

Guidance notes for OPTING OUT/CEASING ACTIVE MEMBERSHIP

You should detach and retain these for future reference

These guidance notes are for members of the Scottish Teachers' Superannuation Schemes.

As a scheme member you are entitled to:

- A guaranteed index linked monthly pension (adjusted annually in April based on the Consumer Price Index (CPI)).
- A significant contribution towards your pension from your employer (from 1 April 2024 this is 26% of your pay).
- Tax relief on your contributions (tax is deducted after pension contributions so therefore you pay less tax on your income).
- Permanently give up some of your pension for a tax free lump sum. When you claim your pension instead of being paid the whole amount monthly you can exchange part of it for a lump sum (for every £1 of pension given up this gives you £12 in a lump sum).
- Purchase additional pension to increase the amount due to you at retirement. Buying additional pension by a lump sum or regular additional monthly contributions is part of the flexibilities available to increase your pension. In the 2015 Career Average Re-valued Earnings (CARE) scheme you have the option to purchase faster accrual 1/45th, 1/50th or 1/55th and make an election to buy out the standard reduction which means that you can retire up to three years early without a reduction on the pension. Full details of how you can increase your pension are available on the SPPA website.
- Apply to transfer in service from another scheme (subject to certain conditions).

If you die before you retire we will:

- pay a lump sum to your spouse, registered civil partner, non legal partner or to your nominee(s) if you have completed a nomination form
- pay a pension to eligible children and dependants if you have qualified for benefits when you die

Deciding to Opt Out of the Scheme is an important decision and any member thinking about this should make an informed decision using all the information available to them. **Members are also advised to seek independent financial guidance before making a decision on future membership.**

The scheme

The Scottish Teachers' Pension Schemes are qualifying schemes and all eligible members will be contractually included from the first day of their employment. Your employer will therefore, enrol you into the Scheme. However, ongoing membership of the scheme is not compulsory and you can choose to opt out at any time.

Opting out/ceasing active membership

If you are considering opting out of the Scheme, you may wish to seek independent financial advice or consult your union or employer. You may also wish to compare the benefits offered by alternative pension providers before you make your decision. You should note that you will not be able to pay for the period you have opted out of from the Scheme at a later date. You will also cease to have any further cover for a death in service lump sum. Processing of your opt out form can take up to four months dependant on your choices and the timely processing of your payroll data.

Automatic Enrolment – what you need to know

- Your employer cannot ask you to join or force you to Opt Out of the Scheme.
- If you are asked or forced to Opt Out of The Scheme, you can report this to the Pensions Regulator (www.tpr.gov.uk).
- If you Opt Out and later change your mind, you may be able to opt back in by giving written notice to your employer.
- If you stay opted out, your employer will automatically re-enrol you back into the Scheme every three years in-line with the Pensions Regulators requirements.
- If you change your job and have a new employer, they should put you into the Scheme.
- If you have another job, your employer should put you into the Scheme for that employment,
NB See Section 2 Notes.

COMPLETING THE OPT OUT FORM

SECTION 1. Personal details

Please complete all fields with the information requested. Your superannuation number will be on any previous correspondence we have sent you. You should complete the six digit number with no prefixes or slashes. For example: 603030. If, however, you do not know this, please ensure your Date of Birth and National Insurance number are completed. If you have an email address we will acknowledge receipt of your application and we will not, under any circumstances, supply this information to another party.

SECTION 2. Employment details

Please give details of all the employment contracts you wish to Opt Out of. If you have more than three contracts (with the same employer) you should provide the details on a separate sheet of paper.

If you have more than one employer, you must complete a separate form for each employer.

Opting out rules and timescales

You may choose to Opt Out after you have been enrolled in the Scheme. However, before you choose to Opt Out of the Scheme, you must:

- Have become an active member of the Scheme.
- Have received the enrolment information from your employer.

There are specific timescales during which you can opt out. You can only opt out during what is known as the “Opt Out period” which starts after active membership has been achieved. Your employer is responsible for ensuring you are made aware of what your Opt Out period is and this should be given to you with your enrolment information. If you are unsure of what your opt out period is, please contact your employer.

Opting out 1 - (within opt out period, three months of being opted in)

If, after receiving information about the scheme, you wish to Opt Out and you are still within your Opt Out period, you should complete ‘Opting out 1’. If contributions have been deducted from your salary, your employer will refund these directly to you and no service will have been accrued with the contract/employer stated in this section. You will be treated as though you had never joined.

