

Teachers Pension Scheme



Scottish Public
Pensions Agency
Buidheann Peinnseanan
Poblach na h-Alba

Remediable Service Statement (RSS) Retired Members Guide

Remediable Service Statement (RSS) Guide

Background

On 1 April 2015, the UK Government made changes to public service pension schemes. These changes did not apply to those members closest to retirement.

The Court of Appeal eventually determined that this was discriminatory towards younger members. This decision is known as the McCloud judgment. More information can be found at <https://pensions.gov.scot/2015-remedy>.

To make things right, you can choose between final salary (Legacy scheme) and reformed CARE (Career Average Revalued Earnings scheme) benefits for your pension accrued between 1 April 2015 and 31 March 2022, or if earlier, the date you retired.

Who is eligible?

You are eligible for the 2015 Remedy if you joined a public service pension scheme on or before 31 March 2012:

- **and were still an active (paying) member of the scheme on or after 1 April 2015, or:**
- **left the service after 31 March 2012 but returned to active (paying) service within five years**

You are not eligible if you:

- **first joined a public service pension scheme after 31 March 2012**

All eligible retired Teachers scheme members need to make a decision about their pension benefits called an 'immediate choice'.

What is a remediable Service Statement?

You have a choice to make about your pension.

To help you make that choice, you'll receive a choice letter called a 'Remediable Service Statement' or 'RSS' for short. The purpose of the RSS is to help you decide which benefits you want to take for the remedy period.

What does my RSS show

The RSS will show your pension benefits with the remedy period benefits set out in both the final salary and CARE scheme to help you make a choice about what benefits are better for you.

- **If you are retired** your RSS will show you how the choice you make impacts your current pension benefits
- **If you are deciding on behalf of a pensioner who has died**, you will receive a choice letter to explain how the remedy impacts the pension that was in payment whilst the pensioner was alive and how the choice you make could impact any survivors benefits such as spouse pension and child's pension. You will receive a letter and be asked to make a choice on behalf of that person.

RSS letters are quite long and contain a lot of valuable information.

We've tried to make it as easy as possible to understand this information by laying it out in sections.

Your RSS will be sent to you by post and will include an introductory letter followed by detailed information about your pension options.

What are 'Alternative Benefits'?

'Alternative benefits' refers to the benefits you may receive in a scheme other than what you are receiving now. You can decide to take alternative benefits for the remedy period. This will mean different things to different categories of members.

Unprotected Members – Alternative benefits will be legacy scheme benefits (i.e. the NPA60 or NPA65 final salary schemes).

Full Protection Members – Alternative benefits will be from the reformed CARE scheme (i.e. the Scottish Teachers Pension Scheme 2015).

Tapered Protection Members – Tapered protection members have accrued a mixture of legacy and CARE scheme benefits during the remedy period. Tapered members cannot choose to take their

current benefits as the 2015 Remedy doesn't allow a mixture of legacy and reformed benefits to be paid during the remedy period. Therefore, tapered members will have two 'alternative options' to choose from. Alternative legacy scheme benefits or alternative reformed scheme benefits.

You don't need to worry about which category you fall into as your RSS will be produced according to the category that applies to your circumstances.

What to do next?

Read your RSS carefully to understand the effect of your choice on your pension. Make a choice from 'Option A' or 'Option B' using the information set out in your RSS. If you need further advice before deciding, you may wish to discuss this with an independent financial advisor. It's important that you let us know your decision no later than 12 months from the date on your RSS by returning your choice form in the envelope provided.

If you don't make a choice, the scheme manager will make a choice on your behalf. If your choice decision is processed after the following April, any 'Pensions Increase' will also be applied to your pension.

If you have any questions about your options, you can find out more by visiting the [support and guidance section](#) of the SPPA website.

Navigating your choice letter

Some sections of the RSS show pension benefit figures, make sure you read the whole document before you make your choice. Key sections are illustrated below. The values shown in these illustrations are examples only and do not relate to your pension accrual.

How your RSS looks

Summary

This summary details your accrued pension benefits for the remedy period under the legacy (final salary) scheme at Option A and benefits accrued under the reformed (CARE) scheme at Option B. Your annual pension is increased each year from the age of 55, this is called 'the Pensions Increase (PI)'. This means that if you retired more than one full year before you received the RSS, the value of your current pension shown is greater than the value it was when you retired. The lump sum shown is the value you received at your

retirement as PI does not apply to lump sum payments. You must choose the option that is best for you.

Your options explained

- Pension:** This is the annual value of your pension under each scheme.
- Lump sum:** This is the total lump sum value under each scheme. If you took a lump sum when you retired, you will already have received most or all of this.
- Survivors pension:** This shows the amount that would be paid under each option.
- Arrears:** The arrears of pension and / or lump sum that you would have to pay back or be due to you from the scheme, are detailed here for each option. The pension arrears figures shown are gross (subject to tax).
- Outcome:** This shows what overall amounts are due to you and the difference in the pension for each option.

Example of summary page

	Option A		Or	Option B	
	No change to your current benefits			Choose CARE for the remedy period	
Pension	Final Salary £18732.30	CARE £0.00		Final Salary £17403.15	CARE £1131.53
Lump sum*	£99191.90	£0.00		£92154.69	£6012.00
Survivor adult pension	£11655.61	£0.00		£10828.62	£859.57
	Option Summary				
Arrears (including interest)	N/A			You would owe the scheme £1126.52 pension	
				You would owe the scheme £1154.95 lump sum	
Outcome	Your annual pension will stay the same			You would owe the scheme £2281.47	
				Your annual pension will reduce by £ 197.62 per annum	

* Using the same level of commutation you took at your original retirement. We have based your CARE lump sum on the level of commutation you took for your Legacy lump sum.

