

### **Report of the Pension Advisory Group**

The SSTA continue to meet regularly as part of two pension committees – **The Scottish Teachers' Pension Scheme Advisory Board** and **The Teachers' Pension Eligibility Sub-Group**.

Also, John Crichton has been continuing his work on the **Teachers' Pension Scheme Board of Trustees**. John's role is an independent one, i.e. he is not there on behalf of members but as an individual to advise on pension matters because of his experience and knowledge.

#### **End of Contracting Out**

The Scottish Teachers' Pension Scheme Advisory Board is tasked with dealing with the effect any legal changes may have on the scheme, for example as mentioned in last year's report, the increase in National Insurance (NI) contributions following the end of "contracting out". In the past those who were members of a public sector occupational pension scheme had a reduction in their NI contributions and were not eligible for the higher state pension. The government have ended contracting out so that everyone will start to move toward being entitled to both their occupational pension and the new flat rate higher pension. From April 2016 NI contributions have risen to 12% (effectively wiping out the agreed salary increase!) and members will now start to build up service towards the higher flat rate pension.

#### **Election to buy out standard reduction – ERBO**

Many members elected to take up this option which allows members to still retire at 65 by paying in more to their pension every year. This transaction was not handled well by some authorities who, without any consultation, backdated the deduction to April and again wiped out any benefit of the salary increase.

#### **Abatement Rule**

For those who were members of the NPA (normal pension age) 60 scheme and have recently retired there is a rule about abatement which is causing some issues. An abatement limit is applied to the earnings of those receiving pension to ensure that they cannot earn more between pension and salary than they were while employed previously. This is in order to protect the scheme and to ensure that members of the scheme do not retire, take their pension and return to working the same amount as before. However, it was not previously foreseen that, due to the shortage of supply teachers, many pensioners would be asked to return to work, especially in rural areas. This rule can have a major impact in that the individuals may want to continue to work full-time to support certificated classes but they are forced to refuse because they would reach the abatement limit. The teachers' side are making representations at our meetings to have a sensible approach to this issue in order to help solve the supply teacher crisis. Abatement is not a feature of the new scheme.

## **Eligibility Sub-Group**

This group meets in order to discuss and continually advise on who should and should not legally be a member of the Teachers' Pension Scheme. The discussion revolves around those on secondment in non-teaching roles, Quality Improvement Officers, Quality Improvement Managers and senior council officers as well as those in the Colleges Sector. It is generally accepted that teachers on secondment would continue to retain their membership of the scheme but those who move permanently to a different role may have to become a member of the local government scheme.

Fiona Dalziel  
Depute General Secretary