



The GDST Flexible Pension Plan

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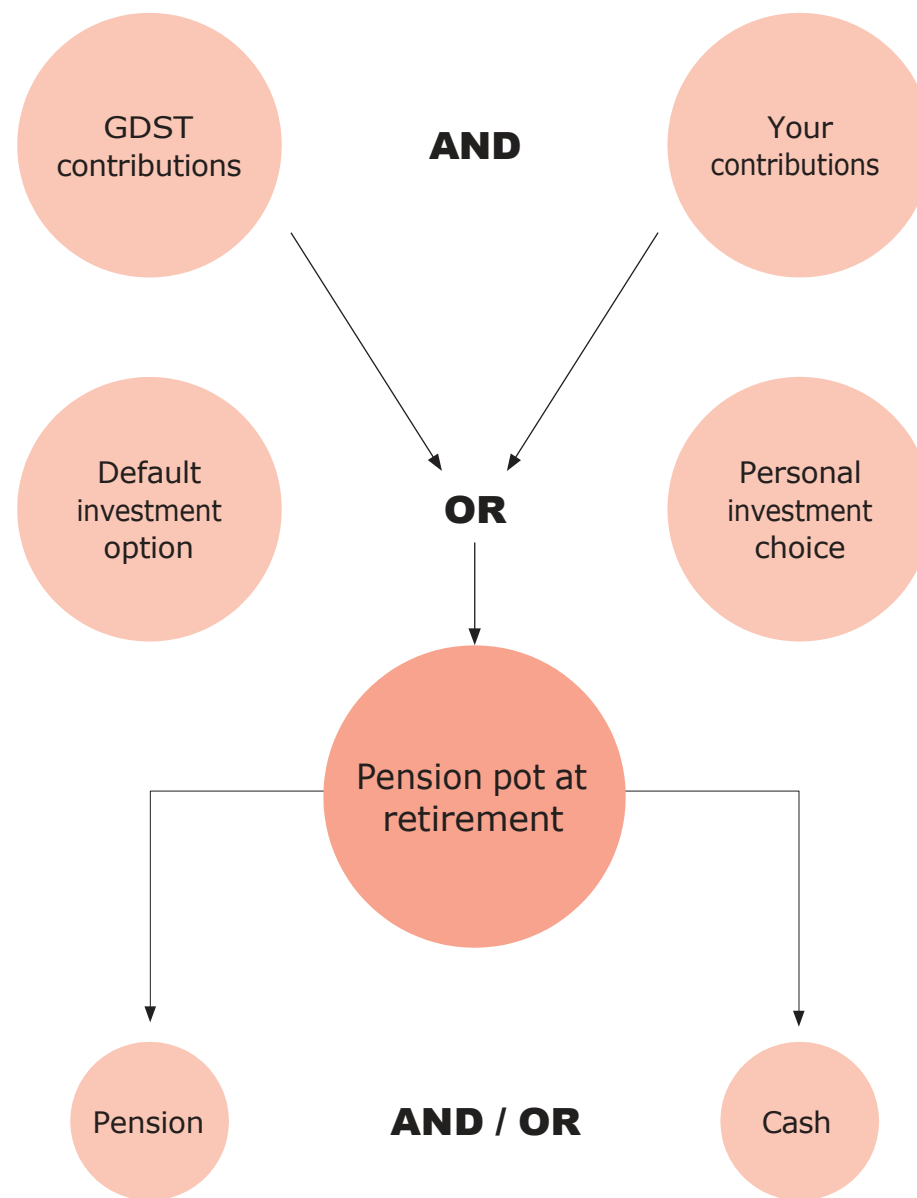
Fact File

- A scheme where the contributions are defined, but the level of benefits isn't guaranteed – this is called a “Defined Contribution” (or “DC”) pension scheme. Most people in the UK now save for retirement in DC schemes, including the majority of support staff in GDST schools and Trust Office.
- The GDST Flexible Pension Plan would be run and administered by the Aviva Master Trust. The Aviva Master Trust is an award-winning pension solution that is authorised by the Pensions Regulator. It is one of the largest pension providers in the UK.
- Master trusts are large pension schemes set up under trust for multiple employers.
- It is overseen by an independent board of Trustees.

