

**SCOTTISH TEACHERS' SUPERANNUATION SCHEME
CIRCULAR 02/2014**

WHO SHOULD READ: ALL STSS MEMBERS
ALL HR/PAYROLL MANAGERS

ACTION: To ensure revised rates of members' contributions are deducted from teachers' pay from 1 April 2014 onwards

SUBJECT: The Teachers' Superannuation (Scotland) Amendment Regulations 2014 (SSI 2014/44)
Increases in members' contribution rates effective from 1 April 2014

The purpose of this circular is to confirm that increases to members' contributions will be effective from 1 April 2014 as set out in the recent consultation and shown in the table below.

In a statement to Parliament on 5 November 2013, the Cabinet Secretary for Finance, Employment and Sustainable Growth, John Swinney MSP, announced the Scottish Government's decision to implement the third annual increment of UK Government proposed employee contribution increases for the Teachers', NHS, Police and Firefighters' schemes in Scotland.

This circular confirms that Scottish Ministers have decided that members' contribution rates from 1 April 2014 will be implemented as set out in the consultation document. The rates set out below were issued for consultation for the period 18 December 2013 to 26 January 2014. Regulations to implement these increases were laid in the Scottish Parliament on 24 February and subject to Parliamentary approval, the contribution rates that will become effective from 1 April 2014 are as set out in the table below. The rates continue to be based on the member's full-time equivalent salary.

Table 1: Proposed increases to contribution rates (**before** tax relief) from 1 April 2014

Full Time Equivalent pensionable pay	Contribution rate 2013/14	Contribution rate 2014/15	Contribution rate increase against 2013/14
Up to £14,999	6.4%	6.4%	0%
£15,000 to £25,999	7.0%	7.2%	0.2%
£26,000 to £31,999	7.9%	8.3%	0.4%
£32,000 to £39,999	8.8%	9.5%	0.7%
£40,000 to £44,999	9.2%	9.9%	0.7%
£45,000 to £74,999	10.1%	11.0%	0.9%
£75,000 to £99,999	10.6%	11.6%	1.0%
£100,000 and above	11.2%	12.4%	1.2%



To help members understand what this will mean for them, a [STSS contributions calculator](#) is available on the SPPA website (use this link or go to the Teachers page of the SPPA website and click on Calculators). This will show members how their monthly contributions to the STSS will be affected after tax.

Employers of STSS members must take action on the basis of this information to ensure that their HR/Payroll systems are updated to manage the revised tiered contributions structure from 1 April 2014.

The changes to contribution rates will be effective for service from 1 April 2014. Employers will be required to pay the first tiered contributions by 7 May 2014.

The employer contribution rate is not affected by these changes and remains at 14.9%. Employer contributions are determined by scheme valuations. The Public Service Pensions Act 2013 sets out via HM Treasury Directions how and when those regulations should be undertaken. In addition the Act also requires an employer cost cap to be set and measured as part of that process.

A valuation based on data as at March 2012 is currently being undertaken based on the above requirements which will set both the employer contribution rate from April 2015 and the employer cost cap. It is expected that the STSS 2012 valuation will be finalised during the summer after which the employer contribution rates from 1 April 2015 will be announced. I appreciate that will not be helpful to your current budget planning but employer rates cannot be confirmed until the 2012 valuation is completed.

Please bring the information contained in this circular to the attention of the relevant staff to ensure that the necessary arrangements are in place for the correct contributions to be deducted from members as appropriate and in line with the tiered contribution rates when the regulations come into force on 1 April 2014.

In accordance with the Occupational Pension Scheme (Disclosure of Information) Regulations 1996, please ensure that all members who are affected by this change are notified individually in writing.

Brenda Callow
Policy Manager
4 March 2014

Contact Information: Should you have any enquiries about this circular, or require further information, please contact brenda.callow@scotland.gsi.gov.uk

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