

Scottish Teachers' Superannuation Scheme Consultation on Proposed Reforms.

Introduction

The consultation began on 3 October 2006 and closed on 5 January 2007. This Report has been based on the 24 responses received by the SPPA.

The Scottish Public Pension Agency conducted an open consultation inviting both employers and scheme members to register their views. Trade unions also provided additional information on the proposals to their members.

The organisational breakdown of respondents was as follows:

Teacher	4 - Individuals
Lecturer	2 - Individuals
Employer	14 – Convention of Scottish Local Authorities (COSLA), Association of Scottish Colleges (ASCOL), Scottish Council of Independent Schools (SCIS), 10 Local Authorities and 1 College
Other	2 – Prudential, (AVC Provider), Chartered Institute of Public Finance and Accountancy (CIPFA) Scottish Branch, Directors of Finance Section
Union	2 – Educational Institute for Scotland (EIS) Scottish Secondary Teachers Association (SSTA)

OVERVIEW

Overall, all respondents were generally supportive of the proposals in the consultation. Members welcomed the additional flexibility that the proposals offered them in planning for their retirement and unions also welcomed the retention of a normal pension age of 60 for existing members. The level of responses was much lower than for the previous consultation in 2005, again indicating general agreement.

Respondents generally agreed with the proposed timing of changes but some felt that the timescale for the introduction of the changes was tight and were concerned that this may cause practical difficulties, for example, in terms of communicating changes to employers and employees.

Most respondents thought the revision of the salary used for calculating pension benefits was a positive step; being fairer and giving more flexibility. Some (mainly employers) were concerned about the administrative burden if employers had to keep salary records for 10 years instead of 7.

Respondents agreed with the proposals for buying additional pension benefits. It was felt that it was more straightforward, flexible and allowed for forward planning for retirement. The choice of whether or not to include dependent benefits was appreciated. Some indicated that the cost of purchasing these benefits would be a major concern.

Proposals on phased retirement were seen as a positive move allowing greater flexibility. Employers and unions noted that it would be a useful tool in retaining experienced teachers.

Respondents welcomed the proposals for surviving partner benefits as they reflected wider social changes. The increase in 'death in service' grant and pensions payable for life were seen as positive.

Respondents saw the two tiered approach to ill-health benefits as a necessary change and felt the two-tier system will be much fairer.

Respondents agreed that the proposals for additional flexibilities were a good idea.

EIS, COSLA and some employers acknowledged the plans for a review of premature retirement and severance arrangements although COSLA felt the option of awarding discretionary added years should be retained.

COSLA welcomed the recent increased allocation of funds to cover the April 2007 increase to employers' contributions but raised concerns about further increases. COSLA claimed that further funding would be needed from the Scottish Executive to cover any further increased costs.

COLSA and one of the local authorities that replied also indicated that Scottish contribution rates should be based on Scottish scheme valuations, rather than (as proposed by HMT) the member rate being set as equal to the England and Wales member rate.

Other comments included:

- that actuarial enhancement should be given for working past normal pension age;
- there should be a review of maternity provisions to allow teachers the opportunity to purchase the period of unpaid maternity leave at normal employee contribution rates within a specified timescale;
- abatement provisions should be removed; and
- consideration should be given to allowing maximum flexibility in surrendering AVCs in line with HMRC guidelines.

Some respondents felt that further explanation should be given on commutation and how this would affect dependent benefits