How you would build-up benefits in the GDST Flexible Pension Plan

- Both you and the GDST would pay contributions into the GDST Flexible Pension Plan. In this pension arrangement you would decide how much you want to pay in pension contributions and how much you want GDST to pay into your pension. How much GDST pays in would depend on how much you decide to contribute (see [page 5](#)).
- Pension contributions are deducted from salary before income tax is calculated. This results in any salary paid into a pension scheme being free of income tax.
- Most members would pay contributions through salary sacrifice and make National Insurance savings, which would result in slightly higher take-home pay. Salary sacrifice is not available in the TPS – see the glossary for more details.
- You could choose where to invest your contributions, from a range of options (there would be a default option if you do not wish to make a choice).
- Investment returns can increase and decrease over time.

The Normal Pension Age in the GDST Flexible Pension Plan would be age 65, rather than aligned to the state pension age, although benefits can currently be taken from age 55 (set to increase to 57 from 2028 and could potentially increase further). When you decide to retire, the amount you have built-up in the GDST Flexible Pension Plan would form part of your retirement income. The size of your pension pot would depend on the amount of contributions paid in, investment returns, how you decide to take your income, and any service charges. How you take your income would be up to you, and you could take advantage of all the flexibilities available to members in defined contribution schemes. These are described on [page 7](#).



The GDST Flexible Pension Plan – more detail

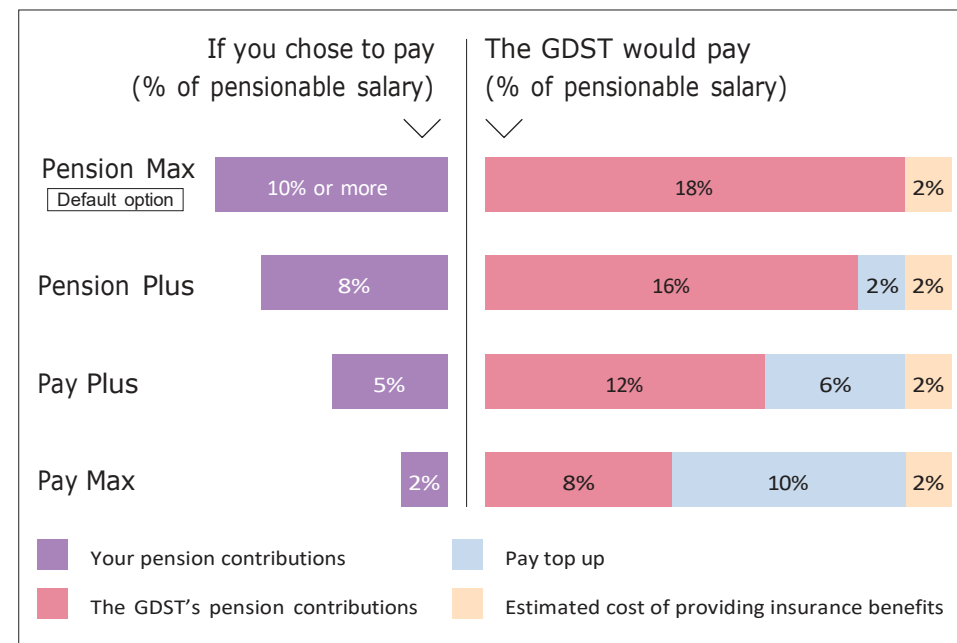
The GDST Flexible Pension Plan will be run and administered by Aviva who will provide the investment platform for pension savings.

How much would I pay to the GDST Flexible Pension Plan?

