

Teachers' Pension Scheme changes

Make sure you and your teachers are prepared for changes to the Teachers' Pension Scheme which come in to effect from 1 April 2015. Find all you need to know [here](#).

Find out what is changing – for a summary see this [helpful comparison](#) of the current and new scheme. Some key points:

- The scheme will change from a final salary to a career average scheme, where the amount of pension a member receives is based on how much they earn each year during the period they are a member of the Teachers' Pension Scheme.
- There will be different member types based on age, when they joined the scheme and how close they are to retirement. Some members will remain in final salary only, some will have a pension in both final salary and career average while new members will be in career average only. The website has [member profiles](#) which take people through their pension life cycle and a factsheet ["Understanding which member type you are"](#). This is important as it determines benefits and options open to the member.
- There are flexibilities that scheme members can take up, depending which arrangement they are in. All Scheme members can still purchase additional pension. Members in the career average arrangement can also opt to pay more into the scheme to buy a higher pension (known as faster accrual) and/or pay more contributions to allow them to retire before their NPA without their pension being reduced (known as buy out of actuarial reduction). Importantly there are set timescales for applying - for instance members have one opportunity to buy out of actuarial reduction and their election must be made within six months of first entering the career average scheme.
- Any benefits built up in the final salary scheme will be protected.
- Normal pension age (NPA) in the career average scheme will be equal to a member's state pension age (SPA) or 65 where that is higher. Members are still able to retire before their NPA, but if they choose to do so their benefits will be reduced.
- Overtime becomes pensionable for members in the career average arrangement.
- If a member has a 'disqualifying break' (one where they are out of pensionable public service for more than five years after 1 April 2015) this can impact on the benefits they receive when they retire.
- Pensioner and deferred members (someone who was once a member of the scheme but who has left either pensionable employment or the pension scheme) are not affected by the changes unless they take up further employment.

Changes to employer contributions – from September 2015 the employer contribution rate will be 16.4%. There will also be an admin charge of 0.08% applied by the scheme administrators, taking it to 16.48%. Until then the existing rate of 14.1% will be payable.

Changes to employee contributions – Revised employee contribution rates take effect from April 2015:

		Increase	
Lower Salary	Higher Salary	Contribution Rate against 2013/14	
		in 2014/15	

	14,999	6.4%	0.0%
15,000	25,999	7.2%	0.2%
26,000	31,999	8.3%	0.4%
32,000	39,999	9.5%	0.7%
40,000	44,999	9.9%	0.7%
45,000	74,999	11.0%	0.9%
75,000	99,999	11.6%	1.0%
100,000		12.4%	1.2%

The rate of contributions is based on the members' earnings for a particular employment, rather than the full time equivalent rate for it, so some part time employees may pay less.

Actions for school leaders:

1. Read up on the new scheme using information on the website.
2. Be aware of the impact the new scheme and increase in employer's contributions will have on your budget and make sure this is taken into account in your budget planning /monitoring.
3. Make sure teachers are aware of the changes, know what type of member they are and are aware that there are timescales set for accessing the flexibilities.
4. Inform any teachers not currently in public service, or are considering taking a break from teaching to understand the impact of a 'disqualifying break' on their pension and member status.
5. Tell teachers that their contribution rate might change in April and to check their payslips.
6. Encourage teachers to sign up to My Pension Online (MPO), the secure portal that lets members check and manage their personal pension information online. This means they will get information directly from TPS and they can check their annual benefits statement, update their personal details, including email addresses and complete online forms. Sign up [here](#).
7. Ask teachers to check the annual benefit statement they will soon receive from Teachers' Pensions to make sure TPS have up to date and accurate information as this will be used to determine their entitlement under the new scheme. If anything looks wrong let TPS know urgently as this might affect the pension contributions paid when the scheme changes in April.

And finally... while there are changes to the Teachers' Pension Scheme, it's important to remember the excellent benefits members continue to receive:-

- Valuable life cover in the form of death in service benefits
- Optional lump sum

- Benefits for dependants if a member dies
- Ill health retirement benefits
- A new range of flexibilities to buy extra pension.

More information - You can contact your finance and HR providers for advice. If that's NCC your Finance Support Officer can help you understand how the changes to the scheme will impact on your budget and [HR Direct](#) can give information on pensions and retirement.

For more detailed information, or for information on an employee's personal circumstances contact TPS through the website.