

Teachers' Pension Scheme

2021/03

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
2021**Date:**

8 February 2021

The purpose of this circular is to:

- **Notify employers of the increase to public service pensions with effect from 12 April 2021**
- **Notify employers of the employee pay banding for 2021/2022**
- **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 2.1%**

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 2020, CPI was 0.5%. As a result, an increase of 0.5% from 12 April 2021 is to be applied for either pensions in payment or deferred pensions.

The UK Government expects to lay the Pensions Increase (Review) Order 2021 later this month.

Employee Contribution Pay Banding 2021-22

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 2021-22. 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 2021-22, and applies to STPS 2015 and the pre-2015 Scottish Teachers' Superannuation Scheme.

Actual pensionable pay for the eligible employment for 2021/2022	Contribution percentage rate
Up to and including £28,309	7.2%
£28,310 to £38,108	8.7%
£38,109 to £45,186	9.7%
£45,187 to £59,884	10.4%
£59,885 to £81,659	11.5%
£81,660	11.9%

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

For pensions which began before 22 March 2020 the increase is 0.5%. For pensions which began on or after 22 March 2020, the increases are as follows:

Period	Pensions increase
22 March 2020 to 27 April 2020	0.50%
28 April 2020 to 27 May 2020	0.46%
28 May 2020 to 27 June 2020	0.42%
28 June 2020 to 27 July 2020	0.38%
28 July 2020 to 27 August 2020	0.33%
28 August 2020 to 27 September 2020	0.29%
28 September 2020 to 27 October 2020	0.25%
28 October 2020 to 27 November 2020	0.21%
28 November 2020 to 27 December 2020	0.17%
28 December 2020 to 27 January 2021	0.13%
28 January 2021 to 27 February 2021	0.08%
28 February 2021 to 27 March 2021	0.04%

CARE Scheme Revaluation

The Scottish Teachers' Pension Scheme 2015 Regulations were made under the Public Service Pension Act 2013 (the Act). 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 members 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 2021 will fulfil that requirement in relation to prices and reflects the change in CPI of 0.5% in the 12 months to September 2020.

As a result of the increase for CPI, the in-service revaluation for the STPS in respect of 2020/21 will be 2.1%.

Any questions?

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

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8 February 2021