

# ADVICE NOTE

Information & advice for members of the  
Scottish Secondary Teachers' Association



## ACTUARIALLY REDUCED PENSION

### **Q.1 Is there any information I need before even thinking about Actuarially Reduced Pension?**

Yes. It is better if you understand a little about the basic Teachers' Superannuation Scheme (especially how pension and lump sum are calculated). It may be best if you take some independent financial advice about what options are best for you.

### **Q.2 What is an Actuarially Reduced Pension (ARP)?**

It is a pension (and lump sum if you are in the NPA 60 scheme) that can be paid from the age of 55 based on your pension entitlement at the time you decide to retire.

### **Q.3 Why is the pension reduced?**

The pension is reduced because the teacher will receive it for a longer period than would happen if the teacher retired at their normal retirement age.

### **Q.4 Is it the pension I would have received at my normal retirement age which is reduced?**

No. It is the pension you are entitled to at the date you take the ARP which is first calculated. The reduction is then applied to this pension.

### **Q.5 How do I apply?**

You can apply for early retirement by completing an application form and gaining the consent of your employer. Employers can withhold consent for no longer than six months from the date on which you submit your request.

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Want more info? Call to speak to one of our professional officers on 0131 313 9300, visit our website [www.ssta.org.uk](http://www.ssta.org.uk) or email us at [info@ssta.org.uk](mailto:info@ssta.org.uk)

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## **Q.6 Can I receive an ARP if I have already left teaching?**

If you have already left teaching when you apply, benefits will be paid from a date not earlier than six weeks after the date of receipt of your application.

## **Q.7 By how much is the pension reduced?**

There is a complex table used to calculate the reduction but the pension reduction varies from about 3.8% to 5.2% for each year the pension is taken early.

## **Q.8 Is the lump sum also reduced?**

If you are in a pension where a lump sum is automatically paid then this will also be reduced by the same percentage.

## **Q.9 Is it better to wait until my birthday to take an ARP?**

No. The actuarial reduction table takes account of months as well as full years.

## **Q.10 If I take an ARP, can I still continue to teach?**

Yes. You can undertake supply or other teaching work and you can elect to start to contribute to a new pension pot. You would therefore receive a small additional pension in respect of this work when you finally retire. It is worth noting that if you do take an ARP, there is no limit to the amount of your earnings as a teacher.

## **Q.11 Does this mean that an ARP is suitable for all teachers who wish to leave the service?**

Not necessarily. It will depend on each individual's financial circumstances so advice should be sought.

## **Q.12 Can the Association give me relevant financial advice?**

We are not allowed to do so beyond advising on the Scottish Teachers' Superannuation Scheme. If you require further advice you should see an independent financial adviser.

## **Q.13 Can I change my mind after accepting an ARP?**

No. The decision is irrevocable and the reduction is permanent. There is therefore the need for caution in making the choice.



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