

**Pension & Retirement
Policy and Procedure
Teachers and Associated
Professionals
Version: 4**

Focus. Passion. Inspiration.



North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

Contents

Section 1: [Introduction](#)

Section 2: [Voluntary retirement](#)

Section 3: [Premature retirement at the discretion of the Council](#)

Section 4: [Ill health retirement](#)

Related HR links

[Workstyles, work life balance and flexible working](#)

Further information

[Scottish Public Pensions Agency](#)

[SPPA forms](#)

Version Control

Version Number	Effective Date	Details of Last Revision
2	6/4/11	
3	6/1/15	Updated onto new policy template
4	6/10/22	Complete revision to accommodate changes to pension regulations

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1. Introduction

1.1 Pension Arrangements for Teachers and Associated Professionals

- 1.1.1 The Scottish Teachers' Pension Scheme (STPS) 2015 replaced the previous scheme on 1 April 2015. All new teachers are now automatically enrolled in this scheme when they take up a teaching post with North Ayrshire Council.
- 1.1.2 The Teachers 2015 scheme is a high-quality workplace pension scheme that offers defined benefits at retirement and protection for dependents based on career average earnings.
- 1.1.3 The Scottish Teachers' Superannuation Scheme (STSS) has now closed, so after 1 April 2022 when you claim your pension, if you have benefits in this scheme these will be paid along with CARE scheme benefits.
- 1.1.4 These schemes are administered by the Scottish Public Pensions Agency (SPPA).
- 1.1.5 If you have built up pension in the STSS – you will still be eligible to retire at the Normal Pension Age (NPA) set out by this scheme. That means members who joined the STSS prior to 1 April 2007 can claim pension benefits at age 60. Members who joined after 1 April 2007 can claim their benefits at age 65. Claiming at NPA means you will not receive an early retirement reduction on your legacy scheme benefits.
- 1.1.6 If eligible and you choose to retire at your legacy schemes NPA, you will receive a reduction in pension for any STPS 2015 benefits built up between 1 April 2022 and your retirement date. This is because the NPA of the STPS 2015 scheme is set at your State Pension Age (SPA). You will be able to defer these benefits until you reach your SPA. This [gov.uk calculator](#) can help you find your [State Pension Age](#).
- 1.1.7 Employees may work beyond the age of 65 years and continue their membership of the Pension Scheme up to age 75 years. Accrued pension benefits will be paid for the period up to the actual retirement date limited to 45 years in total.
- 1.1.8 Those employees who are not a member of either scheme can choose to leave the Council on receipt of state pension, giving their contractual notice, or can continue in employment.
- 1.1.9 In order to access pension scheme benefits, employees must have at least two years' service within the scheme.
- 1.1.10 Employees can apply to retire from age 55 onwards, however, this pension will be subject to actuarial reduction.

- 1.1.11 Early Retirement Reduction Buy Out ([ERRBO](#)) is available to teachers who elect to pay extra contributions to reduce or remove the early retirement reduction if they retire after age 65 but before their state pension age. If you do not apply within your first six months of joining the scheme your application will only be effective from the beginning of the following financial year.
- 1.1.12 The Council has discretionary powers available to it under the Superannuation Scheme Regulations which are detailed in this policy.

2. Voluntary retirement

2.1 Resignation on retirement

- 2.1.1 In order to qualify for any of the benefits offered by the pension scheme employees must have completed two years pensionable employment.
- 2.1.2 Qualifying service can be accumulated in either the STSS (before April 2015) or in the STPS (after April 2015) or a combination of both. Pension rights that have been transferred from another scheme may also count towards qualifying service and therefore the Council may be unaware of an employee's entitlement to pension benefits.
- 2.1.3 For employees who work part-time, the whole period counts towards pension qualification but only the days actually worked count towards pension benefits. For example, working half-time for a year is one year's qualification, but only six months for calculating benefits.
- 2.1.4 Employees can make extra pension contributions to increase the amount of pension benefits on retirement. For further details employees are advised to contact the SPPA or look online at options under ['Increasing your pension'](#).
- 2.1.5 Where an employee has qualifying service in the pension, the earliest age to retire is 55, unless granted ill health benefits. To receive the full level of benefits without actuarial reduction, the employee must reach State Pension Age (SPA).
- 2.1.6 Employees should provide at least **four months' notice** of intention to retire to gain immediate access to retirement benefits with or without actuarial reduction to the pension fund. Failure to do this could delay payment.
- 2.1.7 Employees who have benefits in both the STSS and STPS 2015 scheme will need to take both benefits at the same time if they have not reached NPA for their STSS pension.
- 2.1.8 Employees can take pension benefits early on an actuarially reduced basis between the 55th birthday and NPA called an Actuarially Reduced Pension (ARP).
- 2.1.9 Employees can find an application form 'TEACH: RET' on the [SPPA website](#). The Word version enables the application to be sent via email and on completion by the employee should be submitted to Education Resources by email at educationresources@north-ayrshire.gov.uk.

