

# News

# Spring '08

Welcome to this year's spring edition of TP News, the quarterly employer newsletter keeping you up-to-date with news from across the Scheme. We hope you will find the contents of this newsletter useful and informative and would welcome any feedback or comments.

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For more information on any of the articles in TP News or should you wish to feedback any comments, please log on to [www.teacherspensions.co.uk](http://www.teacherspensions.co.uk)

# Annual Return

TP has issued documentation relating to the three annual exercises for the financial year 2007/2008. These are the:

- + Annual Return of service and salary
- + End of Year Certificate (EOYC); and
- + Annual audit certification exercises (TR17 and TR17A).

## Annual Return of service and salary

- + All employers are required to submit annual returns for all teachers in their employment at 31 March each year.
- + This is to be completed and returned no later than **31 August 2008**.

## End of Year Certificate (EOYC)

TP will issue a certificate in March 2008 to each employer, which details the amount of contributions received for the previous 11 months.

Action required by the employer:

- + Confirm whether or not the details on the certificate are correct.
- + Add contributions for the month of March to the certificate.
- + Complete and return by **30 April 2008**.

## Annual audit certification exercises (TR17 and TR17A)

- + The audit certificate (TR17 and TR17A) will be issued in May 2008.
- + To be completed and returned no later than **30 September 2008**.

## Non-Local Authority employers

Where non-Local Authority employers provide an audited EOYC by 30 April 2008 they will not be required to provide a further audited certificate, TR17A.

## Local Authority (LA) schools with outsourced payroll arrangements

It is the responsibility of the LA to ensure that arrangements are in place for the member data to be with the LA in sufficient time for it to be submitted to TP by 31 August deadline.

It is important employers recognise that these three exercises are interdependent and they are to be conducted using the same source data.

Once all the exercises are completed, TP will undertake a comparison of the returns.

Employers are expected to resolve any errors or discrepancies that are subsequently identified and provide action plans to ensure that these are resolved for future exercises.

## Recording one-off payments on the Annual Return

### The Recruitment and Retention (R&R) allowance

These should:

- + relate to a defined period of employment, which must not exceed 3 years;
- + be paid by employers as a monthly amount; and
- + be entered into the 'Supplementary' field on the Annual Return.



Increasingly we are seeing the allowance being paid as a single amount. In these cases the amount must be apportioned to the full-time salary for the period of service included on the annual return.

### Keeping In Touch (KIT) days

- + **If a member is in receipt of Statutory Maternity Pay (SMP) or salary** - do not record separately on the Annual Return, as the KIT day does not count as pensionable.
- + **If a member is not in receipt of SMP or salary, but is paid for the KIT day on an annual salary rate** - record as pensionable on the Annual Return and deduct contributions.
- + **If a member receives a nominal payment for attending the KIT day** - do not record as pensionable and do not deduct contributions.

## Annual Return (continued)

### Chartered London Teachers

Where a qualified teacher registers their intention to apply for and is awarded Chartered London Teacher status:

- + They will be paid the sum of £1,000.
- + This amount is pensionable and will be paid in the school year in which the status is awarded.
- + This **must** be recorded on the Annual Return.

## Data security and transmission

We take the security of data very seriously and have therefore introduced additional measures to be applied to the security and transfer of annual return data.

Employers must also take steps to ensure that the transmission of data is undertaken in a secure manner and does not open any possibilities for the data to be either intercepted or lost before reaching TP.

### Sending data from TP to Employers

If you have elected to receive your Annual Return data in disc format, TP will send this encrypted and password protected using WinZip version 11.

- + Discs will be delivered to employers via secure mail.
- + TP will instruct employers of their unique 14 character password in due course.

When running the disc on your system, you will be prompted to input your password to access the contents. On entering your password, it will be possible to view the data and proceed with normal action.

### Employers submitting data to TP

- + All Annual return data submitted to TP on a disc **must** be encrypted and password protected using WinZip version 9 or later.



For more details on using WinZip visit [www.winzip.com](http://www.winzip.com).

## Additional pension contributions and multiple employment

Previously, where a member has a number of employers, Past Added Years (PAY) contributions were collected as a percentage across all employments.

This is not the case for Additional Pension contributions. Only **one** employer will be responsible for deducting the Additional Pension contributions from a member's salary.