One advantage of the proposed arrangement is that you would have more flexibility to choose between your take-home pay today and contributions towards your retirement, including how much you would contribute (and you could change the level you chose every year).

You can find more information about how the GDST Flexible Pension Plan works in this guide and by watching the video guides on the consultation hub consultation.gdst.net.

The proposed options are:



So, for example, if you chose to pay pension contributions of 10% or more of your pensionable salary or more, the GDST would contribute an additional amount equal to 18% of your pensionable salary into your pension – making a total contribution into your pension of 28% of your pensionable salary.

If you choose to pay less than 10% of your pensionable salary into your pension, the GDST would contribute some of the 18% to your pension and the remainder would be paid as a top up to your salary. This pay top-up would be non-pensionable (that is, pension contributions would not be taken from this sum and the GDST would not pay pension contributions on it either) and, like your salary, it would be subject to income tax and National Insurance.

If you did not actively choose one of the pay and pension options, and did not opt out of the scheme, you would join at the “Pension Max” pay and pension option.

You would be able to change your pension contribution level every year, or when you experience significant life events.

How might this look at different life stages?

These examples demonstrate how teachers could benefit from the flexibility offered by the proposed pay and pension options by choosing the option that best suits their circumstances. It would also be possible to make changes on a yearly basis, if your personal circumstances change.



Ali is in her late twenties

and is paying back her student loan whilst also trying to save towards a deposit to buy a home. On the one hand, more take-home pay now could help with a mortgage application; on the other hand, she also knows that money put into a pension when you are younger has longer to grow, which may be better in the long term. Either way, it's her choice.



Bhavika is in her thirties

with young children and a partner who works part-time. The decision is hers: she can opt to pay more into her pension, so she enjoys more financial independence when she retires; or she can opt to boost the family's income and help towards childcare, housing and car costs.



Debs is divorced

she has paid off her mortgage and works part time. She wants to ensure she has as much to retire on as possible, but also wants to be able to help her daughter with university costs. She can choose the pay and pension option that works for her. And if her circumstances change, she can change her option too.



Chris and their partner like to travel

and they want to be able to continue travelling after retirement. The different pay and pension options available in the GDST Flexible Pension Plan allow them to choose the right balance between income today and a safety net in their later years.

These are just examples; you would be able to choose the pay and pension option that is best for you. If the proposals go ahead you should consider the benefits and drawbacks of each option carefully before making a decision. You may wish to consider seeking independent financial advice before making any decision.

You can use the illustration tool on the consultation hub consultation.gdst.net to find out what different pay and pension options might mean for you, both in terms of take-home pay and pension benefits when you come to retire.



How much money will you need to live comfortably when you retire?

The answer depends on when you choose to retire and the sort of lifestyle you want. As a rough guide, the Retirement Living Standards, based on independent research by Loughborough University, have been developed to help individuals to picture what kind of lifestyle they could have in retirement. The standards show you what life in retirement looks like at three different levels. Find out more at retirementlivingstandards.org.uk.

Salary sacrifice

Under current HMRC rules, the contributions you make to an occupational pension are deducted from your salary before tax, meaning that for a basic rate taxpayer every £10 paid in effectively only costs £8, or £6 for a higher rate taxpayer. This is currently the case for your contributions to the TPS.

In addition, within the GDST Flexible Pension Plan, the GDST would introduce the ability for your pension contributions to be paid using salary sacrifice. This would be the default position, though you could choose not to pay your contributions this way if you wish. For most people, using salary sacrifice gives a slight increase in take-home pay whilst the same amount goes into their pension. This is because it reduces the amount of National Insurance that you pay. Salary sacrifice isn't currently possible in the TPS. Please see the glossary for a full explanation of how salary sacrifice works.

Additional benefits

We're also providing additional benefits. To give you protection:

- If you die whilst you're still building up benefits then 'death in service' benefits would be payable to your dependants.
- If you fall ill or have an accident and are unable to teach and/or work in any capacity.