- 2.1.10 Education Resources will ensure the 'TEACH: RET' – Part 2 Section 2 – Employers Only section is completed by payroll and on behalf of the Council and forward to SPPA. The forms can use PDF for secure signatures.
- 2.1.11 Notice of resignation on retirement should be provided using contractual notice (if not already provided at the time of submitting the pension form) to the employee's Line Manager copying in Education Resources.

3. Premature retirement at the discretion of the Council

3.1 Voluntary early release

- 3.1.1 Retirement in the interest of the efficient exercise of the employer's function will be as a result of an organisational review or significant change to operational procedures and where there is limited scope for redeployment.
- 3.1.2 The payments and discretionary payments that can be applied for by an employee retiring under this provision are known as VER – Voluntary Early Release and expressions of interest are usually sought during a consultation period regarding the proposed change.
- 3.1.3 Employees approved release under the VER Scheme would be granted:
- Immediate access to their pension benefits with the enhancement of up to **two added years pension** subject to a minimum pensionable service and pension regulations.
 - Or where the employee is not eligible to access their pension, an award of a compensation payment of up to 66 weeks contractual pay based on age and length of service.
- 3.1.4 Before approving any VER request, the Council will also consider any additional costs to compensate the Pension Scheme for early payment of benefits, known as Strain on the Fund (Mandatory Compensation) and/or Discretionary Compensation payments.
- 3.1.5 Consent granted for early retirement under the VER Scheme means that the Council will pick up the actuarial reduction costs (mandatory compensation) so no actuarial reduction will be made on contributions made up to the date of retirement. This is the main significant advantage of an offer of VER. The additionality of up to two added years incurs a further reoccurring cost to the Council, not only for the rest of the employee's life, but for any surviving pension beneficiary.
- 3.1.6 VER would be calculated as follows: $\text{Salary Rate} / 57 \times \text{number of years enhancement}$. For example, if a member is on a salary rate of £42,336 and in offering 2 years, the cost would be $\text{£}42,336 / 57 \times 2 = \text{£}1485.49$ per annum to the employee and payable by the Council.
- 3.1.7 It will be necessary to demonstrate an efficiency gain or service benefit to the Council to offset or mitigate any accruing costs.

- 3.1.8 Access to VER will be notified by the service at consultation and further information would be provided at a 1:1 meeting with an HR Adviser.

3.2 Grounds of redundancy

- 3.2.1 Redundancy can occur as a consequence of organisational change where there is a diminishment or cessation of a post that requires an employee to be displaced.
- 3.2.2 Following implementation of the Council's Redundancy Policy and Procedure, if there is no suitable vacancy for an employee and a redundancy situation exists, Teachers and Associated Professionals will be offered VER as outlined in section 3.1 or remain surplus with option to demit and conservation of salary as per SNCT Handbook terms and conditions.
- 3.2.3 Premature/Early retirement through the VER Scheme at the discretion of the Council in relation to Interest of Efficiency and Redundancy will be approved by the Head of Service (People and ICT) and Executive Director (Communities) or a delegated officer such as Head of Service (Education) who have delegated authority from the Staffing and Recruitment Committee.

