



EANI

What do you need to know about your NITPS pension?

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Before we get started...

Please help us by:

- Turning off your camera
- Putting yourself on mute
- Any questions during the presentation, put them in the chat box

The meeting will be recorded and by attending you are giving your consent for this



MoneyHelper is here to help, so you can move on with life.

Here to cut through the jargon and complexity, explain what you need to do and how you can do it. Here to put you in control, with free, impartial help that's quick to find, easy to use and backed by government.

Online and over the phone, you'll get clear money and pension guidance. We can also point you to trusted services, if you need more support.

MoneyHelper is helping people to clear their debts, reduce spending and make the most of their income. To support loved ones, plan ahead for major purchases and find out about entitlements. To build up savings and pensions, and know their options.

For money help all in one place that's free to use, just search for MoneyHelper.

moneyhelper.org.uk

We believe that the information we are sharing is correct at the time of the presentation. Please always check details with your pension scheme before making a decision.



Disclaimer

We offer free and impartial information and guidance to help you make the most of your money and pensions. Our service is designed to support you in making your own informed decisions based on your circumstances.

We don't give legal or regulated financial advice or recommend specific financial products because we aren't regulated or authorised by the Financial Conduct Authority to do so. This means we can't tell you what the best option is for you, or what to do with your money or pension.

If you're looking for personalised money or pensions advice or specific product recommendations, you'll need to see a regulated financial adviser or seek legal advice.

Find out more about when and how to get professional advice in our guide [Do you need a financial adviser: https://www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/do-you-need-a-financial-adviser](https://www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/do-you-need-a-financial-adviser).

If you need legal advice, you can find a solicitor on the [Law Society website: https://www.lawsociety.org.uk/](https://www.lawsociety.org.uk/)

Northern Ireland <https://www.lawsoc-ni.org/>

What we'll focus on today

- How much money will you need in retirement?
- The State Pension
- What types of pension are there?
- NITPS Pensions – your benefits and choices
- How is your pension calculated?
- Early and phased retirement options
- Tax and pensions
- Saving more into your pension
- What happens to your pension when you die?
- Tracing pensions
- Pension scams and how to spot them
- What can you do now?
- How to contact us



How much money will you need?

The answer to this question differs for everyone and will depend on your circumstances.

Research originally published in 2018 (and based on prices updated in 2024) sets out three suggested levels of expenditure in retirement:

	Single person	Couple
Minimum – covers basic needs, maybe some left over for ‘fun’	£14,400	£22,400
	£15,700 (London)	£24,500 (London)
Moderate – allows for financial security and flexibility	£31,300	£43,100
	£32,800 (London)	£44,900 (London)
Comfortable – more financial freedom and luxuries	£43,100	£59,000
	£45,000 (London)	£61,200 (London)

Read more here: retirementlivingstandards.org.uk/

See what you're on track to get from just your pensions using our budget worksheet and calculator:

moneyhelper.org.uk/en/pensions-and-retirement/building-your-retirement-pot/check-the-progress-of-your-pension-and-retirement-savings

State Pension

- Paid in addition to your workplace pension
- The full new State Pension is **£221.20 a week** (£11,502 per year)
- You'll need at least 35 qualifying years of National Insurance contributions to receive the full new State Pension
- You can find out your own State Pension age here: [gov.uk/state-pension-age](https://www.gov.uk/state-pension-age)
For example, someone currently in their thirties can't claim their State Pension until age 68
- You can request a State Pension forecast online to see your current position: [gov.uk/check-state-pension](https://www.gov.uk/check-state-pension)
(a Government Gateway or GOV.UK Verify account is required)
- If there are any gaps in your National Insurance record, you may be able to pay voluntary National Insurance contributions to top up your State Pension.
Visit [gov.uk/voluntary-national-insurance-contributions](https://www.gov.uk/voluntary-national-insurance-contributions) for more information or call the Future Pension Centre on 0800 731 0175.

What type of pensions are there?

Defined Benefit (DB) e.g. Teachers' Pension Scheme

- Gives you a guaranteed income for life.
- Pays a regular pension income usually with the option of a tax-free lump sum and a reduced income.
- Can normally be accessed after reaching age 55*, but the pension is likely to be reduced for early payment.
- Find out more on defined benefit pensions [here](#).