When a member makes an application to pay Additional Pension they should pass the form to one of their employers to complete Part B. TP will contact that employer with details of the proposed instalment plan so that they can arrange to make the appropriate deductions.

The exception is where the salary is insufficient to allow the contributions to be deducted. In those circumstances the member could:

- + Apportion the contribution across their other employment.
  - In this situation it is vital that the member informs TP if they leave one of the employments, as the other employers will need to be instructed to increase the deductions that they are making.

If however, all the salaries combined are not sufficient to cover the contributions then:

- + The instalment plan will cease and the member will receive an Additional Pension based upon the contributions that have been paid.

## FAQs

### Q. How are Employers going to know if a teacher is in multiple employment?

A. Employers should ask the teacher before they take up an appointment if they are already employed elsewhere.

### Q. How are Employers going to be informed if a teacher who is in multiple employment joins the scheme with another Employer?

A. Employers must complete form TR6 when a teacher takes up a new appointment. If the teacher is already employed a notification will be issued to the other employers to advise them to deduct pension contributions.

For more FAQs visit the TP website, [www.teacherspensions.co.uk/faqs/faqsindex.htm](http://www.teacherspensions.co.uk/faqs/faqsindex.htm)

# Proposed changes to the TPS

You need to be aware of the following proposed changes to the TPS which have been subject to a consultation, but awaiting Parliamentary Approval for introduction from **1 April 2008**.

## Options regarding the Earnings Cap

Since 1 June 1989, any new entrants joining the TPS have had an upper limit applied to the definition of contributable salary.

This limit is known as the "Earnings Cap" and for the 2007/08 tax year is **£112,800**.

The proposal is to remove the Earnings Cap for new members joining the TPS for the first time; or after a break from 1 April 2008. Members who join on or after 1 April 2008 will have all of their salary treated as pensionable.

### Members currently affected by the Earnings Cap

For any existing members whose salary is restricted by the Earnings Cap at 31 March 2008 they will be given an option to either:

- + retain the Earnings Cap; or
- + have the Cap removed, but reckonable "Capped" service will be apportioned.

Members will have a limited period to exercise this option. The option period is from **1 April 2008 to 31 December 2008** and will be effective from the 1st of the month following the election.

Employers will be asked to identify any employee who is or has become subject to the Earnings Cap as at 31 March 2008 and will be responsible for informing TP of any change in their contracts.

The Earnings Cap for the 2008/09 tax year is **£117,600**.

It is proposed that the Earnings Cap will be automatically lifted for future service when a member has a change of contract. The previous capped reckonable service will be apportioned from the date of the change.

### Example

Member has:

- + 20 yrs "uncapped" service transferred in from USS
- + 5 yrs "capped" service transferred in from NHS
- + 5 yrs "capped" reckonable service up to 30/9/08
- + 10 yrs "uncapped" reckonable service after 1/10/08

Member has:

- + capped salary at 30/09/08 of £117,600 and
- + an actual salary at 1/10/2008 of £130,666.

Total uncapped service = 30 years

Total capped service = 10 years

### Adjusted reckonable service

30 years + (10 years x  $\frac{£117,600}{£130,666}$ ) = 39 years

The 39 years reckonable service will be applied to the member's uncapped final average salary.

Contributions from 1/10/08 will increase from £627.20 to £696.89 per month.

## Extension of the Additional Pension provision

Under the existing arrangements, contributions made to purchase additional pension must be paid before the member reaches Normal Pension Age (NPA).

To provide additional flexibility to employers and members, it is proposed that:

- + members who are in pensionable employment after age 60 will be able to purchase additional pension based on a NPA of 65.

## Entitlement to Incapacity Benefits

For avoidance of doubt - clarification is being provided to ensure that teachers who leave pensionable employment have six months in which to submit an application for ill-health benefits and still be considered on an in-service basis

## Proposed changes to the TPS (continued)

### Non-payment of contributions by members

Where a member has left pensionable employment and the employer has failed to remit their contributions, the debt can remain outstanding until the member reaches retirement age. Both the original debt and interest is then deducted from any retirement benefits that become payable to, or in respect of the member.

