



SCOTTISH PUBLIC PENSIONS AGENCY

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Dear Sir or Madam

**SUPERANNUATION (TEACHERS) CIRCULAR No 2008/2
THE TEACHERS' SUPERANNUATION (SCOTLAND) AMENDMENT REGULATIONS 2008
(SSI 2008/227)**

The purpose of this circular is to inform teachers, their employers and representatives, and other interested parties of the making of the above Regulations, which make amendments to the Teachers' Superannuation (Scotland) Regulations 2005, the Teachers (Compensation for Premature Retirement and Redundancy)(Scotland) Regulations 1996 and the Teachers' Superannuation (Additional Voluntary Contributions) (Scotland) Regulations 1995. I would be grateful if this circular could be distributed as widely as possible to members.

A copy of SSI 2008/227 is available on the OPSI website and a link to the SSI is attached [The Teachers' Superannuation \(Scotland\) Amendment Regulations 2008 No. 227](#).

The main changes are described in the attached annex. Full details are provided in the Explanatory Note to the Regulations.

Enquiries about the contents of this circular should be sent to me at the above address.

Yours faithfully

Christine Marr
Policy Manager

CHANGES TO THE SCOTTISH TEACHERS' SUPERANNUATION SCHEME 2008

Removal of earnings cap

Since 1 June 1989, any new entrants joining the STSS have had an upper limit applied to their contributable salary. This limit is known as the "earnings cap" and for the year 2007/08 was £112,800. The earnings cap has been removed from 1 April 2008. If you are a teacher whose salary was capped and you have not been contacted by SPPA, please contact Christine Marr, SPPA Policy, tel 01896 893225 or email christine.marr@scotland.gsi.gov.uk. If your salary has been capped you will now have (a) the option of retaining the cap or (b) paying contributions on your uncapped salary and having your service apportioned for the period during which the earnings cap applied.

Purchase of Additional Pension

If you are a teacher aged between 60 and 65 with a normal pension age of 60, you may now purchase additional pension. The cost will be based on the factors for members with a normal pension age of 65. A calculator is available on SPPA's website www.sppa.gov.uk.

Entitlement to retain normal pension age on transfer

If you are a teacher who enters pensionable employment on or after 1 April 2007 as a result of a TUPE/involuntary transfer within the public services (excluding the Local Government Pension Scheme) you will retain normal pension age 60 when becoming a member of the STSS if you were subject to a normal pension age of 60 in your previous scheme.

Amount of retirement lump sum

Under HMRC tax simplification legislation, which took effect on 6 April 2006, certain payments would be classed as "unauthorised payments" and, depending on the circumstances, both the scheme and member would be subject to "sanction charges" ranging from 15% to 50% of the payment made. To protect the STSS against the imposition of such charges, the amount of tax-free lump sum paid (should calculations prove that the level of lump sum would exceed the permitted maximum) will be restricted. Any excess lump sum will be converted back into annual pension.

Additional Voluntary Contributions

If you are a member of the Teachers' Additional Voluntary Contributions Scheme you may elect to make provision for the payment of an ongoing pension to your beneficiary if you were to die within 5 to 10 years of accessing your benefits. If you would like further information please contact Prudential email avc.admin@prudential.co.uk.

Discretionary Severance Compensation

The amount of discretionary severance compensation that employers can award to teachers who are made redundant or retired in the interests of efficiency is increased from 66 weeks to 104 weeks with effect from 1 July 2008.

Opting Out of Scheme Changes

Section 12(4) of the Superannuation Act 1972 contains a requirement on schemes to offer members who would be placed in a worse position as a result of any scheme changes the option to elect for that regulation not to apply to them; regulation 30 provides members with a 3 month period in which to make such an election.