Teachers' Pension Scheme 2026/03

Who should read:	• Members • Chief Executives • Directors of Education • Directors of Finance • HR Managers • Payroll Managers • Teachers' Unions and Representatives
Action:	For information
Subject:	Public Service Pensions Indexation and CARE Scheme Revaluation 2026
Date:	3 March 2026

The purpose of this circular is to:

- **Notify employers of the increase to public service pensions with effect from 6 April 2026**
- **Notify employers of the pension increase for mandatory and discretionary compensation payments paid to retired teachers**
- **Advise of the rate to be used for the annual revaluation of Career Average Revalued Earnings (CARE) benefits accrued in the Scottish Teachers' Pension Scheme 2015 for active members**
- **Update employers on the employee pay banding for 2026/27**
- **Confirm the employer contribution rate for 2026/27**

Public Service Pensions Indexation

Public service pensions in payment, together with those that are deferred for payment at a future date, are indexed annually based on the annual change in the Consumer Prices Index (CPI) measured as at the previous September.

In the 12 months from September 2024 to September 2025, CPI was 3.8%. As a result, an increase of 3.8% is to be applied from 6 April 2026 for pensions in payment, and deferred pensions.

The UK Government expects the Pensions Increase (Review) Order to be laid during March 2026.

Pensions Increase for mandatory and discretionary compensation payments paid to retired teachers

For pensions which began before 23 March 2025 the increase is 3.8%. For pensions which began on or after 23 March 2025, the increases are as follows:

Period	Pensions increase
23 March 2025 to 21 April 2025	3.80%
22 April 2025 to 21 May 2025	3.48%
22 May 2025 to 21 June 2025	3.17%
22 June 2025 to 21 July 2025	2.85%
22 July 2025 to 21 August 2025	2.53%
22 August 2025 to 21 September 2025	2.22%
22 September 2025 to 21 October 2025	1.90%
22 October 2025 to 21 November 2025	1.58%
22 November 2025 to 21 December 2025	1.27%
22 December 2025 to 21 January 2026	0.95%
22 January 2026 to 21 February 2026	0.63%
22 February 2026 to 21 March 2026	0.32%

CARE Scheme Revaluation

The Scottish Teachers' Pension Scheme 2015 (STPS 2015) Regulations were made under the Public Service Pensions Act 2013 (the Act). The STPS 2015 is a Career Average Revalued Earnings (CARE) scheme, and Section 9 of the Act deals with the annual "in-service" revaluation of CARE scheme benefits, preserving their value in line with rises in the cost of living. The SPPA website provides further information on the principles of CARE scheme revaluation.

The STPS Regulations provide for annual revaluation by reference to changes in prices. For active members this is at the rate of CPI plus 1.60%; for deferred members, it is the rate of CPI included in any Pension Increase (Review) Order.

Section 9(2) of the Act requires the change in prices used for revaluation to be such percentage increase or decrease as is specified in an order made by HM Treasury. The Public Service Pensions Revaluation Order 2026 will fulfil that requirement in relation to prices and reflects the change in CPI of 3.8% in the 12 months to September 2025. The Chief Secretary to the Treasury has issued a written statement to this effect, with The Public Service Pensions Revaluation Order 2026 coming into force on 1 April 2026.

As a result of the increase for CPI, the in-service revaluation for the STPS 2015 in respect of 2025/26 will be 5.4%.

Employee Contribution Pay Banding 2026/27

As highlighted in STPS Circular 2024/02, while a tiered contribution structure has been retained, employee contribution tier thresholds have increased in line with CPI to broadly keep pace with increases in teachers' pay and ensure members are not pushed into higher contribution bands as a result of annual pay increases.

While this approach will continue, to ensure that there is no reduction in the overall contribution yield, the top two earning thresholds will not be increased.

The table below reflects the adjusted earnings bands for scheme year 2026/27 and applies to the STPS 2015.

Tier	Actual pensionable pay	Contribution Percentage Rate
1	Up to £36,195	7.35%
2	£36,196 to £48,724	8.88%
3	£48,725 to £57,775	9.90%
4	£57,776 to £67,975	10.61%
5	£67,976 to £92,693	11.73%
6	£92,694 and above	12.14%

Employer Contribution Rate for 2026/27

The employer contribution rate for 2026/27 remains at 26%.

Any questions?

Please contact SPPAPolicy@gov.scot if have any enquiries about this circular.

SPPA Policy
3 March 2026