

B is 12.

The resulting percentage is the leaver index percentage.

**Step 3**

Multiply the amount of accrued earned pension by the leaver index percentage.

The resulting amount is the leaver index adjustment.

(2) The leaver index adjustment for an amount of club transfer accrued earned pension is the adjustment that would apply under the sending scheme to an amount of accrued earned pension equal to the amount of club transfer accrued earned pension specified in the active member's account at the end of the relevant last day.

(3) In this regulation, "complete month" includes an incomplete month that consists of at least 16 days.

**Meaning of "leaver PIA index adjustment"**

**45.—**(1) The leaver PIA index adjustment for an amount of accrued additional pension is calculated in accordance with paragraph (2).

(2) The leaver PIA index adjustment is the amount by which the annual rate of a pension of an amount equal to the amount of accrued additional pension would have been increased in the leaving year under PIA 1971 if—

- (a) that pension were eligible to be so increased; and
- (b) the beginning date for that pension were the day after the relevant last day.

**CHAPTER 2****Calculation of accrued pension****Calculation of amount of accrued pension for purposes of deferment or full retirement**

**46.—**(1) For the purpose of a full retirement pension, the amount of accrued pension is calculated in accordance with this regulation.

(2) For the purpose of a deferred member's account, the amount of accrued earned pension is calculated in accordance with paragraph (3).

(3) The amount of accrued earned pension is the sum of the following amounts specified in the active member's account as at the end of the last day of pensionable service—

- (a) the opening balance of standard earned pension for the last active financial year and the index adjustment for that opening balance;
  - (b) the amount of standard earned pension (if any) for the last active financial year;
  - (c) the opening balance of faster accrual earned pension (if any) for the last active financial year and the index adjustment for that opening balance;
  - (d) the amount of faster accrual earned pension (if any) for the last active financial year;
  - (e) the opening balance of club transfer earned pension (if any) for the last active financial year and the index adjustment for that opening balance;
  - (f) the amount of club transfer earned pension (if any) for the last active financial year;
  - (g) the opening balance of transferred pension (if any) for the last active financial year and the index adjustment for that opening balance; and
  - (h) the amount of transferred pension (if any) for the last active financial year.
- (4) The amount of accrued additional pension is—
- (a) the sum of the following amounts specified in the additional pension account as at the end of the last day of pensionable service—

- (i) the opening balance of additional pension for the last active financial year; and
- (ii) the PIA index adjustment (if any) for that opening balance; or

(b) an amount determined by the scheme manager under Part 2 of Schedule 2.

(5) In these Regulations, “the last active financial year” means the financial year in which the last day of pensionable service falls.

### **Calculation of amount of accrued pension for purpose of phased retirement**

**47.—**(1) For the purpose of a phased retirement pension, the amount of accrued pension is calculated in accordance with this regulation.

(2) The amount of accrued earned pension is the phased retirement proportion of the sum of the following amounts specified in the active member's account as at the end of the relevant last day—

- (a) the opening balance of standard earned pension for the leaving year and the index adjustment for that opening balance;
- (b) the amount of standard earned pension for the leaving year;
- (c) the opening balance of faster accrual earned pension (if any) for the leaving year and the index adjustment for that opening balance;
- (d) the amount of faster accrual earned pension (if any) for the leaving year;
- (e) the opening balance of club transfer earned pension (if any) for the leaving year and the index adjustment for that opening balance;
- (f) the amount of club transfer earned pension (if any) for the leaving year;
- (g) the opening balance of transferred pension (if any) for the leaving year and the index adjustment for that opening balance; and
- (h) the amount of transferred pension (if any) for the leaving year.

(3) If a member claims payment of additional pension under regulation 94, the amount of accrued additional pension is—

- (a) the sum of the following amounts specified in the additional pension account as at the end of the relevant last day—
  - (i) the opening balance of additional pension for the leaving year; and
  - (ii) the PIA index adjustment (if any) for that opening balance; or
- (b) an amount determined by the scheme manager under Part 2 of Schedule 2.