Please see [page 8](#) for further details.

Investment options

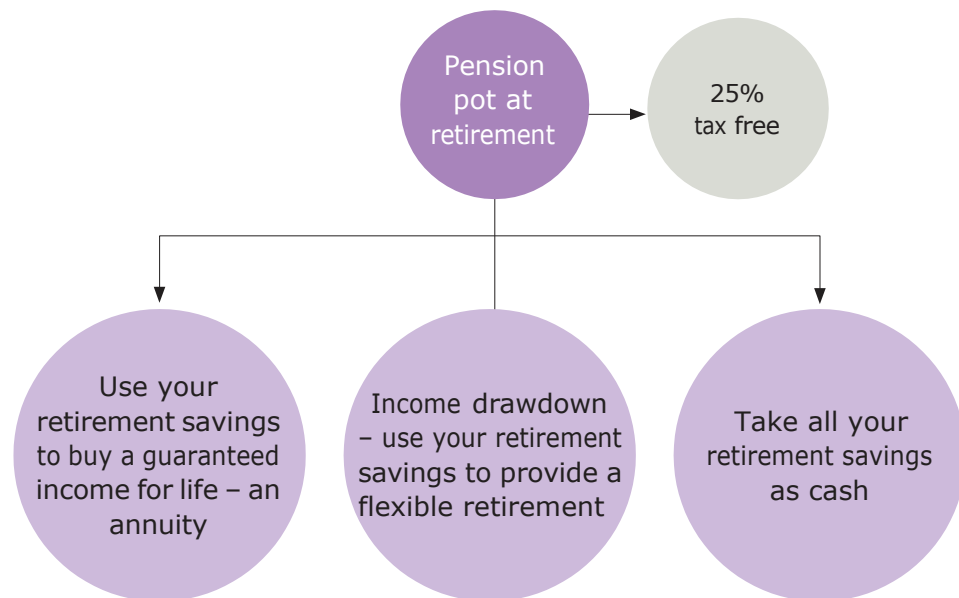
The default investment option would be Aviva's "MyFuture" programme. This is a lifetime investment programme, which means that when you're a long way from retirement you're reinvested in assets that target a high level of growth, and as you approach retirement you're gradually moved to less risky assets.

The annual management charges for the default option are currently 0.27% of your fund per year – this would be taken directly from your pot.

There would be a range of other investment options available, and you can find out more about these (and the default investment option) by visiting the GDST Flexible Pension Plan website workplace.aviva.co.uk/gdst-flexible-pension-plan.

Flexibility at retirement

Broadly, the benefit options available under the GDST Flexible Pension Plan would be as follows:



Convert into a taxable income for life called an annuity. There are different lifetime annuity options and features to choose from that affect how much income you would get and you would be able to buy this from another pension provider if you choose. You could also choose to provide an income for life for a dependent or other beneficiary after you die.

Take an amount from your retirement pot whenever you want. You could choose to take a series of cash sums or income from your retirement pot over time whilst the balance remains invested.

You could take the whole amount of your pension pot as cash, but anything over the first 25% would be subject to income tax.

You could use your retirement pot to do a combination of these options. Unless you buy an annuity, you would need to manage your money carefully to make it last for as long as you need it – once it runs out it is gone for good. Whichever option or options you choose, your pension benefits (above the 25% tax-free amount) would be taxed as income.

The flexibility afforded by a Defined Contribution pension can be an advantage in comparison to benefits from defined benefit schemes like the TPS. Having a combination of Defined Benefit and Defined Contribution pension savings can sometimes deliver a much more tailored retirement package to suit an individual's retirement plans. Have a look at the online illustration tool to see how it could work for you.