3.3 Phased retirement

- 3.3.1 Phased retirement complements the Council's Work Life Balance Policy, and it could be, for example to allow an employee to take up a post of lesser responsibility. The phased retirement provisions allow an employee from the age of 55 years (and under 75 for those in the STPS (2015) Scheme) to receive up to 75% of total retirement pension benefits and continue working provided the employee reduces their pensionable salary by at least 20% or more for at least 12 months.
- 3.3.2 Employees can have three phases before finally retiring but only two phased retirements can be before age 60. If employees have benefits in both STSS and STPS schemes they can opt to draw final salary only if they have reached either NPA 60 or 65 and leave the CARE pension to a later date.
- 3.3.3 The employee can decide how much to take of the benefits accrued up to a maximum of 75% of total benefits and these will be subject to actuarial reduction. The remaining service, which must be at least 25%, will be aggregated with any subsequent service accrued.
- 3.3.4 The employee is required to discuss the arrangements with their Line Manager beforehand:
- a) The backfilling of the employee's vacant hours may impact on the approval of the Work Life Balance Request.
 - b) Applications for phased retirement will have no cost implications for the Council, must be made within **three months** of the salary reduction taking place and will require to be approved on a permanent (not pilot) basis.
- 3.3.5 Once the Work Life Balance Application is approved, the TEACH: RET form should be used (as previously mentioned in section 2.1.9) marked clearly for phased retirement and sent to Education Resources.

4. Ill health retirement

- 4.1 Early retirement by an employee on the grounds of incapacity due to ill health will require to be certified by the SPPA appointed Occupational Health Physician confirming that the retirement satisfies the eligibility requirements of the Pension Scheme using form [STSS \(MED\) 1](#).
- 4.2 Retirement on grounds of ill health will only apply where an employee has the minimum service requirement to draw retirement benefits of two years' pension scheme membership and where, following the application of the Council's absence management policies and procedures, an employee who is unable to resume work or attend work on a regular basis, may be subject to termination of employment on the grounds of ill health.
- 4.3 An employee whose contract is terminated on the grounds of ill health will be entitled to statutory paid notice.
- 4.4 The approval of ill-health retirement is vested in the SPPA appointed Occupational Health Physician (OHP) who is required to certify that the teacher is either:
- a) Unable to carry out the duties attached to their post but capable of other gainful employment (Partial Incapacity Benefits) (P.I.B.) or,
 - b) Permanently incapable of teaching and other gainful employment i.e. that the employee's ability to carry out any work has been permanently impaired by more than 90% (Total Incapacity Benefits) (T.I.B.).
- 4.5 The final decision as to whether an employee meets the criteria for ill health retirement rests with the SPPA who administer the Scheme.
- 4.6 An employee retiring on the grounds of ill health is only entitled to enhancement of pensionable service where they are classed as qualifying for Total Incapacity Benefits. There is no lower age limit for ill health retirement, but the upper age limit is the employee's NPA.
- 4.7 The Superannuation Scheme Regulations do not provide the Council with any discretion in respect of ill health retirement.
- 4.8 Application form [STSS: \(INC\)](#) should also be completed and both forms should be sent to the HR Adviser for Education following confirmation from the OHP that a pension referral should be made. The HR Adviser should be made aware of this through the Line Manager who made the initial OH referral and who would have received the necessary report. Once the determination has been made by the OHP, the HR Adviser will return the completed forms to the Education Resources Team by email at educationresources@north-ayrshire.gov.uk who will forward onto payroll and SPPA on completion.
- 4.9 The proposed date of retirement specified on this form should take into account the SPPA requirements of pension processing. The employee must advise their Line Manager of the proposed date, however when confirmation is provided by SPPA that this has been approved, the employee should also

Speak with the HR Adviser before confirmation of final date so the termination form can be processed using the most appropriate date in respect of the approval, as the last date of employment with the Council.

4.10 If the SPPA appointed Occupational Physician or the SPPA is of the opinion that the employee does not meet the certification requirements of the Superannuation Scheme the employee will be notified and advised that they may seek a review of the decision through the Scottish Teachers' Superannuation Scheme Resolution Procedure. SPPA may now offer interim advice and request further information before rejecting an application but if this is not accepted then it would be the internal dispute resolution process (IDRP) that would be followed.

4.11 There are two options available:

a) The employee can ask for a review of the decision by writing to:

The Scottish Public Pension Agency
7 Tweedside Park
Tweedbank
Galashiels TD1 3T

The SPPA will arrange for a different medical adviser from the one who gave the initial advice to review the case. There is no limit to the number of reviews that can be requested.

b) The employee can submit an appeal to be considered by the Scottish Ministers at any stage of the process, either instead of a review or if still dissatisfied following a review.