



# Walsall Council

## Walsall Children's Services

**Report to:** Schools Forum

**Date:** 8 April 2014

**Subject:** Teacher Pension Scheme

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**Purpose of the report:** To ensure Schools in Walsall are aware of the latest information on Teachers Pension rates

**Recommendations:** To note

**From:** Jackie Wood [mailto:Jackie.Wood@local.gov.uk]  
**Sent:** 17 March 2014 11:45  
**Subject:** TPS Employer Contribution Rate from 2015

Dear Colleague

## **Teachers' Pension Scheme - Employer Contribution rate from September 2015**

You may be aware that there were some announcements at the end of last week about the employer contribution rate for the Teachers' Pension Scheme (TPS) from 2015.

On 13 March HM Treasury (HMT) set out the Government's policy on valuations of the main public service pension schemes including the TPS and plans for an employer cost cap. HMT Directions and regulations which set out the legal framework for the valuations and cost cap were published on GOV.UK website <https://www.gov.uk/government/publications/public-service-pension-scheme-valuations-a-gad-technical-bulletin>

HMT also made the following announcement

### **Teachers' Pension Scheme (TPS) actuarial valuation**

An actuarial valuation is an assessment of a pension scheme's funding position at a set date. It compares the value of a scheme's assets (the money it has available) to its liabilities (the money expected to be needed to pay benefits to members now and in the future, based on Pensionable Service to the Valuation Date). Its purpose is to ascertain whether a scheme is in deficit or surplus at a particular point in time, using a set of financial assumptions, and to set an appropriate contribution rate for the next four years.

Following reform of public sector pension schemes, HM Treasury has been consulting on the Directions and regulations that will govern the conduct of scheme valuations. These reforms and the valuation will ensure that public sector pension schemes are fair and sustainable.

HM Treasury has today published the final Directions and the expected outcome of the TPS valuation is a total contribution rate of 26%. The TPS proposed final agreement provides that scheme members will pay an average

contribution rate of 9.6%, with the balance falling on employers; meaning that the new **TPS employer contribution rate will be 16.4%**.

In recognition of the fact that the majority of TPS employers will budget on an academic year, the new TPS employer contribution rate will not be payable until September 2015 rather than April 2015, which will be the case for other public sector pension schemes. This delay will allow schools and colleges more time to plan for the increase and will also mean that the additional cost in 2015-16 will be reduced.

Further details will become available in the coming months when the Government Actuary's Department will produce its report on the valuation, setting out the factors that have resulted in the new TPS contribution rate.

You may have seen the announcement that was published on Teachers' Pensions website on 14 March

<https://www.teacherspensions.co.uk/news/employers/2014/03/teachers-pension-scheme-tps-actuarial-valuation.aspx>

The rate of 16.4% is provisional as the TPS valuation findings have not yet been published by GAD however the DfE have said that they do not expect that the final rate (to be confirmed by the end of May) to be materially different from the rate published last week.

Regards

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