Find out more about the TPS and the GDST Flexible Pension Plan

TPS website:

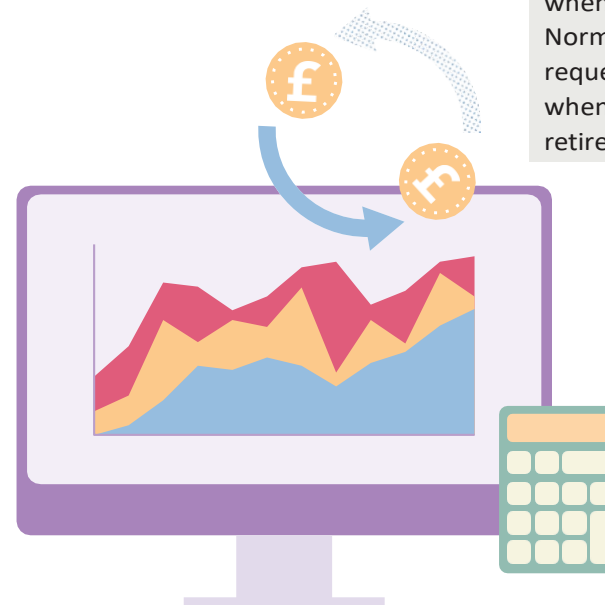
www.teacherspensions.co.uk/members/member-hub.aspx

Refer to a copy of your TPS scheme guide.

Video guides on the consultation hub: consultation.gdst.net

GDST Flexible Pension Plan website: workplace.aviva.co.uk/gdst-flexible-pension-plan

Once the scheme is in place your retirement options in the GDST Flexible Pension Plan will be explained in more detail in the information provided by Aviva when you are approaching your Normal Pension Age or if you request information from Aviva when considering early retirement.



Death and ill-health benefits

The TPS currently provides certain benefits in the event that you die whilst employed as a teacher and a contributing TPS member (death in service benefits), or fall ill and are unable to teach and/or work in any capacity (ill-health benefits). If you join the GDST Flexible Pension plan these benefits would change. We've considered the impact this could have, and will provide additional insurance benefits alongside your pay and pension options to provide protection in similar circumstances.

The following section sets out the benefits that would be payable by the TPS in specific circumstances, alongside those that would be payable through the GDST Flexible Pension Plan⁷, to help you understand the potential differences.

Please note that the insurance benefits described are subject to change if the cost to the GDST of providing them exceeds the 2% allowance. Eligibility for cover and payments would be subject to the insurer's applicable terms and conditions. If the proposals go ahead and the benefits were to change in the future, you would be notified of this.

The TPS benefits are complex and vary depending on individual circumstances. The descriptions below apply to an individual in the Career Average Arrangement (who may also have benefits in the Final Salary Arrangements) who is below their Normal Pension Age – this reflects the position for the vast majority of our teachers. There are also some differences for members with less than two years' service, and pensions in respect of service before 1st January 2007, which have not been included here. You should check the TPS website for more details about the death and ill-health benefits payable in specific circumstances not covered here.

Death in service benefits - lump sum

Benefit	Current position (based on continued TPS membership)	Proposed position	
		Benefits you've already built-up in the TPS are protected	Additional benefits (future)
Death in service lump sum	<p>A lump sum of three times your full-time equivalent salary.</p> <p>This is normally payable tax-free.</p>	<p>If a pension is also payable to a dependant, (see below) a lump sum of 2.25 times the pension you've built-up in the Career Average Arrangement plus any automatic lump-sum you've built-up in the 80th Final Salary Arrangement. If no pension is payable to a dependant, the higher of the above and your contributions to the TPS, with interest applied at 3% pa, is added to the death in service lump sum.</p> <p>This is normally payable tax-free.</p>	<p>A lump sum of four times your pensionable salary (actual basic salary plus allowances).</p> <p>This is normally payable tax-free.</p>

What does this mean?

If you work full-time, the lump sum payable to your dependants if you die whilst in service is likely to be higher under our proposals compared with the current position. The position may be different if you work part-time.