## **CHAPTER 3**

### **Pension accounts: general**

#### **Establishment of pension accounts: general**

**48.—**(1) The scheme manager must establish and maintain one or more pension accounts for each member of this scheme in accordance with this Part.

(2) A pension account—

- (a) may be kept in any form the scheme manager considers appropriate; and
- (b) must specify the details required by these Regulations.

(3) References in these Regulations to any amount specified in a pension account are references to the amount that is required by these Regulations to be so specified and not, if different, the amount actually so specified.

**Closure of pension accounts on transfer out or repayment of balance of contributions**

49. All pension accounts relating to a member (P) (other than a pension credit member's account) must be closed if—

- (a) a transfer payment is made in respect of P's accrued rights under this scheme; or
- (b) P is repaid the balance of contributions under regulation 189.

**CHAPTER 4****Active member's account****Establishment of active member's account**

50.—(1) A pension account must be established for each active member (“the active member's account”) from the first day of pensionable service under this scheme.

(2) If a person is an active member in relation to more than one employment, only one active member's account is to be established.

(3) The active member's account must remain open until the member leaves all pensionable service under this scheme.

**Receipt of transfer values**

51.—(1) This regulation applies if a transfer value is received from another pension scheme (other than a connected scheme) in relation to an active member of this scheme.

(2) On receipt of the transfer value payment, the active member's account must be credited with the amount of transferred pension the member is entitled to count under Part 10 (transfers).

**Receipt of club transfer values**

52.—(1) This regulation applies if a club transfer value is received from another club scheme in relation to an active member of this scheme.

(2) On receipt of the transfer value payment, the active member's account must be credited with an amount of club transfer earned pension the member is entitled to under Part 10 (transfers).

**Account to specify amount of pension for a financial year**

53.—(1) This regulation applies in relation to every financial year in which an active member's account is open.

(2) The active member's account must specify—

- (a) the amount of standard earned pension (if any) for the financial year;
- (b) the amount of faster accrual earned pension (if any) for the financial year;
- (c) the amount of club transfer earned pension (if any) for the financial year; and
- (d) the amount of transferred pension (if any) for the financial year.

(3) The amount is—

- (a) for standard earned pension, 1/57th of the member's pensionable earnings for that year;
- (b) for faster accrual earned pension, the fraction of the member's pensionable earnings for that year specified in a faster accrual election;
- (c) for club transfer earned pension, the sum of all club transfer values received in relation to the member in that year; and

- (d) for transferred pension, the amount which a member is entitled to count under Part 10 (transfers) for that year.

#### **Account to specify opening balance and index adjustment**

**54.**—(1) This regulation applies in relation to every financial year in which an active member's account is open other than the financial year in which the account is established.

- (2) The active member's account must specify—
  - (a) the opening balance of standard earned pension for the financial year and the index adjustment for that opening balance;
  - (b) the opening balance of faster accrual earned pension (if any) for the financial year and the index adjustment for that opening balance; and
  - (c) the opening balance of transferred pension (if any) for the financial year and the index adjustment for that opening balance.
- (3) The opening balance in relation to a description of pension—
  - (a) for the financial year immediately following the financial year in which the active member's account is established, means the amount of that pension for the previous financial year as at the end of the previous financial year;
  - (b) for any subsequent financial year, means the sum of the following amounts—
    - (i) the opening balance of that pension for the previous financial year and the index adjustment for that opening balance; and
    - (ii) the amount of that pension for the previous financial year as at the end of the previous financial year.
- (4) In this regulation, “a description of pension” means—
  - (a) standard earned pension;
  - (b) faster accrual earned pension (if any);
  - (c) club transfer earned pension (if any); and
  - (d) transferred pension (if any).

#### **Ill-health pension ceases to be payable**

**55.** If an ill-health pension ceases to be payable to a person (P) under regulation 114 or 118 and P re-enters pensionable service—

- (a) the pensioner member's account must be closed;
- (b) the active member's account must be re-established and credited with an amount equal to the annual rate of pension payable immediately before the ill-health pension ceased to be payable.

