

Teachers' Pension Scheme

2025/02

Who should read:

- Members
- Chief Executives
- Directors of Education
- Directors of Finance
- HR Managers
- Payroll Managers
- Teachers' Unions and Representatives

Action: For information

Subject: Public Service Pensions Indexation and CARE Scheme Revaluation 2025

Date: 19 February 2025

The purpose of this circular is to:

- **Notify employers of the increase to public service pensions with effect from 7 April 2025**
- **Notify employers of the pension increase for mandatory and discretionary compensation payments paid to retired teachers**
- **Advise of the rate to be used for the annual revaluation of Career Average Revalued Earnings (CARE) benefits accrued in the Scottish Teachers' Pension Scheme 2015 for active members**
- **Update employers on the employee pay banding for 2025/26**
- **Confirm the employer contribution rate for 2025/26**

Public Service Pensions Indexation

Public service pensions in payment, together with those that are deferred for payment at a future date, are indexed annually based on the annual change in the Consumer Prices Index (CPI) measured as at the previous September.

In the 12 months to September 2024, CPI was 1.7%. As a result, an increase of 1.7% from 7 April 2025 is to be applied for either pensions in payment or deferred pensions.

The UK Government expects to lay the Pensions Increase (Review) Order 2025 in March 2025.

Pensions Increase for mandatory and discretionary compensation payments paid to retired teachers

For pensions which began before 24 March 2024 the increase is 1.7%. For pensions which began on or after 24 March 2024, the increases are as follows:

Period	Pensions increase
24 March 2024 to 22 April 2024	1.70%
23 April 2024 to 22 May 2024	1.56%
23 May 2024 to 22 Jun 2024	1.42%
23 June 2024 to 22 July 2024	1.28%
23 July 2024 to 22 August 2024	1.13%
23 August 2024 to 22 September 2024	0.99%
23 September 2024 to 22 October 2024	0.85%
23 October 2024 to 22 November 2024	0.71%
23 November 2024 to 22 December 2024	0.57%
23 December 2024 to 22 January 2025	0.43%
23 January 2025 to 22 February 2025	0.28%
23 February 2025 to 22 March 2025	0.14%

CARE Scheme Revaluation

The Scottish Teachers' Pension Scheme 2015 (STPS 2015) Regulations were made under the Public Service Pensions Act 2013 (the Act). The STPS 2015 is a Career Average Revalued Earnings (CARE) scheme, and Section 9 of the Act deals with the annual "in-service" revaluation of CARE scheme benefits, preserving their value in line with rises in the cost of living. The SPPA website provides further information on the principles of CARE scheme revaluation.

The STPS Regulations provide for annual revaluation by reference to changes in prices. For active members this is at the rate of CPI plus 1.60%; for deferred members, it is the rate of CPI included in any Pension Increase (Review) Order.

Section 9(2) of the Act requires the change in prices used for revaluation to be such percentage increase or decrease as is specified in an order made by HM Treasury. The Public Service Pensions Revaluation Order 2025 will fulfil that requirement in relation to prices and reflects the change in CPI of 1.7% in the 12 months to September 2024. The Chief Secretary to the Treasury has issued a [written statement](#) to this effect, with The Public Service Pensions Revaluation Order 2025 coming into force on 1 April 2025.

As a result of the increase for CPI, the in-service revaluation for the STPS 2015 in respect of 2024/25 will be 3.3%.

Employee Contribution Pay Banding 2025/26

As highlighted in [STPS Circular 2024/02](#), while a tiered contribution structure has been retained, employee contribution tier thresholds have increased in line with CPI to broadly keep pace with increases in teachers' pay and ensure members are not pushed into higher contribution bands as a result of annual pay increases.

While this approach will continue, to ensure that there is no reduction in the overall contribution yield, the top two earning thresholds will not be increased.

The table below reflects the adjusted earnings bands for scheme year 2025/26 and applies to the STPS 2015 and pre-2015 Scottish Teachers' Superannuation Scheme.

Tier	Actual pensionable pay	Contribution Percentage Rate
1	Up to £34,869	7.35%
2	£34,870 to £46,940	8.88%
3	£46,941 to £55,659	9.90%
4	£55,660 to £67,975	10.61%
5	£67,976 to £92,693	11.73%
6	£92,694 and above	12.14%

Employer Contribution Rate for 2025/26

The employer contribution rate for 2025/26 remains at 26%.

Any questions?

Please contact SPPAPolicy@gov.scot if have any enquiries about this circular.

SPPA Policy

19 February 2025