Death in service benefits - pension

Benefit	Current position (based on continued TPS membership)	Proposed position	
		Benefits you've already built-up in the TPS are protected	Additional benefits (future)
Death in service pension for your spouse, civil partner, or qualifying partner	<p>In respect of any service in the 80th Final Salary Arrangement: A pension payable for life equal to half of the pension you've built-up.</p> <p>PLUS</p> <p>In respect of any service in the 60th Final Salary Arrangement: A pension payable for life equal to 37.5% of the pension you've built-up.</p> <p>PLUS</p> <p>In respect of service in the Career Average Arrangement: A pension payable for life equal to 37.5% of the pension you've built-up to your date of death.</p> <p>PLUS</p> <p>A pension payable for life equal to 18.75% of the pension you could've built-up between date of death and Normal Pension Age.</p> <p>PLUS</p> <p>For the first three months after death, a top-up to the above pension equivalent to your full salary.</p> <p>All of the above are typically subject to income tax for the recipient.</p>	<p>In respect of any service in the 80th Final Salary Arrangement: A pension payable for life equal to half of the pension you've built-up.</p> <p>PLUS</p> <p>In respect of any service in the 60th Final Salary Arrangement: A pension payable for life equal to 37.5% of the pension you've built-up.</p> <p>PLUS</p> <p>In respect of service in the Career Average Arrangement: A pension payable for life equal to 37.5% of the pension you've earned up to 30th September 2023 or your transfer date to the GDST FPP if earlier.</p> <p>All of the above are typically subject to income tax for the recipient.</p>	<p>100% of the value of your retirement savings in the GDST Flexible Pension Plan, which can be taken as a lump sum or used to secure a regular income.</p> <p>If taken as a lump-sum, the above is typically paid tax-free.</p> <p>Unlike the TPS, the value of your retirement savings in the GDST Flexible Pension Plan can typically be paid to someone other than your spouse or partner.</p>
	Death in service pension for each of your dependent children	Up to half of the partner's pension, paid until 17 (or 23 if in full-time education).	Up to half of the partner's pension, paid until 17 (or 23 if in full-time education).

What does this mean?

If you join the GDST Flexible Pension Plan, on day one the long-term pension payable to your dependants if you die would likely be lower under our proposals. However, over time and as the value of your retirement savings in the GDST Flexible Pension Plan increases, the fact that 100% of the value passes to your dependants and that it is normally payable tax free may well make it a more valuable benefit.

Ill-health benefits

– if you're unable to teach but can still work in some reduced capacity

Benefit	Current position (based on continued TPS membership)	Proposed position	
		Benefits you've already built-up in the TPS	Additional benefits (future)
Ill-health insurance benefits	n/a	n/a	<p>After 26 weeks of absence, the proposed income protection scheme would provide you with up to 50% of your basic salary (and allowances) once your contractual sick pay has ceased. This would potentially be payable until the earlier of State Pension Age, recovery, death or the end of your fixed contract in force when first incapacitated (if applicable).</p> <p>The income protection insurance payments would normally be proportionately reduced if you are working in a reduced capacity on a reduced salary.</p> <p>Whilst you remain an employee, you would continue to be a member of the GDST Flexible Pension Plan and the GDST's contributions would be based on your reduced basic salary (and allowances).</p> <p>It is expected that your employment would be terminated if you are long-term incapacitated. In this scenario, it is intended that the income benefit payment (of up to 50%) would be made direct to you from the insurer but pension contributions would cease.</p> <p>Any benefits would normally be subject to income tax (and also National Insurance contributions whilst remaining in employment).</p> <p>Insurers may restrict their payments if your income during incapacity exceeds their threshold permitted e.g. 80% of pre-incapacity earnings.</p>

