Teachers' Pension Scheme (TPS)

Employer Guidance: One-Day Break in Service

Enabling a Teacher to Access Age or Early Retirement Benefits and Returning to Work

Purpose of This Guidance

Guidance for employers on the processes they need to follow if a teacher wishes to bring their pension benefits into payment whilst continuing in, or returning to, employment. This is permitted under TPS rules, provided the correct process is followed.

Different rules apply if the teacher wishes to take part of their TPS benefits prior to reaching the normal pension age (NPA) compared to those who have reached an NPA. This guidance covers and highlights these different processes.

This document sets out the legal basis for this arrangement and the specific steps the employer must take.

Note this guidance does NOT apply in cases where the teacher has been made redundant.

Background: What the Rules Allow

Normal AGE Retirement: Under the Teachers' Pension Scheme Regulations, a member who has reached their NPA may access a relevant part of their pension whilst continuing in, or returning to, teaching, by leaving pensionable *service*. Leaving pensionable *service* is achieved by either;

1. Opting out of the pension scheme, or
2. Having a break from pensionable *employment*.

EARLY Retirement: A member cannot access an early retirement pension by opting out, the only route for this requires a break from pensionable employment.

Opting Out: Employer Guidance (Normal Age Pension Only)

A teacher must complete the opt-out form instructing the employer to opt them out of the pension scheme with effect from the first day of the next calendar month following the submission of said form.

The only subsequent requirement from the employer is to respond to requests for service data from the administrators of the TPS.

The contract of employment with the teacher is unchanged and no break in employment is required.

A Break in Pensionable Employment (Normal Age or Early)

There are two conditions this break must comply with in order to allow the teacher to access their TPS benefits.

- There must be a genuine break in pensionable employment of at least one full day before re-employment begins.
- Re-employment must begin under a new contract (which may be on identical terms to the previous contract).

The break in service must be a genuine cessation of the employment contract — it is not sufficient to simply opt out of pension contributions. The contract itself must end and a new one begin.

The break can be on any day of the week unless the teacher's contract details the specific days they will work. It is acceptable to end one contract on a Friday and to start the new contract on a Sunday. If the teacher's contract does state that they work on specific days then one of those days must be within the break between contracts. For example, if it says that the teacher works Mondays to Wednesdays then the break must include one of those three days, though it can still be within a school holiday period or Bank Holiday.

What is Abatement? If the teacher continues in pensionable employment at or after their NPA without a proper break, their final salary pension will be subject to abatement — meaning it will be reduced so that their combined pension and salary do not exceed their 'salary of reference' (their pensionable pay before retirement). A correctly executed one-day break avoids this.

Step-by-Step Employer Process (Teacher Opts Out)

1. Process the request to opt out of the TPS as normal.
2. Respond to requests from the administrators of the TPS for up-to-date and projected salary data as soon as possible.

Step-by-Step Employer Process (Break in Employment)

Step 1 — Plan the Timeline

Agree a date for the break in service in advance so the teacher can submit their application in good time. The administrators of the TPS are asking for 6 months' notice, but the teacher can submit an application for their pension as late as the day before the break takes place.

Action: Agree the retirement/break date with the teacher and make a note of it. Notify HR and payroll immediately.

Step 2 — Issue a Formal Termination of Contract

On the agreed date, the teacher's existing contract of employment must formally end. This is a real termination — it must be documented in writing. Issue a letter confirming:

- The final date of the existing contract (the 'last day of pensionable employment').
- That the contract is ending to facilitate TPS pension access.
- That a new contract will be offered with a starting date that allows for at least one full day's gap.

Important: The break day must be a day on which the teacher would normally be under contract. The only day that this may not include would be if that day is specifically mentioned in the contract as one that they teacher is not employed for. A Saturday or

Sunday would therefore be acceptable unless the current contract states that the teacher only works Monday to Friday.

Step 3 — Process the Termination Through Payroll

Inform payroll that the teacher's employment is terminating on the agreed date. Payroll must:

1. Record the end date of the employment contract correctly in the payroll system.
2. Cease TPS pension contributions from the termination date.
3. Issue a P45 if required (or handle appropriately via PAYE).
4. Submit the final service and salary details to Teachers' Pensions via Monthly Data Collection (MDC) as usual with the associated leaving tag (W) for that record.

Step 4 — Issue a New Contract

Issue a new contract of employment. This new contract:

- Can be on the same terms as the previous contract (same hours, same role, same salary).
- Must have a new start date that is at least one clear day after the termination date of the old contract.
- Should clearly state it is a new contract, not a continuation of the previous one.

Note: It is entirely at the employer's discretion to grant a break in contract. There is no statutory right for a teacher to demand this arrangement — however, many employers routinely accommodate it as good practice.

Step 5 — Notify Teachers' Pensions of Re-employment

Once the teacher returns under the new contract, the employer must notify Teachers' Pensions of the re-employment. In most cases, if your school or institution submits data via Monthly Data Collection (MDC), this happens automatically. However:

- If MDC does not cover this situation, Teachers' Pensions may request a Certificate of Re-employment.
- If a Certificate of Re-employment is requested, the teacher completes Part A and the employer completes Part B, then both parts are returned to Teachers' Pensions together.

Check: Confirm with your payroll provider whether your submission to Teachers' Pensions is via MDC. If it is, no separate certificate is usually needed. Teachers' Pensions will contact the employer and member if one is still required.

Step 6 — Ongoing: Abatement May Apply

After returning, if the teacher is receiving Age Retirement (final salary) benefits, their pension may be subject to abatement if their combined pension and new salary exceed their revalued salary of reference. The teacher should monitor this and inform Teachers' Pensions of any expected changes to hours or salary.

The administrators of the TPS may request an annual Certificate of Re-employment detailing the expected monthly salary payments for the financial year.

Summary Checklist for HR / Payroll

#	Action	Done?
Teacher is opting out to trigger normal age pension payments		
1	On the monthly data return to the TPS note the teacher has opted out	☐
2	Respond to salary requests, past, present and future, from the TPS	☐
Teacher is having a break between contracts		
1	Agree break date with teacher	☐
2	Notify HR and payroll of agreed termination and re-employment dates	☐
3	Issue written termination letter confirming last day of old contract	☐
4	Process termination in payroll; cease TPS contributions from that date	☐
5	Ensure at least one full non-contractual day elapses before re-employment starts	☐
6	Issue new contract of employment with new start date	☐
7	Submit termination and re-employment data to Teachers' Pensions via MDC	☐
8	Complete Certificate of Re-employment (Part B) if requested by Teachers' Pensions	☐
9	Notify Teachers' Pensions of any changes to hours or salary during re-employment via the MDC	☐

Further Information

Teachers' Pensions employer guidance and forms are available at:
www.teacherspensions.co.uk/employers

For questions about the process, employers can contact Teachers' Pensions directly. The teacher may also wish to seek independent financial advice before making their retirement election, as the decision is irreversible.

This document was prepared to assist the employer in complying with TPS regulations. It does not constitute legal or financial advice. Employers should verify current requirements with Teachers' Pensions.