Defined Contribution (DC)

- A pot of money that is built up and invested.
- Up to 25% of the pension pot can usually be paid as a tax-free lump sum.
- There are a flexible range of options for drawing money out of the pot after reaching age 55*.
- Find out more on defined contribution pensions [here](#).

** Normal Minimum Pension Age (NMPA) will increase to age 57 from 6 April 2028 but some individuals will still be able to keep a NMPA of age 55*

NITPS Pension Arrangements

Final Salary NPA 60 scheme – joiners on or before 31 March 2007

- Retirement age of 60 – can take your pension between age 55 and 75
- Final Salary scheme with 1/80th accrual rate and automatic lump sum

Final Salary NPA 65 scheme - joiners from 1 April 2007 to 31 March 2015

- Retirement age of 65 - can take your pension between age 55 and age 75
- Final Salary scheme with 1/60th accrual rate

Career Average scheme – joiners from 1 April 2015

- Retirement age is State Pension Age
- Career Average (CARE) scheme with 1/57th accrual rate

Many people will have benefits in two or more of these sections

McCloud Judgment

- The Court found that the 2015 public sector pension reforms were discriminatory against younger members
- As a result, pension schemes are currently working hard to remedy this
- **If you were in service as a member of a public service pension scheme on 31 March 2012 and remained in service on 1 April 2015 then you will be affected:**
 - ✓ When your pension becomes payable, you will be offered a choice of receiving benefit from your old (legacy) scheme or the 2015 scheme, or get an underpin on those benefits, for the period between 2015 and 2022
 - ✓ You don't need to do anything now, your pension scheme will contact you and explain what this means for you

From 1 April 2022, everyone is building up future pension in the 2015 scheme, irrespective of age

Your Final Salary benefits are protected with the same retirement age and a link to your current salary

[Statement on the McCloud Judgement | Department of Education \(education-ni.gov.uk\)](#)

How does a Final Salary scheme work?

- As you worked, you built up pensionable service.
- If you worked full time, this will be one year of pensionable service for each year you worked.
- The amount of service is multiplied by your salary and divided by the accrual rate to get your pension amount

NPA 60 scheme example (accrual rate = 1/80th)

If Lisa retires after 25 years' service on a salary of £40,000 a year:

$$25 \text{ years} \times £40,000 / 80 = \text{£12,500 a year pension payable from age 60}$$

Lisa also automatically builds up a tax free lump sum of 3 times the annual pension, so £37,500 in this case.

- You can give up some of your pension to get more tax free cash at retirement.

Reducing your hours/salary in a Final Salary scheme



If you reduce your hours to half of full time, you will build up half a year of pensionable service for each calendar year.



Reducing hours now does not affect all the previous years of service that you built up.



Reducing your rate of pay (*Full Time Equivalent salary*) can affect the previous years' of final salary pension that you have built up.



Reducing your rate of pay might not have an immediate affect, as the salary used in the calculation isn't necessarily based on the last year of working. However, you must check with your pension scheme how and when this might affect your pension benefits.

How is your pension calculated in the 2015 scheme?

NITPS example

Year 1

Your total pensionable salary earned in the year is divided by the accrual rate to get one year of CARE pension

E.g. $\text{£}30,000 / 57 = \text{£}526$ a year pension payable from State Pension Age



Year 2

We do the same calculation again based on your new salary following a cost of living increase

E.g. $\text{£}30,500 / 57 = \text{£}535$ a year pension payable from State Pension Age

Total pension to date

Then we add the year 1 pension which has been increased (“revalued”) to take inflation into account.

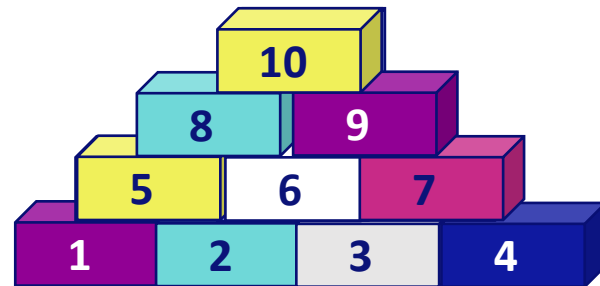
E.g. $\text{£}526 + 3.5\% \text{ increase} = \text{£}544$ a year pension payable from State Pension Age

Total at the end of year 2 is $\text{£}544 + \text{£}535 = \text{£}1,079$ a year pension payable from State Pension Age



How is your pension calculated in the 2015 scheme?