Benefit	Current position (based on continued TPS membership)	Proposed position	
		Benefits you've already built-up in the TPS	Additional benefits (future)
Ill-health pension	Subject to meeting the TPS's qualifying medical criteria, you could be entitled to a pension for life based on what you've already built-up in the TPS. It would not be reduced to take account of the fact that it's paid before your Normal Pension Age. Any benefits would normally be subject to income tax.	No specific ill-health pension payable. However, if you're over minimum pension age (currently age 55, but set to increase in line with the State Pension Age) you would be entitled to a pension for life based on what you'd already built-up in the TPS prior to 30th September 2023 or your transfer date to the GDST FPP if earlier. It would be reduced if it's paid before your Normal Pension Age. Any benefits would normally be subject to income tax.	Subject to meeting the GDST Flexible Pension Plan's qualifying criteria, 100% of the value of your retirement savings in the Scheme can be taken as a lump sum or used to secure a regular income. 25% of the value can typically be taken tax-free. Any remaining benefits would normally be subject to income tax.

What does this mean?

It's difficult to say whether you'd be better off under the GDST Flexible Pension Plan. For those with substantial TPS benefits and who are still some way off Normal Pension Age, the TPS benefits could be better. Those early on in their career may well be better off under our proposals. The proposed income protection scheme also potentially provides more flexibility if you're off sick for a long period of time but expect to be able to return to work at some point in the future. This is because the TPS benefit requires an expectation that you wouldn't ever be able to return to your current role.

Ill-health benefits

– if you're unable to work in any capacity

Benefit	Current position (based on continued TPS membership)	Proposed position	
		In respect of benefits you've already built-up in the TPS	Additional benefits (future)
Ill-health insurance benefits	n/a	n/a	<p>After 26 weeks of absence, the proposed income protection scheme would provide you with up to 50% of your basic salary (and allowances) once your contractual sick pay has ceased. This would potentially be payable until the earlier of State Pension Age, recovery, death or the end of your fixed contract in force when first incapacitated (if applicable).</p> <p>The income protection insurance payments would normally be proportionately reduced if you are working in a reduced capacity on a reduced salary.</p> <p>Whilst you remain an employee, you would continue to be a member of the GDST Flexible Pension Plan and the GDST's contributions would be based on your reduced basic salary (and allowances).</p> <p>It is expected that your employment would be terminated if you are long-term incapacitated. In this scenario, it is intended that the income benefit payment (of up to 50%) would be made direct to you from the insurer but pension contributions would cease.</p> <p>Any benefits would normally be subject to income tax (and also National Insurance contributions whilst remaining in employment).</p> <p>Insurers may restrict their payments if your income during incapacity exceeds their threshold permitted e.g. 80% of pre-incapacity earnings.</p>

Benefit	Current position (based on continued TPS membership)	Proposed position	
		Benefits you've already built-up in the TPS	Additional benefits (future)
Early / ill-health pension	<p>Subject to meeting the TPS's qualifying criteria, you could be entitled to a pension for life based on what you've already built-up in the TPS.</p> <p>PLUS</p> <p>Additional pension for life based on 50% of the pension you could have built-up, had you remained in service until Normal Pension Age.</p> <p>Any benefits would normally be subject to income tax.</p>	<p>Subject to meeting the TPS's qualifying criteria, you could be entitled to a pension for life based on what you had built up in the TPS prior to 30th September 2023 or your transfer date to the GDST FPP if earlier.</p> <p>Any benefits would normally be subject to income tax.</p>	<p>Subject to meeting the GDST Flexible Pension Plan's qualifying criteria, 100% of the value of your retirement savings in the Scheme can be taken as a lump sum or used to secure a regular income.</p> <p>Any benefits would normally be subject to income tax (other than the first 25% which is typically tax-free), unless your life expectancy is less than one year. If your life expectancy is less than one year and you are under 75 years of age, you can normally take all benefits as a tax-free lump sum.</p>

What does this mean?

Under the GDST Flexible Pension Plan, the benefits payable on ill-health may well be better on day one, although careful planning would be needed beyond State Pension Age. It's also worth noting that over time, and as the value of your retirement savings in the GDST Flexible Pension Plan increases, the fact that you can immediately access 100% of the value will make it a more valuable benefit.