#### **Phased retirement pension ceases to be payable**

**56.** If a phased retirement pension ceases to be payable under regulation 97 and P re-enters pensionable service—

- (a) the pensioner member's account must be closed; and
- (b) the active member's account must be adjusted by increasing the amount of accrued earned pension by the phased retirement proportion.

## CHAPTER 5

### Additional pension account

#### **Establishment of additional pension account**

**57.—**(1) An additional pension account must be established for each active member (P) in respect of whom an additional pension election is made.

(2) If P is an active member in relation to more than one employment, only one additional pension account is to be established.

(3) The additional pension account must remain open until—

- (a) an additional pension is paid in respect of P;
- (b) a transfer payment is made in respect of P's rights to the accrued additional pension; or
- (c) all additional pension contributions are refunded under Part 2 of Schedule 2.

(4) Part 2 of Schedule 2 has effect in relation to the making of an additional pension election.

#### **Account to specify amount of additional pension**

**58.—**(1) This regulation applies in relation to every financial year in which an additional pension election is made.

(2) The additional pension account must specify in relation to any additional pension election made in that financial year an amount equal to the annual rate of additional (self only) pension specified in the additional pension election.

#### **Account to specify opening balance and PIA index adjustment**

**59.—**(1) This regulation applies in relation to every financial year in which an additional pension account is open other than the financial year in which the account is established.

(2) The account must specify the opening balance of additional pension for the financial year and the PIA index adjustment for that opening balance.

(3) The opening balance of additional pension—

- (a) for the financial year immediately following the financial year in which the additional pension account is established, means the amount of additional pension specified in the account as at the end of the previous financial year; and
- (b) for any subsequent financial year, means the sum of the following amounts—
  - (i) the opening balance of additional pension for the previous financial year;
  - (ii) the PIA index adjustment for that opening balance; and
  - (iii) the amount of additional pension for the previous financial year.

#### **Ill-health pension ceases to be payable**

**60.—**(1) This regulation applies if—

- (a) an additional pension is payable with an ill-health pension; and
- (b) the ill-health pension ceases to be payable under regulation 114 or 118.

(2) The additional pension account must be re-established and credited with an amount equal to the annual rate of additional (self only) pension.

### **Phased retirement pension ceases to be payable**

- 61.**—(1) This regulation applies if—
- (a) an additional pension is payable with a phased retirement pension; and
  - (b) the phased retirement pension ceases to be payable under regulation 97.
- (2) The additional pension account must be re-established and credited with an amount equal to the annual rate of additional (self only) pension.

## **CHAPTER 6**

### **Deferred member's account**

#### **Establishment of deferred member's account**

- 62.** When an active member leaves all pensionable service and becomes a deferred member—
- (a) the active member's account must be closed; and
  - (b) a pension account for the deferred member must be established (“deferred member's account”).

#### **Account to specify amount of accrued earned pension and leaver index adjustment**

- 63.** The deferred member's account must specify—
- (a) the amount of accrued earned pension calculated under regulation 46(3); and
  - (b) the leaver index adjustment for that amount.

#### **Deferred member's account closed after break not exceeding 5 years**

- 64.**—(1) If a deferred member re-enters pensionable service under this scheme after a gap in service not exceeding 5 years—
- (a) the deferred member's account must be closed; and
  - (b) the active member's account must be re-established.
- (2) The active member's account—
- (a) must specify the amount of accrued earned pension as at the beginning of the gap in service; and
  - (b) must be adjusted as if the member had continued as an active member during the gap in service but had received no pensionable earnings.