Proposed Change:

- + If an underpayment/non-payment of contributions has occurred and the member has left employment, the proposal is to allow the Secretary of State to disregard the related service if the total amount due is not paid within **3 years** of notification of the debt.
- + This will apply to new debts discovered after 1 April 2008
- + If the total debt is not cleared then the service covered by that debt may be discounted for any benefits that may become payable.
- + Where there has been an underpayment of contributions towards a period of service and arrears remain outstanding, any contributions already received for the period will be returned to the member.
- + The service to which the contributions apply will be removed from the member's record.

### Payments by BACS

In line with the government's policy on Direct Payments, you must provide your bank details to ensure that the payment can be made directly into a bank or building society account by BACS (Bankers Automated Clearing System).

Similarly, for the same reasons we would urge that any payment you are required to make to TP are made using BACS.

#### Benefits of paying by BACS:

- + No postal delays or other disruptions.
- + Far greater security and efficiency than sending cheques in the post.
- + Removes the risk of cheque fraud.
- + Timely payment gives the advantage of eliminating or reducing any potential interest payments.

## Any comments?

The **Teachers' Pensions Administration Forum (TPAF)** will meet in Darlington in May.

TPAF meets every six months and has a strategic role to consider new administration initiatives proposed by TP and the DCSF. The forum will discuss and raise issues on scheme administration, and to maintain the agreed communication protocol and strategy.

It is **your** forum to provide feedback on any aspect of scheme administration.

If you have any ideas or issues you would like to be discussed, please submit these to your employer representative.

Your contact on the TPAF is one of the following:

- + Association of Colleges, **nathan\_lucas@aoc.co.uk**
- + Foundation and Aided Schools National Association, **laughton@btinternet.com**
- + Independent School Bursars Association, **alison@theisba.org.uk**
- + Local Government Employers, **james.mensah@lge.gov.uk**
- + Sixth Form Colleges' Forum, **David.Maycock@lge.gov.uk**
- + Universities and Colleges Employers Association, **Elaine.Schegar@ucea.ac.uk**



If your organisation is not represented please feedback any comments direct to TP's Employer Relationship Managers:

- + **chris.mcmaster@capita.co.uk**;
- + **graham.patrick@capita.co.uk**; or
- + **vanda.patrick@capita.co.uk**.

## Employer seminars are changing...

From this year we are offering a new programme of employer workshops. We have replaced the traditional seminar with specific workshops designed to focus on enhancing employers' knowledge and expertise in a number of areas. Current topics include, Scheme administration and calculations, HR topics, and Payroll functions.

Confirmed dates and venues are:

Venue	Date	Topic
TP, Mowden Hall, Darlington	1 April	Calculations
	2 April	Human Resources
	3 April	Payroll
<b>The following dates and venues are available:</b>		
UCE, Birmingham (Pavilion)	13 - 15 May	
University of Brighton	15 - 17 July	
York Library	9 - 11 September	
Exeter Local Authority	30 September, 1 - 2 October	
Vale of Glamorgan Local Authority	18 - 20 November	
Westminster Kingsway College, London	2 - 4 December	

To register your interest in the above workshops, please email Chris Golding, [chris.golding@capita.co.uk](mailto:chris.golding@capita.co.uk), as soon as possible with the delegate(s) name(s), establishment reference, full address and telephone number and name of invoice contact. **Please state your preference of topic, either Human Resources or Payroll.**

## Employers can you help?

We are currently finalising dates and venues in other locations throughout the year.

If you are able to offer your venue to host our workshops, suitable for groups of 20 delegates, please email Chris Golding, [chris.golding@capita.co.uk](mailto:chris.golding@capita.co.uk)

Further information is available on the TP website, [www.teacherspensions.co.uk](http://www.teacherspensions.co.uk).



## Employer Focus Groups

The next round of Employer Focus Group meetings are due in April.

These groups allow TP and the DCSF to have detailed discussions with employers on how we are administering the scheme, and generate best practice. It will be your chance to directly feedback your experiences (good and bad), and to influence how the scheme is administered in the future.

We are looking for employers to take part in these groups. If you are interested in being involved please email Carol Bottomley at Department for Children, Schools and Families, [carol.bottomley@dcf.gsi.gov.uk](mailto:carol.bottomley@dcf.gsi.gov.uk)