How to find out more

Getting advice

If you wish, you can obtain independent financial advice, but this would be at your own cost. The cost of advice can vary considerably, so please make sure you check the costs of any advice before proceeding. You can find a financial adviser by visiting www.moneyandpensionsservice.org.uk

Useful websites

www.moneyandpensionsservice.org.uk is a free and independent service set up by the government to provide information and guidance about pensions.

Details about the TPS can be found on the TPS website: www.teacherspensions.co.uk/members/member-hub.aspx

workplace.aviva.co.uk/gdst-flexible-pension-plan/



Glossary of terms

Accrual rate

The rate at which your benefits build-up for each year of Pensionable Service in the TPS. It is often expressed as a fraction e.g. 1/57th.

Active member

A member in Pensionable Service who is paying contributions (in the case of the TPS and the GDST Flexible Pension Plan).

Deferred member

Someone who is no longer paying contributions into a particular scheme and has benefits, which they have not yet claimed.

Defined Benefit scheme

A scheme where a pension is calculated based on a formula that considers both salary and service to guarantee a benefit in retirement (a bit like a salary in retirement).

Defined Contribution scheme

A type of scheme where a member builds-up a pot of money, based on contributions paid and investment growth, that is used to provide benefits.

Final pensionable earnings

This is the earnings definition used to calculate pension benefits in the final salary sections of the TPS.

Normal Pension Age

The age at which you can take your full pension without reduction for earlier payment.

- In the Final Salary Arrangements within the TPS it is either 60 or 65, depending on the date you joined the TPS.
- In the Career Average Arrangement within the TPS it is State Pension Age.

- In the GDST Flexible Pension Plan your Normal Pension Age would, by default, be age 65. However, you could change this at any time and the value of your savings wouldn't be reduced if you access them early (although you would have paid less in and had less time to generate investment returns).

Pensionable salary

This is used to determine pension contributions and benefits.

TPS: Pensionable salary is defined in Regulations. You can find out more by visiting the glossary on the TPS website: www.teacherspensions.co.uk/public/glossary.aspx

DC Scheme: Pensionable salary is defined as basic salary plus allowances. The pay top-up offered under the proposals would not be pensionable salary.

Pensionable service

The number of complete years and days of continuous employment as a member of the TPS building up new benefits. There is no change to the current definition.

Revaluation

A pension that is revalued has an annual increase applied, with the aim that it keeps pace with inflation. The amount of the increase changes from year to year.

Salary sacrifice

If you participate in salary sacrifice, you give up the part of your pay that represents your personal contributions to a pension scheme. Your employer pays an equivalent amount to the pension scheme on your behalf. This benefits the individual and the employer as both make National Insurance savings. Most people would be eligible for salary sacrifice, but there are some exceptions, for example if it would reduce your earnings below the National Minimum Wage.

Important notes

This document and the enclosed materials summarise the benefits you are currently building up in the TPS or could be entitled to under the TPS and the GDST Flexible Pension Plan if the proposals are implemented. These documents do not cover every aspect of your current and proposed benefits. Full details of how your current benefits are calculated are contained in the relevant Regulations and Scheme Rules. If there is a difference between these documents and the Regulations and/or Scheme Rules, the Regulations/Scheme Rules will prevail.

Information in this document does not constitute legal, investment, financial or any other form of professional advice, nor a recommendation of a particular course of action.

We are not authorised to provide individuals with regulated financial advice. If you require this we recommend that you speak with a financial adviser whose advice falls under the jurisdiction of the Financial Services & Markets Act 2000 before making any financial or investment decisions. You can find a financial advisor near you by visiting the Money Advice Service website: [moneyhelper.org.uk](https://www.moneyhelper.org.uk).

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March 2022

GDST

GIRLS' DAY SCHOOL TRUST