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Scottish Teachers' Superannuation Scheme consultees

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29 December 2014

Dear Colleague

## **Addendum to the Consultation on “The Teachers’ Pension Scheme (Scotland) Amendment Regulations 2014” and “The Teachers’ Superannuation (Scotland) Amendment Regulations 2015”**

This letter is to advise you about additional information to be included in the consultation on draft regulations for the new Scottish Teachers’ Pension Scheme which will be introduced from 1 April 2015. **This consultation will run from 29 December 2014 to 18 January 2015.** As there has been a delay in issuing the rates for consultation, the addendum consultation on contributions has been extended to 18 January rather than 4 January 2015.

The Scottish Teachers Framework Document (available at [http://www.sppa.gov.uk/Documents/STSS/STSS%20Pension%20Scheme%202015/STSS\\_Framework%20Document\\_191213.pdf](http://www.sppa.gov.uk/Documents/STSS/STSS%20Pension%20Scheme%202015/STSS_Framework%20Document_191213.pdf) )

sets out that the structure of contributions will be subject to further review and the need to ensure that the structure delivers the required yield of 9.6% of total pensionable pay in the scheme. Possible options for the rates and structure of member contributions from 2015 have been considered by the Scottish Teachers Pension Scheme Negotiating Group (STPSNG). STPSNG, the tripartite group which advises on the terms of the Scottish Teachers Superannuation Scheme, includes members representing employers, trade unions and the Scottish Government. The options were based on the rates to be applied to the scheme in England and Wales and moving from determining contribution rates based on actual rather than whole-time salaries. Whilst recognising the protections provided to a large proportion of current scheme members and the fact that accrued final salary benefits will still be linked to each member’s final salary at retirement, on balance the STPSNG agreed that in moving to a CARE scheme the use of actual pay to determine member contribution rates would be appropriate at this time. The most significant change with this approach is that part-time members will see their contribution rates set by reference to their actual pay.

This letter seeks comments and views on the following two options:



## Option A and Option B

Actual pensionable pay	Number of members	Actual pensionable pay in band %	STSS 2014/15 (WTE)	E&W 2015/19	Option A (E&W + 0.1%)	Option B
≤£25,999	17,917	11.8	6.4% - 7.2%	7.4%	7.5%	7.2%
£26,000 - £34,999	12,400	15.6	8.3% - 9.5%	8.6%	8.7%	8.7%
£35,000 - £41,499	24,820	37.8	9.5% - 9.9%	9.6%	9.7%	9.7%
£41,500 - £54,999	14,195	27.3	9.9% - 11.0%	10.2%	10.3%	10.4%
£55,000 - £74,999	2,472	6.0	11.0%	11.3%	11.4%	11.5%
≥£75,000	392	1.5	11.6% - 12.4%	11.7%	11.8%	11.9%
<b>Total / average</b>	<b>72,196</b>	<b>100.0</b>		<b>9.50%</b>	<b>9.60%</b>	<b>9.60%</b>

SPPA is currently consulting on legislative changes to the Scottish Teachers Superannuation Scheme regulations to provide for the introduction of the reformed scheme from April 2015 and the continuation of the 2005 sections for those who are eligible for protection. Comments are requested by 4 January and full details of the consultations can be found on the SPPA website at [www.sppa.gov.uk](http://www.sppa.gov.uk) or via the following link:

[http://www.sppa.gov.uk/index.php?option=com\\_content&view=article&id=714&Itemid=546](http://www.sppa.gov.uk/index.php?option=com_content&view=article&id=714&Itemid=546)

The consultation letter issued on 27 November 2014 confirmed that further employee contribution rates remained subject to further discussion with the STPSNG and therefore employee contribution rates due from 1 April 2015 have still to be finalised. This letter acts as an addendum to both consultations as contribution rates will be applicable to those who remain in the current 2005 and 2015 schemes. Set out in the annexes attached are revised extracts of the drafts regulations to include the proposed rates as set out above. Any comments you have should be made by 18 January 2015 as part of the main consultations.

### **Responses are requested no later than Sunday 18 January 2015**

We intend to publish a summary of consultation responses in due course and would like to be able to include any response you make in that summary. However, if you ask us not to publish your response to this consultation we will regard it as confidential, and we will treat it accordingly.

Respondents should also be aware that SPPA is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and will have to respond appropriately to any relevant request made to the Agency under that Act for information concerning this consultations exercise.

Yours faithfully



Chad Dawtry  
Director of Policy



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## **Amendment of the Teachers' Superannuation (Scotland) Regulations 2005**

*For regulation C3 (Ordinary contributions) of the Teachers' Superannuation (Scotland) Regulations 2005 Substitute –*

- (1) The percentage rate of employees contributions is determined in accordance with this paragraph*
- (2) For each of a member's pensionable employments, the member must pay contributions on the member's contributable salary in that employment at the percentage rate of employees' contributions.*
- (3) The percentage rate of employees' contributions for a pensionable employment is the rate in Column 2 of the table corresponding to the band for the annual salary in Column 1.*
- (4) The annual salary bands in Column 1 are increased for each financial year, if there is a relevant increase in the consumer prices index for that financial year, by the appropriate percentage for the financial year, rounded up to the nearest £1.*
- (5) There is a relevant increase in the consumer prices index for a financial year if the consumer prices index for the month of September before that financial year is higher than that for the previous September.*
- (6) The appropriate percentage for the financial year is the same percentage as the percentage increase in the consumer prices index for that year.*
- (7) In this regulation, "consumer prices index" means the all items consumer prices index published by the Statistics Board, a body corporate established by section 1 of the Statistics and Registration Service Act 2007.*

### **Table**

**Either Option A or Option B as above**

## **Amendment of The Teachers' Pensions Scheme (Scotland) (No.2) Regulations 2014**

### *Substitute of regulation 179 (Employees' contributions)*

*For regulation 179 substitute –*

*(1) For each eligible employment in respect of which an active member (P) is in pensionable service during a pay period, P must pay members' contributions on P's pensionable earnings in that pay period at the rate determined under this regulation ("members' contributions rate").*

*(2) the members' contributions rate for an eligible employment is the rate in Column 2 of the table corresponding to the band which includes the annual salary rate for that employment in Column 1.*

*(3) The annual salary rate bands in Column 1 are increased for each financial year, if there is a relevant increase in the consumer prices index for that financial year, by the appropriate percentage for the financial year, rounded up to the nearest £1.*

*(4) There is a relevant increase in the consumer prices index for a financial year if the consumer prices index for the month of September before that financial year is higher than that for the previous September.*

*(5) The appropriate percentage for the financial year is the same percentage as the percentage increase in the consumer prices index.*

*(6) In this regulation, "consumer prices index" means the all items consumer prices index published by the Statistics Board, a body corporate established by section 1 of the Statistics and Registration Service Act 2007.*

### **Table** **Either Option A or Option B as above**

