

**SCOTTISH TEACHERS' SUPERANNUATION SCHEME  
07/2015**

**WHO SHOULD READ:** Chief Executives, HR and Payroll Managers, Teacher's unions and representatives  
**ACTION:** To read and circulate to interested parties and members of the STSS  
**SUBJECT:** Member contribution rates from 1 April 2015

**The purpose of this circular is to notify employers on how to apply contributions from 1 April 2015**

Following the issue of Scottish Teachers Superannuation Scheme Circular 04/2015, the following provides further clarification regarding contribution rates for members of the 2015 scheme who work overtime, which is pensionable in that scheme, and how contribution rates are determined for scheme members (both existing and 2015 schemes) with fluctuating earnings.

## 1. Overtime

Overtime is pensionable **only** in the Scottish Teachers' Pension Scheme 2015 but is not used when setting the members contribution rate. Having established the member's contribution rate based on their annual pay that rate is then applied to any overtime.

For example Iain's actual pay is £34,000, and he also receives overtime of £1,100. Iain would remain in the tier band "£26,000 to £34,999" with the contribution rate 8.7%, however he would pay 8.7% on his pensionable earnings of £35,100. (The £1,100 overtime doesn't change the contribution rate).

## 2. Member's with fluctuating pay

Some scheme members have fluctuating pay throughout the year and to obtain their actual annual pay to set the appropriate contribution rate the monthly pay is multiplied by 12. This annual amount is then used to determine the relevant tier and rate due.

For example, Fiona's monthly pay is £2,250. To calculate Fiona's actual annual pay this requires to be multiplied by 12. Therefore in this example  $£2250 \times 12 = £27,000$ . The appropriate contribution tier for the actual annual pay of £27,000 is "£26,000 to £34,999" therefore the standard contribution rate due to be applied is 8.7%.

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The following month, Fiona's salary is less than the previous month as her earnings are £1750. Again, to obtain the actual annual pay this rate requires to be multiplied by 12, therefore  $£1750 \times 12 = £21,000$ . The appropriate contribution tier for the actual annual pay of £21,000 is "up to and including £25,999" with the standard contribution rate due to be applied 7.2%.

In determining the rate due any overtime included in the members pay should be treated as per 1 above.

### **3. Where a member has a Part time post and a post with fluctuating pay**

The member contribution rate relates to each contract of employment regardless of how many employers these contracts are with.

For example, Andrew has a part time contract earning £26,500 per year and in addition works supply with the same employer earning £800 in a month. The member contribution tier for the part-time contract is "£26,500 to £34,999" therefore the standard contribution rate due to be applied is 8.7%. The supply earnings require to be converted to an actual annual pay. In this example  $£800 \times 12 = £9,600$ . The appropriate contribution tier for the actual annual pay of £9,600 is "up to and including £25,999" with the standard rate to be applied 7.2%. Andrew would therefore pay different contribution rates on each employment.

### **4. Where a member is in full time employment with 2 x 0.5 posts**

Where a member has 2 posts which equate to a full time post. Each contract is treated as an individual employment and therefore should be calculated **separately**.

For example, Margaret is employed by the same employer on a 0.6 contract (Employment 1) earning an actual annual salary of £20,932.20 and a 0.4 contract (Employment 2) earning £13,954.80 which together total £34,887.00 per year.

The contribution rates are as follows:

#### **Employment 1**

Where Margaret is employed on a 0.6 contract earning £20,932.20 the relevant contribution tier for the actual annual pay of £20,932.20 "up to and including £25,999" therefore the standard contribution rate to be applied is 7.2%

#### **Employment 2**

Where Margaret is employed on a 0.4 contract earning £13,954.80, the relevant contribution tier for the actual annual pay of £13,954.80 is "up to and including £25,999" therefore the standard contribution rate to be applied is 7.2%.



**Brenda Callow**  
**Policy Manager**  
**6 March 2015**

**Contact information:**

Should you have any enquiries about this circular, or require further information, please contact:

[brenda.callow@scotland.gsi.gov.uk](mailto:brenda.callow@scotland.gsi.gov.uk)

**Scottish Public Pensions Agency**  
7 Tweedside Park  
Tweedbank  
GALASHIELS  
TD1 3TE

[www.sppa.gov.uk](http://www.sppa.gov.uk)  
Telephone: 01896 893225  
Fax: 01896 893214



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