Opting out 2 - ceasing active membership (after Opt Out period)

If you are out with your initial Opt Out period, but do not wish to remain in the Scheme, you can choose to cease active membership by completing ‘Opting out 2’. Any service you have accrued with the employer/contract in section 2 will be added to any qualifying service you already hold in the Scheme. The options available to you after you have ceased active membership will depend on both your total amount of service and whether or not you have left the scheme in its entirety.

Note: You are only opting out from the employer/contracts you state in section 2. This means if you are paying **any** other contributions to the scheme with another employer/contract, you are still an active member and any service you have accrued with this employer/contract will be added to the qualifying service you already hold in the Scheme.

SECTION 3. Leaving the scheme - what are my options?

The following options may be available to you if you have left the scheme in its entirety. Please indicate in this section, which option you wish to take depending on your length of qualifying service.

If you have two years qualifying service when you Opt Out of The Scheme you can:

1. Preserve your benefits in the scheme, for payment at your normal pension age (NPA). You retain the right to apply for benefits early providing you meet the qualifying criteria. Preserved benefits are index-linked.
2. Apply to transfer your accrued benefits to another pension arrangement. In this case, your new pension provider would need to apply to the SPPA requesting a transfer of your pension rights. Time limits and age restrictions will apply. The Scottish Teachers’ Pension Schemes are not linked to any other UK teachers’ pension scheme and transfers between teachers’ schemes are not automatic. They must be applied for, in writing, from the receiving Scheme. Further information is held on our website.
3. Rejoin the Scheme on return to teaching employment and your periods of service will be linked for future benefit purposes. Your NPA may have changed, depending on the length of break in service you have. For more information please visit our website.

If you have less than two years qualifying service when you opt out of the Scheme you :

1. May be able to transfer your accrued benefits to another pension arrangement. Please see above.
2. Can apply for a refund of your contributions, less deductions for tax (this only applies to members who opt out of **all** active contracts).
3. Can rejoin the Scheme on return to teaching employment and your periods of service will be linked for future benefit purposes. Your NPA may have changed, depending on the length of break in service you have. For more information please visit our website.

Are you already in receipt of a teachers' pension?

If you have returned to teaching, after taking your retirement benefits, the options available to you will depend on the qualifying service you have accrued whilst in re-employment.

If you have accrued more than 12 months service you are entitled to a second pension. To apply for your second pension please complete the Teachers' retirement form which can be found on our website.

If you have accrued less than 12 months service you will not be eligible for a refund of contributions. HMRC legislation does not allow a refund of contributions to be paid unless it extinguishes all rights in the scheme. Any refund that is paid, which does not meet this requirement, is classed as an unauthorised payment.

However, you would be entitled to a Short Service Annuity which is payable for life, and is based on the contributions paid into the scheme during your period of re-employment. To apply for this please complete the Short Service Annuity form which can be found on our website.

If you have not yet reached your NPA you may be able to transfer the service you have accrued in re-employment, to another pension arrangement, providing you have accrued less than 12 months qualifying service. To arrange this, please contact your new pension provider in the first instance.

SECTION 4. Bank or building society details

If you have any difficulties completing this section, please contact your bank or building society. We will pay your refund into the account that you request here and you should ensure that all relevant fields are completed accurately.

Please note that this can take up to three months to process. The details required can be found on your bank card or statement and you should ensure that the correct sort code, account number and/or building society roll number are entered.

If any of these details are wrong this may result in the payment being made to the wrong account. If your bank account is outwith the UK, please indicate the country your bank is based in and you will be issued with the appropriate Transcontinental Automated Payment Service (TAPS) form.

If any of your personal or bank details change, please notify us immediately.

SECTION 5. Member declaration

You should ensure that you have completed all relevant parts of the form before signing and dating the declaration. Do not date this form earlier than your employment start date, your employers auto enrolment staging date or re-enrolment date. To find out more about this, please contact your HR or Payroll department. If the declaration is not signed and dated, this will result in the form being returned to you and may cause a delay in the payment of your refund (if applicable).

Once you have completed **all** relevant sections of the form you must send it to your employer. Please do not send it directly to the SPPA as we cannot take any action to stop contributions being deducted from your salary. On receipt of this form, your employer will take the appropriate action

SECTION 6. Employer declaration

If the member is opting out with the period then both STPS01 & 02 will be required. These must be submitted via the Employer Data Management (EDM) Portal.

