

Teachers' Pension Scheme

2020/03

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 Pension Indexation and CARE scheme revaluation 2020
Date:	5 March 2020

The purpose of this circular is to:

- **Notify employers of the increase to public service pensions with effect from 6 April 2020**
- **Notify employers of the employee pay banding for 2020/2021**
- **Notify employers of the pension increase for mandatory and discretionary compensation payments paid to retired teachers**
- **Advise that 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 is 3.3%**

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 Price Index (CPI) measured as at the previous September.

In the 12 months to September 2019, CPI was 1.7%. As a result, an increase of 1.7% from 6 April 2020 is to be applied for either pensions in payment or deferred pensions.

The UK Government expects to lay the Pensions Increase (Review) Order 2020 later this month.

Employee contribution pay banding 2020-21

It was agreed during the pension reform discussions that employee contribution rates would be fixed for the period 1 April 2015 to 31 March 2019, however these rates continue to remain unchanged for 2020-21. The pay bandings in the contribution table would, however, be adjusted each year in line with CPI. The table below therefore reflects the adjusted earnings bands for the scheme year 2020-21, and applies to STPS 2015 and the pre-2015 Scottish Teachers' Superannuation Scheme.

Actual pensionable pay for the eligible employment for 2020/2021	Contribution percentage rate
Up to and including £28,168	7.2%
£28,169 to £37,918	8.7%
£37,919 to £44,961	9.7%
£44,962 to £ 59,586	10.4%
£59,587 to £81,253	11.5%
£81,254	11.9%

Pension Increase for mandatory and discretionary compensation payments paid to retired teachers'

For pensions which began before 24 March 2019 the increase is 1.7%. For pensions which began on or after 24 March 2019 the increases are as follows:-

Period	Pensions increase
24 March 2019 to 21 April 2019	1.70%
22 April 2019 to 21 May 2019	1.56%
22 May 2019 to 21 June 2019	1.42%
22 June 2019 to 21 July 2019	1.28%
22 July 2019 to 21 August 2019	1.13%
22 August 2019 to 21 September 2019	0.99%
22 September 2019 to 21 October 2019	0.85%
22 October 2019 to 21 November 2019	0.71%
22 November 2019 to 21 December 2019	0.57%
22 December 2019 to 21 January 2020	0.43%
22 January 2020 to 21 February 2020	0.28%
22 February 2020 to 21 March 2020	0.14%

CARE Scheme Revaluation

The Scottish Teachers' Pension Scheme 2015 (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 member this is at the rate of CPI plus 1.60%; for deferred members 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 (Prices) Order 2020 will fulfil that requirement in relation to prices and reflects the change in CPI of 1.7% in the 12 months to September 2019.

As a result of the increase for CPI, the in-service revaluation for the STPS in respect of 2018/19 will be 3.3%.

Any questions?

Please contact brenda.callow@gov.scot if you have any enquiries about this circular.

For all other general enquiries, please contact sppacontactus@gov.scot or 01896 893000.

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