



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 2021.

The tiered structure and contribution rates that will be implemented from 1 April 2021 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 £28,309.99	7.4%
£28,310 to £38,108.99	8.6%
£38,109 to £45,185.99	9.6%
£45,186 to £59,885.99	10.2%
£59,886 to £81,661.99	11.3%
£81,662 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

Terry is a part time teacher. He works 70% of full-time and receives a pro-rata salary. Terry's actual salary is £1,166.66 per month. To work out his level of contribution payments you need to calculate Terry's annual salary rate. As Terry 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). Terry will pay a contribution rate of 7.4%.

Example 2 - Mid-month pay rise

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

15 days at £42,500 = £1,770.83 and 15 days at £46,000 = £1,916.67

Total £3,687.50

This produces an annual salary rate of $£3,687.50 \times 12 = £44,250.00$. This means that Keith will pay a pension contribution for September equal to 9.6% of £3,687.50 i.e. £354.00

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

$£3,833.33 \times 12 = £46,000.00$.

This means that Keith will pay a pension contribution equal to 10.2% of £3,833.33 i.e. £391.

Example 3 - Back-dated pay rise

Tom 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.

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

$$£6,000 \times 12 = £72,000$$

Tom 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:

$$£2,000 \times 12 = £24,000$$

Tom would be in the 7.4% contribution band and his contributions will be 7.4% of £2,000 for each of the three months, i.e. £148 x 3.

Example 4 - Maternity leave

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

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

$$£2,250 \times 12 = £27,000$$

Julia 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.

This applies to all family leave that is in pensionable service: at least half pay or statutory pay.

Please note that for sick leave, if the employee is receiving less than half pay, the leave is not pensionable service and contributions must not be deducted.

Example 5 - Supply Teacher

Jimmy 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.

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

$$£6,000 \times 12 = £72,000$$

Jimmy 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:

$$£2,000 \times 12 = £24,000$$

Jimmy 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.