



SCOTTISH PUBLIC PENSIONS AGENCY

To:

The Secretary General, Convention of Scottish Local Authorities

The Director of Education, Director of Finance &
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Your ref:

Our ref: TEA/19/01/00

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Dear Sir or Madam

SUPERANNUATION (TEACHERS) CIRCULAR No. 2004/4 REFORM OF THE SCOTTISH TEACHERS' SUPERANNUATION SCHEME (STSS)

Purpose

This circular informs teachers' employers and representatives about progress with the reform of the Scottish Teachers' Superannuation Scheme (STSS). I would be grateful if this circular could be distributed for display within schools, colleges and other teaching establishments, so that teachers are aware of its content.

Background

The UK Government published its plans for pension reform in December 2002 – the main change being the proposal to raise the normal pension age for most public servants from 60 to 65. Following a lengthy consultation exercise the UK Government announced, in June 2003, that it intended to proceed with its proposals.

In addition to raising the normal pension age to 65, the recent UK Budget statement also announced that the minimum pension age would be raised from 50 to 55 for all occupational pension schemes. This additional change forms part of the measures being introduced to simplify the rules on taxation and will give pension schemes and the individual member much more flexibility in pension planning.

The implementation dates for both changes referred to in the preceding paragraphs are as follows:-

- a) pension age 65 - for new entrants by 2006
 - for existing members by 2013

- b) minimum age 55 - for new entrants by 2006
 - for existing members by 2010

Reform of the Teachers' Pensions Schemes

All public service pension schemes in the UK are now involved in reviews of their pension arrangements in order to comply with UK Government policy. The Scottish Public Pensions Agency (SPPA) is taking an active role in these reviews.

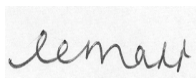
The reform of the Teachers' Pensions Scheme for England and Wales, Scotland and Northern Ireland is being taken forward by the Teachers' Pensions Review Group (TPRG). The TPRG was formed to consider how the provisions of the teachers' pensions schemes can be modernised in the light of contemporary circumstances, Government policy, pension taxation framework, age equality and diversity legislation and the needs of teachers and their employers. The TPRG will ensure that amendments or developments to the scheme mean that members and employers continue to view the teachers' pensions schemes as a valuable part of the overall remuneration package. The TPRG comprises representatives of scheme managers for all 3 teachers' schemes (the lead being taken by the Department for Education and Skills (DfES)), employers in England and Wales, teachers associations throughout the UK and the Government Actuary's Department.

The Management Advisory Group (Scotland) (MAG(S)), which comprises representatives from SPPA, the Scottish Executive Education Department, Scottish teachers' employers and unions will consider whether there are any specific Scottish issues in relation to the reform of the Scottish Teachers' Superannuation Scheme.

Progress Report

'Modernisation of the Teachers' Pension Scheme (TPS): A progress report – July 2004' issued by DfES is available on the teachernet website www.teachernet.gov.uk. This document provides details on possible scheme changes to the TPS which are also being considered in relation to the STSS. A modelling routine is available (see paragraph 10) so that individual teachers can gauge how the higher pension age may affect them. Teachers in the STSS will not be able to obtain reckonable service details from the Teachers' Pensions website – they should use details provided in their latest benefit statement. SPPA will issue a consultation document providing details of a possible revised scheme design in mid-September. Views of interested parties and individual teachers will be welcomed. Consultation papers and other information will be circulated as widely as possible and will be available on our website www.scotland.gov.uk/sppa as it becomes available.

Yours sincerely



Christine Marr
Policy Manager, STSS