SCOTTISH TEACHERS' PENSION SCHEMES

SECTION 1 - PERSONAL DETAILS

Scheme reference number

Surname

Former surname

Forename (in full)

Title Dr Mr Mrs Miss Ms Other

Date of birth / /

National Insurance number

Contact address

Post code

Telephone number

Mobile number

Email address

Please provide reason for opting out. (choose one option)

- | | | | |
|---|--------------------------|---|--------------------------|
| Already retired – don't want to re-join | <input type="checkbox"/> | Maternity | <input type="checkbox"/> |
| Personal financial reasons | <input type="checkbox"/> | High Earner / LTA reasons | <input type="checkbox"/> |
| Affordability / Cost of living | <input type="checkbox"/> | Leaving Scotland / UK | <input type="checkbox"/> |
| Short term opt out – intend to re-join | <input type="checkbox"/> | Have alternative pension arrangement | <input type="checkbox"/> |
| Working on temp/short-term contract | <input type="checkbox"/> | Employer offered alternative pension solution | <input type="checkbox"/> |

Other (please state)

SECTION 2 – EMPLOYMENT DETAILS

Employing Authority/College/University

Please give details of each location you work at for the above employer and indicate if you wish to opt out by ticking the relevant box (see guidance notes)

1) Place of work

Post/Job title

Pay reference number

Date started in post / / Not opting out

Opting out 1 (See guidance notes) Opting out 2 from / / (See guidance notes)

2) Place of work

Post/Job title

Pay reference number

Date started in post / / Not opting out

Opting out 1 (See guidance notes) Opting out 2 from / / (See guidance notes)

3) Place of work

Post/Job title

Pay reference number

Date started in post / / Not opting out

Opting out 1 (See guidance notes) Opting out 2 from / / (See guidance notes)

SECTION 3 – OPTIONS ON LEAVING THE SCHEME (see guidance notes)

If you are opting out within the opt out period (opting out 1) please go straight to section 5.

If you are paying **any** contributions to the scheme, this means you are still an active member please go to section 5.

If this is your only employer/contract and you have left the scheme in its entirety, the following options may be available to you. Please indicate which option, depending on the length of your qualifying service.

Option 1 – two or more years qualifying service

- preserve your benefits in the scheme. Go to section 5
- transfer out to another pension arrangement. You must now contact your new pension provider. Go to section 5
- I intend to return to teaching in Scotland and/or make contributions to the pension scheme

Option 2 – less than two years qualifying service

- transfer out to another pension arrangement. You must now contact your new pension provider. Go to section 5
- request a refund of contributions. Go to section 4
- I intend to return to teaching and/or make contributions to the pension scheme

SECTION 4 - REFUND DETAILS

Name of account holder

Bank/Building society name

Address

Bank Sort Code

Account Number

Building Society Roll Number

If your bank is outwith the UK, please indicate which country your refund will be paid to. We will issue the appropriate TAPS form to you for completion.

SECTION 5 – MEMBER DECLARATION

I have read the guidance notes and, by opting out of the Scottish Teachers’ Pension Scheme with the contract(s) I have indicated on this form, I understand:

- The implications of my decision
- That I will lose the right to pension contributions from my employer
- That I will have no future claim on the Scheme in respect of any period where I have opted out
- That I can ask to re-join the scheme at any time **(subject to eligibility criteria)**
- If I am opting out within the Opt Out period, I will be treated for all purposes as not having become an active member of the Scheme. Any contributions I have paid within this period will be refunded by my employer
- The options now available to me as detailed in the guidance notes

Signed Date* / /

*** This date must not be earlier than your employment start date, employers staging date or re-enrolment date (see guidance note 5)**

Please forward to your employer for completion of section 6.

SECTION 6 – EMPLOYER DECLARATION

The above named has opted out for all employment contracts noted in Section 2 and I can confirm that this is a valid opt out notice for (members name):

Please tick or complete

The employee has opted out within the opt out period from:

and we have refunded via payroll as of:

The employee has opted out outwith the opt out period (STPS02 to be submitted via EDM portal)

Employer details

Employer name

Payroll clerk (Print name)

Employer address

Post code

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Telephone number

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Email address

Signed

Date

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