

The Secretary General, Convention of Scottish Local Authorities

The Directors of Education, Directors of Finance & Human Resource Managers, Scottish Local Authorities

Principals of Further and Higher Education Institutions

Independent Schools

Official Correspondents of Other Participating Organisations

7 Tweedside Park
Tweedbank
Galashiels TD1 3TE
<http://www.sppa.gsi.gov.uk>
Telephone: 01896 893225
Fax: 01896 893214
christine.marr@scotland.gsi.gov.uk

Our ref: TEA/01/02/06

14 December 2007

Dear Sir or Madam

SCOTTISH TEACHERS' SUPERANNUATION SCHEME (STSS)
GOVERNMENT ACTUARY'S VALUATION REPORT OF STSS AS AT 31 MARCH 2005 AND
EMPLOYERS' CONTRIBUTION RATE INCREASE

The purpose of this circular is to inform teachers' employers and other stakeholders that:

- a) the actuarial valuation of the Scottish Teachers' Superannuation Scheme (STSS) will not conclude until February 2008;
- b) Scottish Ministers have decided that any increase in employers' contribution rate as a consequence of the valuation will not be implemented until 1 April 2009.

Under the STSS regulations, valuation reports specify the contribution rate for the scheme. The 2005 valuation is expected to require an increase in the employers' contribution rate. Indeed, SPPA Circular 2007/2 (22 March 2007) forewarned employers that the Government Actuary's Department had estimated that the 2005 valuation would require an increase in the employers' contribution rate of 0.75% (from 13.5% to 14.25%) with effect from 1 April 2008.

We had expected to have the completed valuation report before the end of 2007, but certain technical issues have resulted in a delay until February 2008.

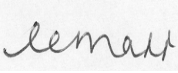
We realise that employers need certainty about their contribution rate to allow them to finalise running cost budgets as soon as possible. Because that rate will not be known until February 2008, and because that will be late on in employers' budget setting process for 2008/09, Scottish Ministers have decided that the increase in the employers' contribution rate arising from the 2005 valuation will be deferred until 1 April 2009.



Teachers' Superannuation Circular 2007/09

As you will appreciate at this time we are unable to confirm whether the increase in employer's contribution rate that will apply from 1 April 2009 will exceed 0.75%.

Yours faithfully



Christine Marr
Policy Manager, STSS



INVESTOR IN PEOPLE