#### **Deferred member's account closed after service under another public service scheme**

- 65.**—(1) This regulation applies if—
- (a) a deferred member (P) re-enters pensionable service under this scheme after a gap in service of more than 5 years;
  - (b) the gap in service included a period of service under another public service scheme; and
  - (c) the period in which P was not in any service was less than 5 years.
- (2) When P re-enters pensionable service under this scheme—
- (a) the deferred member's account must be closed; and
  - (b) the active member's account must be re-established.
- (3) For the financial year in which the active member's account is re-established, the opening balance for each description of pension must be equal to the amount of accrued pension specified

in the deferred member's account in relation to that description of pension as at the end of the gap in service.

**Deferred member's account remains open after a gap in service of more than 5 years**

**66.**—(1) This regulation applies if a deferred member (P) re-enters pensionable service under this scheme after a gap in service of more than 5 years.

(2) When P re-enters pensionable service under this scheme (“the further service”)—

- (a) the deferred member's account remains open; and
- (b) an active member's account must be established in respect of the further service.

(3) In this regulation, “gap in service” does not include any period of service under another public service pensions scheme.

**Deferred member's account established after ill-health pension ceases to be payable**

**67.** If an ill-health pension ceases to be payable to a person (P) under regulation 114 or 118 and P does not re-enter pensionable service—

- (a) a deferred member's account must be established; and
- (b) that account must be credited with an amount equal to the annual rate of pension payable immediately before the ill-health pension ceased to be payable.

**Deferred member's account established after phased retirement pension ceases to be payable**

**68.** If a phased retirement pension ceases to be payable to a person (P) under regulation 97 and P does not re-enter pensionable service—

- (a) a deferred member's account must be established; and
- (b) the scheme manager must increase the amount of accrued earned pension by the phased retirement proportion.

CHAPTER 7

Pensioner members' accounts

SECTION 1

*Interpretation*

**Meaning of “full retirement earned pension”**

**69.**—(1) The amount of full retirement earned pension is the sum of—

- (a) the amount of accrued earned pension calculated under regulation 46(3); and
- (b) the leaver index adjustment for that amount.

(2) In calculating the amount of full retirement earned pension, the leaver index adjustment is not applied to the amount of accrued earned pension if a transfer payment is made in respect of the member's rights to that accrued pension before the end of the last active financial year.

**Meaning of “full retirement additional pension”**

**70.**—(1) The amount of full retirement additional pension is the sum of—

- (a) the amount of accrued additional pension calculated under regulation 46(4); and



(b) the leaver PIA index adjustment for that amount.

(2) In calculating the amount of full retirement additional pension, the leaver PIA index adjustment is not applied to the amount of accrued additional pension if a transfer payment is made in respect of the member's rights to that accrued pension before the end of the last active financial year.

**Meaning of “phased retirement earned pension”**

71. The amount of phased retirement earned pension is the sum of—

- (a) the amount of accrued earned pension calculated under regulation 47(2); and
- (b) the leaver index adjustment for that amount.

**Meaning of “phased retirement additional pension”**

72. The amount of phased retirement additional pension is the sum of—

- (a) the amount of accrued additional pension calculated under regulation 47(3); and
- (b) the leaver PIA index adjustment for that amount.

**Meaning of “standard reduction”**

73.—(1) The standard reduction is 3% and applies in relation to a maximum of 3 years between age 65 and a member's normal pension age.

(2) The standard reduction is applied when calculating the annual rate of pension payable to a member (P) who—

- (a) was an active member immediately before the entitlement day for a phased retirement pension, premature retirement pension or early retirement pension; and
- (b) on the entitlement day for that pension—
  - (i) has reached normal minimum pension age; but
  - (ii) has not reached normal pension age.

(3) If a retirement pension becomes payable to P on or after the date on which P reaches 65, the standard reduction applies in relation to a proportion, determined by the scheme manager, of the time left until P reaches normal pension age.

**Meaning of “actuarial adjustment”**

74. In these Regulations, “actuarial adjustment” means the actuarial adjustment that is applied when calculating the annual rate of pension payable—

- (a) to a member who, on the entitlement day for a pension other than an age retirement pension or an ill-health pension, has not reached normal pension age; or
- (b) to an active member who becomes a pensioner member after reaching normal pension age.

