

7 Tweedside Park
Tweedbank
GALASHIELS
TD1 3TE

Scottish Teachers' Superannuation Scheme consultees

www.sppa.gov.uk

Tel: 01896 893000
Fax: 01896 893214
stsspensionreform@scotland.gsi.gov.uk

22 June 2016

Dear Colleague

Consultation on the Teachers' Superannuation and Pension Scheme (Additional Voluntary Contributions) (Scotland) Regulations 2016

I enclose for comments a draft of the Teachers' Superannuation and Pension Scheme (Additional Voluntary Contributions) (Scotland) Regulation 2016. I would be grateful if you would distribute this letter and attachments as widely as possible.

These Regulations seek to update the existing provision available to teachers in Scotland who are members of the superannuation scheme by revoking and re-enacting the Teachers' Superannuation (Additional Voluntary Contributions) (Scotland) Regulations 1995 (the 1995 regulations). The 1995 regulations were established to allow additional contributions paid by teachers to be invested to secure additional benefits upon retirement. The 2016 regulations will continue that provision whilst consolidating previous amendments and updating the statutory position to reflect the flexibilities included in the Taxation of Pensions Act 2014 and Pensions Act 2015 that took effect on 6 April 2015. These flexibilities are contained within regulation 12 of the draft.

The draft regulations are available to view on the SPPA website:

http://www.sppa.gov.uk/index.php?option=com_content&view=article&id=198&Itemid=546

A brief summary of the regulations is given in the following paragraphs:

Regulation 1 will bring the instrument into force with effect from 1 April 2015, other than regulations 7 and 12 which come into force with effect from 6 April 2015 as provided under the relevant primary legislation.

Regulation 2 of the new instrument includes some amendments to the definition in the equivalent 1995 regulations. The key inclusion is a new definition of "AVC policy age", which will generally be a person's Normal Pension Age at the point of making an election to pay contributions to the scheme, or their Normal Pension Age at the point of transferring in rights from another registered pension scheme. Other definitions are updated to refer to the



establishment of the Teachers' Pension Scheme (Scotland) 2015 (the 2015 Scheme) under SSI 2014/292.

Regulations 3 and 4 cover the administrative procedure for electing to join the scheme and the setting of regular contributions or the payment of lump sum to be invested. If regular contributions are being paid under regulation 4(1)(c) in order to secure a lump sum on death benefit, they must be set to ensure the amount to be secured in at least £5000.

Regulation 5 covers that lump sum death benefit that contributions under 4(1)(c) purchases. This provision enables the teachers to elect for the sum to provide for dependant's pensions and offers flexibility about the type of annuity to be purchased.

Regulation 6 permits options under Regulation 4 to be adjusted or cancelled, and covers the administrative procedure for doing so.

Regulation 7 updates the definition of "contributor" to reflect main scheme membership under the 2014 regulations, and also now determines that from 6 April 2015, a person ceases to be a contributor where they have realised all the funds invested and not subsequently made a further election to pay contributions.

Regulation 8 outlines how and when contributions should be paid, deducted by the contributor's employer from their monthly salary and paid within 7 days in line with the requirements of the 2015 scheme.

Regulation 9 provides for the contributions to be invested by Prudential in the funds chosen by the contributor, and in the case of an election for a lump sum death benefit to secure the relevant amount required by the election.

Regulations 10 and 11 cover transfers in to and out of the AVC scheme. Transfers can only be accepted from registered pension scheme or registered overseas pension schemes, however the teacher is not required to become a regular contributor following completion of the transfer. Following acceptance of the transfer value, the value received must be invested in funds the participant selects.

Similarly, a transfer value representing the value of investments can be transferred out to another registered pension scheme or registered overseas pension scheme, providing that scheme is willing to accept it. However, where a teacher is over age 55, they are unable to transfer any amount of the fund that has already been subject to a benefits election under regulation 12(6), in other words, a pension or dependant's pension in payment.

The options introduced by regulation 12 include flexible drawdown and payment of one or more uncrystallised lump sums from normal minimum pension age, currently age 55. Following agreement between Scottish Ministers and Prudential, the scheme's AVC provider, these more flexible options are already being applied administratively pending the introduction of these regulations. Dependant's pension are payable for life with the exception of those paid to a child which will cease upon the child reaching the age that entitlement would cease under the 2005 or 2015 schemes.

Regulations 13 and 14 cover equivalent provisions to the 1995 regulations. Regulation 15 covers the repayment of contributions and updates references to the 2015 scheme, as well as limiting from 1 October 2015 the period of time in which a refund of money purchase contributions can be made, which is now 30 days under UK pensions legislation.



Scottish Ministers accept liability for any annuity purchased by the participator from the insurance company specified in regulation 9 (Prudential), however Regulation 16 exempts Scottish Ministers from any liability where the participator elects for an annuity to be purchased from an alternative authorised provider. The remainder covers other payments to the teacher.

