

**TEACHERS' PENSION SCHEMES  
2019/03**

**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 2019

The purpose of this circular is to:

- Notify employers of the increase to public service pensions with effect from 8 April 2019
- Notify employers of the employee pay banding for 2019/2020
- 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 4.0%

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

In the 12 months to September 2018, CPI was 2.4%. As a result, an increase of 2.4% from 8 April 2019 is to be applied for either pensions in payment or deferred pensions.

The UK Government expects to lay the Pensions Increase (Review) Order 2019 later this month.

## 2. Employee contribution pay banding 2019/2020

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 remain unchanged for 2019/2020. 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 2019/2020, and applies to STPS 2015 and the pre-2015 Scottish Teachers' Superannuation Scheme.

Actual pensionable pay for the eligible employment for 2019/2020	Contribution percentage rate
Up to and including £27,697	7.2%
£27,698 to £37,284	8.7%
£37,285 to £44,209	9.7%
£44,210 to £ 58,590	10.4%
£58,591 to £79,895	11.5%
£79,896	11.9%

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

For pensions which began before 25 March 2018 the increase is 2.4%. For pensions which began on or after 25 March 2018 the increases are as follows:-

Pensions Beginning	Pensions increase
25 March 2018 to 23 April 2018	2.40%
24 April 2018 to 23 May 2018	2.20%
24 May 2018 to 23 June 2018	2.00%
24 June 2018 to 23 July 2018	1.80%
24 July 2018 to 23 August 2018	1.60%
24 August 2018 to 23 September 2018	1.40%
24 September 2018 to 23 October 2018	1.20%
24 October 2018 to 23 November 2018	1.00%
24 November 2018 to 23 December 2018	0.80%
24 December to 23 January 2019	0.60%
24 January 2019 to 23 February 2019	0.40%
24 February 2019 to 23 March 2019	0.20%



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#### 4. 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, so that they keep pace with the passage of time. 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 2019 will fulfil that requirement in relation to prices and reflects the change in CPI of 2.4% in the 12 months to September 2018.

As a result of the increase for CPI, the in-service revaluation for the STPS in respect of 2017/2018 will be 4.00%

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