**Meaning of “conversion amount”**

75. In these Regulations, “conversion amount”, in relation to any pension converted in part to a lump sum under regulation 168, means the amount of pension converted to a lump sum.

**SECTION 2***Establishment of pensioner members' accounts***Pension accounts for active or deferred members who become pensioner members**

**76.—**(1) When an active member becomes entitled to payment of a retirement pension other than a phased retirement pension in respect of any pensionable service—

- (a) the active member's account and any additional pension account must be closed; and
- (b) a pension account for the pensioner member must be established (“the pensioner member's account”).

(2) When a deferred member becomes entitled to payment of a retirement pension other than a phased retirement pension in respect of any pensionable service—

- (a) the deferred member's account and any additional pension account must be closed; and
- (b) a pension account for the pensioner member must be established (“the pensioner member's account”).

(3) The pensioner member's account must specify—

- (a) the amount of full retirement earned pension payable to the member, and for that amount—
  - (i) the standard reduction (if any);
  - (ii) the actuarial adjustment (if any); and
  - (iii) the conversion amount (if any); and
- (b) the amount of full retirement additional pension payable to the member, and for that amount—
  - (i) the actuarial adjustment (if any); and
  - (ii) the conversion amount (if any).

**Pension accounts for phased retirement members**

**77.—**(1) On the entitlement day for a phased retirement pension—

- (a) a pensioner member's account must be established for the member;
- (b) if the member is an active member, the active member's account must be adjusted by reducing the amount of accrued earned pension specified in that account by the phased retirement proportion;
- (c) if the member is a deferred member, the deferred member's account must be adjusted by reducing the amount of accrued earned pension specified in that account by the phased retirement proportion;
- (d) after the adjustment, Chapters 2 and 3 apply in relation to the member as if the amount of accrued earned pension specified in the active member's account or deferred member's account had always been reduced by the phased retirement proportion; and
- (e) if the member has applied under regulation 94 to receive additional pension with the phased retirement earned pension, the additional pension account must be closed.

(2) The pensioner member's account must specify—

- (a) the amount of phased retirement earned pension payable to the member, and for that amount—
  - (i) the standard reduction (if any);

- (ii) the actuarial adjustment (if any); and
  - (iii) the conversion amount (if any); and
- (b) the amount of phased retirement additional pension payable to the member, and for that amount—
  - (i) the actuarial adjustment (if any); and
  - (ii) the conversion amount (if any).

### SECTION 3

#### *Closure of accounts*

#### **Ill-health pension ceases to be payable**

**78.** If an ill-health pension ceases to be payable under regulation 114 or 118, the pensioner member's account must be closed.

#### **Phased retirement pension ceases to be payable**

**79.** If a phased retirement pension ceases to be payable under regulation 97, the pensioner member's account must be closed.

## CHAPTER 8

### Pension credit member's pension account

#### **Pension credit member's pension account**

**80.—(1)** A pension account must be established for each pension credit member (“the pension credit member's account”).

(2) The pension credit member's account must specify the amount of credited pension and for that amount—

- (a) the actuarial adjustment (if any); and
- (b) the conversion amount (if any).

(3) In these Regulations, “amount of credited pension” means an amount equal to the pension credit calculated in accordance with regulations made under paragraph 5(b) of Schedule 5 to WRPA 1999.

#### **Separate account for each capacity of membership**

**81.—(1)** If a pension credit member is also an active member, deferred member or pensioner member, the pension credit member's account is in addition to the other account or accounts to be established under this Part in respect of the member in the other capacity.

(2) If a pension credit member has rights under this scheme which are attributable, directly or indirectly, to pension credit derived from the rights of more than one pension debit member of this scheme, a separate account is to be established under this regulation in respect of the pension credit attributable to the rights of each such pension debit member.

**Status:**

Point in time view as at 01/04/2014. This version of this part contains provisions that are not valid for this point in time.

**Changes to legislation:**

There are currently no known outstanding effects for the The Teachers' Pension Scheme Regulations 2014, PART 4.