Regulation 17 requires teachers who make elections under the regulations and their employers, to give to Scottish Ministers all necessary information they require to undertake their responsibilities.

Regulation 18 allows Scottish Ministers to pay sums to the estate of a deceased member. Where the sum is under a specified amount (currently £5,000) ministers may pay it to the executors without requiring proof of entitlement. Following this payment, Scottish Ministers are removed from any liability.

Regulation 19 provides for Scottish Ministers to determine any issue that arises under the regulations.

Regulation 20 revokes the 1995 regulations and gives transitional effect in respect of anything provided under those regulations.

You are invited to respond to this consultation on line via the following link:-

https://www.surveymonkey.co.uk/r/Additional_voluntary_contributions

Alternatively you may complete the Consultation Response Form attached at Annex A which can be submitted electronically to:

stsspensionreform@scotland.gsi.gov.uk or by post to the following address:

STSS Consultation (AVC Scheme)
SPPA Policy
7 Tweedside Park
Tweedbank
Galashiels
TD1 3TE

The consultation will close on 18 August 2016 and we ask that anyone wishing to respond does so by then.

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 the Scottish Government 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 SPPA under that Act for information concerning this consultation exercise.

Yours faithfully



INVESTOR IN PEOPLE

An agency of



The Scottish Government
Riaghaltas na h-Alba

Brenda Callow
Policy Manager



INVESTOR IN PEOPLE

An agency of



The Scottish Government
Riaghaltas na h-Alba

Copies to:

COSLA

Scottish Local Authorities

Colleges of Further and Higher Education

Colleges Scotland

Scottish Further Education Unit

Higher Education Establishments

Scottish Independent Schools

Scottish Council for Independent Schools

Workers Educational Association

Scottish Qualifications Authority

Educational Institute of Scotland

Scottish Secondary Teachers' Association

VOICE the union

National Association of Schoolmasters/Union of Women Teachers

Association of Headteachers and Deputies in Scotland

School Leaders Scotland

University and College Union

Association of Teachers and Lecturers

Scottish Government

HM Treasury

Government Actuary's Department

Department for Education, England & Wales

Department for Education, Northern Ireland

NHS Pensions Agency

Department of Communities and Local Government

Department for Work and Pensions

Ministry of Defence

Audit Scotland

General Teaching Council for Scotland

Scottish Funding Council

Scottish Council for Research in Education

Women's National Commission



INVESTOR IN PEOPLE

An agency of



The Scottish Government
Riaghaltas na h-Alba

CONSULTATION RESPONSE FORM

CONSULTATION ON THE DRAFT TEACHERS' SUPERANNUATION and PENSION SCHEME (ADDITIONAL VOLUNTARY CONTRIBUTIONS) (SCOTLAND) REGULATIONS 2016

(please complete and return to the address at the end of the form to ensure that we handle your response appropriately).

1. Name/Organisation

Organisation Name

Title

Surname

Forename

2. Postal Address

Postcode

Phone

Email

3. Permissions - I am responding as... (please complete either sections (a), (b) and (d) or sections (c) and (d):

Individual or **Group/Organisation**

(a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

Please state yes or no: _____

(b) Where confidentiality is not requested, we will make your responses available to the public on the following basis

Please state yes to one of the following:

Yes, make my response, name and address all available

or

Yes, make my response available, but not my name and address

or

Yes, make my response and name available, but not my address

(c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your **response** to be made available?

Please state yes or no:

(d) We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Please state yes or no:



INVESTOR IN PEOPLE

An agency of



The Scottish Government
Riaghaltas na h-Alba

ABOUT YOU

I am responding ...

- as a scheme member
- on behalf of an Employer Organisation
- on behalf of a Trade Union/Staff Association
- other (please specify)

What is your gender?

- I am female
- I am male

I am employed as...

- a primary school teacher (local authority)
- a secondary school teacher (local authority)
- a head teacher or depute head teacher (local authority)
- an educational psychologist
- a lecturer in further or higher education
- a teacher in an independent school
- I'm retired
- other (please specify)

What is your working pattern?

- I work part-time
- I work full-time
- Not applicable



INVESTOR IN PEOPLE

An agency of



The Scottish Government
Riaghaltas na h-Alba

CONSULTATION COMMENTS

Please use this space to provide any comments on the amendments.

Comments:

Please e-mail your response to stsspensionsreform@scotland.gsi.gov.uk or send via mail to:

STSS Consultation (AVC Scheme)
SPPA Policy
7 Tweedside Park
Tweedbank
Galashiels
TD1 3TE

The closing date for receipt of comments is 18 August 2016.



INVESTOR IN PEOPLE

An agency of



The Scottish Government
Riaghaltas na h-Alba