



Tiered Contributions - Member Factsheet

Introduction

The Teachers' Pension Scheme Regulations 2014 set out the contributions that will apply to members of the Teachers' Pension Scheme from April 2019.

The tiered structure and contribution rates that will be implemented from 1 April 2019 are set out in the table below. The rates that will apply to you as a member of the Scheme are based on the actual pensionable earnings that you're paid in each pay period, not the full-time equivalent.

Annual Salary Rate for the eligible employment	Member contribution rate
Up to £27,697.99	7.4%
£27,698 to £37,284.99	8.6%
£37,285 to £44,208.99	9.6%
£44,209 to £58,590.99	10.2%
£58,591 to £79,895.99	11.3%
£79,896 and above	11.7%



What do these changes mean to me?

We want to help you understand what the impact of a revised contribution rate will mean for you so we've provided a number of examples within this factsheet for you.

Example 1 - Part-time teacher

Walt is a part time teacher. He works 70% of full-time and receives a pro-rata salary. Walt's actual salary is £1,166.66 per month. To work out his level of contribution payments you need to calculate Walt's annual salary rate. As Walt earned £1,166.66 in any month, his annual salary rate is calculated as follows:

$£1,166.66 \times 12 = £14,000$ (Annual Salary Rate). Walt will pay a contribution rate of 7.4%.

Example 2 - Mid-month pay rise

If you've had a mid-month salary increase, the contribution tier is still determined by what you're paid in the pay period, as set out in the following example:

Hank is a classroom teacher who works full-time and earns £42,500 per year. On 15 September 2019 Hank receives a pay rise increase to £44,000. To work out Hank's monthly contribution for September you need to calculate the monthly pay Hank will earn in September:

15 days at £42,500 = £1,770.83 and 15 days at £44,000 = £1,833.33.

Total £3,604.16.

This produces an annual salary rate of $£3,604.16 \times 12 = £43,250$. This means that Hank will pay a pension contribution for September equal to 9.6% of £3,604.16 i.e. £346.00.

In October Hank will earn £3,666.67, which will give an annual salary rate of:

$£3,666.67 \times 12 = £44,000$.

This means that Hank will pay a pension contribution equal to 9.6% of £3,666.67 i.e. £374.00.

Example 3 - Back-dated pay rise

Back-dated pay increases are treated as pensionable earnings in the month they're paid, but are not included when deriving the annual rate of salary when determining the contribution tier. The contribution rate is applied against all pensionable earnings - salary and any back-dated pay increase.

Jessie, who has an annual salary of £41,500, receives a pay rise in September 2019 equal to £2,400. The pay increase of £2,400 is equal to £200 per month. Due to administrative restrictions, the pay increase is not received by Jessie until her November 2019 pay.

In November Jessie receives her new monthly salary and the backdated pay increase i.e. £3,658.33 + £400 (new monthly salary plus 2 months back dated pay award). To calculate Jessie's contributions for November you need to annualise her total pensionable earnings, excluding back-dated pay in that month:

$$£3,658.33 \times 12 = £43,900.$$

Jessie is in the 10.2% contribution band. For November's pensionable earnings Jessie's contribution will be 10.2% of £3,658.33 + £400, i.e. £413.95.

Example 4 - Maternity leave

Skyler is a classroom teacher and works full-time with an annual salary of £27,000. Skyler is on a period of maternity leave, receiving half pay, £1,125 rather than her usual £2,250. Skyler's contribution rate will be determined using her pay, but the rate will be applied to her actual pensionable earnings in the period.

To work out Skyler's monthly contribution you need to annualise her usual pensionable earnings:

$$£2,250 \times 12 = £27,000.$$

Skyler will be in the 7.4% contribution band and her contributions whilst receiving half pay will be 7.4% of £1,125, i.e. £83.25.

The same principle applies with other pensionable family leave.

However, if you're on sick leave the principal only applies if you're receiving at least half pay; if on less than half pay then you're not in pensionable service and no contributions should be made.

Example 5 - Supply Teacher

Saul is a supply teacher who submits his pay claims late; claiming in the same pay period for hours worked in October, November and December 2019.

Saul receives £2,000 for each month, a total of £6,000 paid in the pay period. Saul's annual rate of salary for the pay period will be:

$$£6,000 \times 12 = £72,000$$

Saul will be in the 11.3% contribution band and his contributions will be 11.3% of £6,000 i.e. £678.

In this scenario employers can, if they choose to, calculate the annual rate of salary and hence contributions on a monthly basis; i.e. three separate calculations for the three months:

$$£2,000 \times 12 = £24,000$$

Saul would be in the 7.4% contribution band and his contributions will be 7.4% of £2,000 for each of the three months.

What should I do next?

It's important that you understand the value of your pensions and the full range of benefits of being in the Teachers' Pension Scheme.

- Sign up for [My Pension Online](#), our online portal which offers lots of benefits including understanding what your pension is currently worth, updating your personal details and accessing a range of tools
- Find out more about the Scheme and the benefits available in our member guides [here](#)
- Consider seeking independent financial advice - this may help you to make an informed decision about your pension and retirement
- We're here to help, visit our [website](#) for more information or call us on 08456 066 166.