

**SCOTTISH TEACHERS' SUPERANNUATION SCHEME  
CIRCULAR 05/2011**

**WHO SHOULD READ:** STSS members, Directors of Education, Directors of Finance, HR Managers, Payroll Managers and teachers' unions and representatives

**ACTION:** This circular has been emailed to all stakeholders on SPPA's circulation list and should be circulated widely to all STSS members

**SUBJECT:** CHANGES TO SCHEME REGULATIONS

The purpose of this circular is to notify STSS members, their employers and representatives of changes made by

- the Teachers' Superannuation (Scotland) Amendment Regulations 2011 (SSI 2011/42) and
- the Teachers' Superannuation (Scotland) Amendment (No. 2) Regulations 2011 (SSI 2011/52)

A full explanation of the changes made by the above regulations is provided in the annex to this letter.

The main changes of interest are as follows:

- **Phased retirement:** teachers need to reduce their contributable salary by 20% in order to qualify for phased retirement (previously 25%). Please note this does not affect the maximum amount of benefits that can be taken in a phased retirement which remains at 75%.
- **Re-valuation of Additional Pension:** Where a teacher has elected to purchase additional pension prior to 1 April 2011, that additional pension will continue to be re-valued by the Retail Prices Index (RPI) until date of payment. Additional pension purchased on or after 1 April 2011 will be re-valued by the Consumer Prices Index (CPI). Once additional pension is in payment it will be uprated in line with the CPI from April 2011 onwards.
- **Indexation of Pensions (including Mandatory and Discretionary Compensation paid by employers):** From 11 April 2011, pensions in payment should be indexed in line with the CPI measure.
- **Pension credit members:** pension credit members can access their pension benefits early on an actuarially reduced basis providing they satisfy certain criteria.

**Christine Marr**  
**Policy Manager**  
**9 March 2011**



## Contact Information:

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**1. The Teachers' Superannuation (Scotland) Amendment Regulations 2011 ([SSI 2011/42](#))** - coming into force 1 March 2011 but most provisions backdated.

The Regulations make the following changes of substance.

- Guaranteed minimum pensions: provision is made for the equalisation of state pension age from 6<sup>th</sup> April 2010 and the fact that GMP age remains 65 for men and 60 for women
- Phased retirement: salary reduction requirement changes from 25% to 20%  
(NB. This does not affect the maximum amount of pension that a member may take at phased retirement – this remains at 75%.)
- Pension credit members: introduction of actuarially reduced benefits for pension credit members
- Lifetime Allowance (LTA) charge: provision is made for the deduction of the LTA charge for a member's benefits where the value of a member's benefits exceed the LTA. The amount of the deduction is based on advice from the scheme actuary

**2. The Teachers' Superannuation (Scotland) Amendment (No. 2) Regulations 2011 ([SSI 2011/52](#))** – coming into force 1 April 2011.

2.1 In the 22 June 2010 UK Budget, the Chancellor announced that public service pensions would increase annually in line with the Consumer Prices Index (CPI) with effect from April 2011. This change will happen automatically to teachers' pensions in payment (including Additional Pension (AP)) and deferred pensions by virtue of their link to the provisions of the Pensions (Increase) Act 1971 and the annual HM Treasury Pensions Increase (Review) Orders made under that Act which are reserved to Westminster. No amendments to the 2005 regulations are therefore required in this respect. The 2011 PI multipliers prepared by HM Treasury take account of the RPI measure pre-11 April 2011 and CPI up-rating of 3.1% from 11 April 2011.

2.2 Scheme members can elect to purchase AP in blocks of £250. The 2005 regulations do currently provide for AP purchased to be re-valued in line with monthly increases in the Retail Prices Index (RPI) before the AP comes into payment ("a pre-payment increase"). The changes being introduced are linked specifically to how additional pension is re-valued before it comes into payment. To ensure consistency across the scheme the method of indexation of pensions is being changed so that from April 2011 additional pension elections will



be re-valued using the indexation provided by the Pensions (Increase) Act 1971 ie CPI. However the instrument also provides that any elections taken out up to and including 31 March 2011 will continue to be re-valued by RPI.

3. Regulation C2 (Salary on which contributions are payable – election): there are very few teachers who have an on-going election to pay contributions on a previously higher salary. It has therefore been decided that notional salaries will continue to be re-valued by RPI.