Arrears and overpayments

The arrears and overpayments section explains if you are owed arrears of pension and lump sum or if an overpayment is due to be

paid by you to the scheme. The figures shown here are inclusive of any interest.

Example of Arrears and overpayments page

	Option A	Option B
	Includes Legacy for the remedy period	Includes CARE for the remedy period
Arrears or overpayment payable	No change	£-1056.59
		+
Interest on pension arrears	No change	£-69.93
		+
Lump sum difference	No change	£-1025.21
		+
Interest on lump sum difference	No change	£-129.74
		=
Arrears balance	No change	£2281.47 owed to the scheme

Lifetime allowance

Choosing alternative benefits will result in a change to your lifetime allowance. If your choice means you now exceed the lifetime allowance, you will receive a notice of any tax charges that may be due to be paid to HM Revenue and Customs from your new lump sum.

Example of Lifetime Allowance page

	Option A	Option B
	Includes Legacy for the remedy period	Includes CARE for the remedy period
Percentage of LTA used up by your pension benefits	37.61%	37.22%

Family benefits

As well as pension and lump sum benefits, the Teachers pension scheme in Scotland provides family benefits that are paid when you die. You should also consider the impact of your choice on these benefits when making your decision.

Example of Family benefits page

Spouse/civil partner pension	NPA 60 scheme	NPA 65 scheme	CARE scheme
	If there is no child allowance payable, a short-term pension equal to the rate of pension at date of death is payable for three months.	If there is no child allowance payable, a short-term pension equal to the rate of pension at date of death is payable for three months.	If there is no child allowance payable, a short-term pension equal to the rate of pension at date of death is payable for three months.
	If there is a spouse and child, there is three months short-term pension payable. If child only, a short-term pension is payable for six months	If there is a spouse and child, there is three months short-term pension payable. If child only, a short-term pension is payable for six months	If there is a spouse and child, there is three months short-term pension payable. If child only, a short-term pension is payable for six months
	The long-term pension is half the value of your annual pension before commutation payable for life.	The long-term pension is 37.5% of your annual pension, before commutation, payable for life.	The long-term pension is 37.5% of your annual pension, before commutation, payable for life.
	If you marry after retirement, only service from 1978 is used.		
	If you have an unmarried partner, only pension representing service accrued after 2007 can be used for the survivor pension.		

Example of Family benefits page continued

Death in retirement lump sum payment	If you die within five years of retirement, the lump sum is calculated as five times your annual pension less any pension already paid.	If you die within five years of retirement, the lump sum is calculated as five times your annual pension less any pension already paid.	If you die within five years of retirement, five times your annual pension less any pension already paid.
Children's pensions	Paid to children under the age of 17, or if in full time education 23. This is calculated as 25% of the pension for one child or if there is more than one child it is 50% of the pension split evenly between all eligible children. If there is no spouse it is 30% for one child or 66% shared equally for two or more eligible children.	Paid to children under the age of 17, or if in full time education 23. This is calculated as 25% of the pension for one child or if there is more than one child it is 50% of the pension split evenly between all eligible children. If there is no spouse it is 30% for one child or 66% shared equally for two or more eligible children.	Paid to children under the age of 17, or if in full time education 23. This is calculated as 18.75% of the pension for one child or if there is more than one child it is 37.5% of the pension split evenly between all eligible children. If there is no spouse, it is 25% for one child or 50% shared equally for two or more eligible children.

Commutation

When you first took your pension, you may have chosen to exchange some of your annual pension for a lump sum or an increased lump sum if you received an automatic lump sum as part of your pension benefits. This is known as commutation – where you commute (exchange) some of your pension for a higher lump sum.

If you decide to take alternative benefits, you may wish to revisit your commutation choice. We have calculated the alternative lump sum value in line with the choice you made at retirement. There is an option on your RSS to request information about a different commutation choice if this is something you are considering.

What decisions do I need to make when I receive my RSS?

You need to decide which benefits are best for you for the remedy period. If you choose different benefits to what you are already being paid, your ongoing pension amounts will change, and you will receive arrears (if applicable) of the benefits you would have

been paid if your pension was always that value from your retirement date. Your arrears may include interest.

We know this is an important decision. You may wish to seek independent financial advice to help you make your choice.

The SPPA will provide you with all the information you need to decide, but we don't give financial advice.

Your choice is irrevocable so once you have made your decision and your choice has been processed by the SPPA you won't be able to change your mind.

How to make a choice

Included in your RSS is a '2015 Remedy Choice Form':

- You should complete the personal details then indicate your choice (Option A or Option B).
- If applicable, it will also ask you for any commutation options if you take alternative benefits.
- You must sign, date and send just the form to the address indicated in the pre-paid envelope provided.
- The SPPA will send you a confirmation letter detailing your choice decision as soon as your decision has been processed.
- Your new pension (if appropriate) will normally be paid on the next available payment date. Depending on when your pension is processed, this may not be the next payment you are due to receive however you will normally be paid within three to four months of the SPPA receiving your choice.

Support

There are lots of ways you can access more help and support.

- The SPPA has an online [Remedy Hub](#) where you can find more information and the latest guidance to help you with your choice.
- You can [sign up for our member newsletter](#) and view recordings from webinars.

- Impact on Annual Allowance [The Impacts of Remedy on Annual Allowance](#)
- Keep checking the [Remedy Hub](#) for the latest information.
- If you have difficulty understanding any of the terminology used in your choice letter, you can refer to our glossary of terms at <https://pensions.gov.scot/glossary>