This continues each year, with your salary increasing and past years of pension increasing. After 10 years you might have a total pension payable at State Pension Age of, say, £6,000 a year, following the example on the previous slide.

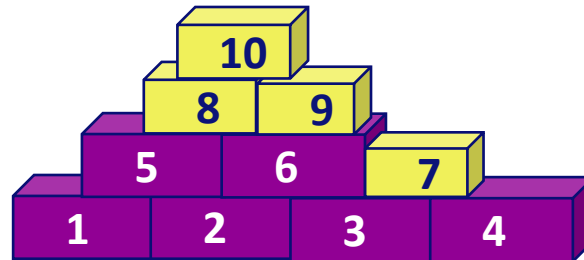


- If you take the pension early, it will be paid for longer, so you'll get less per year.
- If you take it later, you'll get more pension per year.
- You have the option to give up some of your pension to get a tax free cash lump sum at retirement.

Reducing your hours/salary in the 2015 section

If you reduce your hours or take a lower paid role, you will build up less pension per year for those years based on the amount of your salary for the year. **So, it doesn't affect the 2015 section pension that you have already built up, but it will reduce your future build up.**

E.g. if you earned £20,000 in a year, you would build up £370 of pension each year and have a lower pension at retirement than if you had remained earning a higher salary.



! Remember – reducing your rate of pay (grade) can still affect any Final Salary benefits that you have

Early retirement

A tempting option when you are old enough!



An irreversible decision – so do your sums first.

NITPS NPA 60 scheme example

If Lisa retires at her normal retirement age after 25 years' service on a salary of £40,000 a year:

$$25 \text{ years} \times £40,000 / 80 = £12,500 \text{ a year pension payable from age } 60$$

If Lisa retires early after 20 years' service on a salary of £40,000 a year:

$$20 \text{ years} \times £40,000 / 80 = £7,960^* \text{ a year pension payable from age } 55$$

* Approximate – after reduction for early retirement

Phased retirement- NITPS

- Continue working in education by moving to a part-time position or reducing responsibilities and supplement reduced income by accessing some pension benefits
- 20% or greater reduction in annual pensionable earnings for at least 12 months
- If your pensionable pay increases within 12 months your application may be cancelled or suspended
- Have 6 months from the date of leaving higher paid post to find a new position with the 20% reduction in salary, and 3 months to make an application for phased retirement from the date you find the new position. The phased retirement pension is paid from the start date of the new position
- Can choose how much pension you want to access up to a maximum of 75%, and choose from which section
- Can continue to pay pension contributions on your ongoing pensionable earnings
- 2 separate occasions for final salary arrangements; or - 3 separate occasions for career average arrangements - but only two before age 60
- If you take ill health retirement, you can apply for ill health retirement regarding your remaining benefits

education-ni.gov.uk/sites/default/files/publications/education/nitps-factsheet-4-retirement_0.pdf

Tax and Pensions

After you've retired, you still have to pay Income Tax on any income over your Personal Allowance. This applies to all your pension income, including the State Pension.

For the 2024-2025 tax year the Standard Personal Allowance for most people is £12,570. This means you're able to earn or receive up to £12,570 and not pay any tax.

This is called your Personal Allowance. If you earn or receive less than this, you're a non-taxpayer.

If your income is between £12,570 and £50,270 a year you pay basic rate tax at 20% on this amount.

How tax is paid on pensions

Money you take from your pension comes from your pension provider with the tax already taken off using your tax code.

On some occasions you might pay too much tax through emergency tax - you can claim this back from HMRC.



You can read more about tax and pensions on our website here:

moneyhelper.org.uk/en/pensions-and-retirement/tax-and-pensions

Saving more into your pension - NITPS

Buy Additional Pension

- Buy a set amount of additional pension
- Additional pension can be bought in multiples of £250 per year
- The maximum amount is currently £8,000 per year of additional pension

Faster Accrual

- The normal rate of accrual is 1/57th of actual earnings for that year.
- You can pay higher contributions to get 1/45th, 1/50th or 1/55th of actual earnings for that year.
- Elect before the start of the year and pay extra for the full year

Early Retirement Reduction (Actuarial Buy Out) Career Average section only

- Pay extra contributions to buy out the reduction that would otherwise apply if you claim your benefits up to three years before your Normal Pension Age (but not earlier than age 65)
- Must choose within 6 months of joining the career average section

education-ni.gov.uk/sites/default/files/publications/education/factsheet-6-increasing-your-pension-benefits.pdf

Saving more into your pension

Money Purchase Additional Voluntary Contributions (AVCs)

- Defined contribution (DC) pot of money that is invested
- Can pay in lump sums or make regular contributions
- No guarantee what level of income you will get at retirement
- More flexible retirement options
- Can also join a separate scheme

Also Free Standing Additional Voluntary Contributions (FSAVCs)

Concurrent pensions (separate pension plans such as a personal pension or SIPP)

What's paid when you die?

If you die whilst still in active service and under age 75:

- A lump sum death in service grant of 3 x your salary

PLUS (if you had at least 2 years' membership)

- An ongoing survivor's pension to your spouse, civil partner, eligible cohabiting partner
- An ongoing pension to eligible child(ren)

[Family benefits | Department of Education \(education-ni.gov.uk\)](http://education-ni.gov.uk)



Tracing old pensions

- Pensions Dashboard launch TBC – listing all scheme benefits for an individual
- Currently no central database but you can find contact details for old pensions via the Pension Tracing Service: gov.uk/find-pension-contact-details
- You can leave old pensions where they are or transfer to a different pension scheme – you may want to combine pensions – easier with DC pensions. **Your pension scheme will usually only accept a transfer in within the first 12 months of being eligible to join the scheme.**
- It's only from 2012 onwards that employers were included in automatic enrolment – before this there may have not been a scheme

You don't have to click on any adverts for tracing help or pay anyone to trace your pensions

More information from MoneyHelper about tracing your pensions and pension transfers:

moneyhelper.org.uk/en/pensions-and-retirement/pension-problems/tracing-and-finding-lost-pensions

moneyhelper.org.uk/en/pensions-and-retirement/building-your-retirement-pot/uk-pension-transfers

Pension scams and how to spot them

- Contacted out of the blue
- Illegal to do so (report to ICO)
- Applying pressure to make quick decision
- Guaranteeing high investment returns
- Access pensions before 55
- Offer of one-off investments , time-limited offers, upfront cash incentives, free pensions reviews, legal loopholes or government initiative
- Check with the Financial Conduct Authority
- **IF IT SOUNDS TOO GOOD TO BE TRUE IT USUALLY IS**



What can you do now?

Trace lost pensions

- Trace any lost pensions using the Government's tracing service: [gov.uk/find-pension-contact-details](https://www.gov.uk/find-pension-contact-details)

State Pension

- Get a State Pension forecast: [gov.uk/check-state-pension](https://www.gov.uk/check-state-pension)

Nominate beneficiaries

- Make sure your death benefit nominations are up-to-date for your current and any previous pensions

Calculate

- Use our [pension calculator](#) to see what you're on track to get when you retire and consider whether you want to pay more into your pension to increase your benefits

Budget

- Use our helpful [budget planner](#) to keep track of your spending now and in retirement

Call us

- MoneyHelper **0800 011 3797** if you have any questions or just want to have a chat about your situation

There's a lot to think about...

Ask us for help – that's why we're here

You can also contact your pension scheme to ask questions about your pensions record:

NITPS:

education-ni.gov.uk/contacts/teachers-pensions-team



Speak to us:

Looking for pension guidance?

Phone: 0800 011 3797

Webchat: moneyhelper.org.uk/pensionschat

Or, if you're over 50 with a defined contribution pension, use our Pension Wise service to discuss your options:

Phone: 0800 138 3944

Online: moneyhelper.org.uk/pensionwise

Looking for money guidance?

Phone: 0800 138 7777

Webchat: moneyhelper.org.uk/moneychat

What do you need to know about your pension?



We're here to help with...



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