# Tiered contributions member factsheet

**April 2024**

## Introduction

The Teachers' Pension Scheme Regulations 2014 set out the contributions that will apply to members of the Teachers' Pension Scheme from April 2024.

The tiered structure and contribution rates that have been implemented from 1 April 2024 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 member | Member contribution rate |
|---|---|
| Up to 34,289.99 | 7.4% |
| £34,290.00 to £46,158.99 | 8.6% |
| £46,159.00 to £54,729.99 | 9.6% |
| £54,730.00 to £72,534.99 | 10.2% |
| £72,535.00 to £98,908.99 | 11.3% |
| £98,909 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 to help.

### Example 1 – Part-time teacher

Walt's a part-time teacher. He works 70% of full-time and receives a pro-rata salary.

Walt's actual salary is £1,750 per month. To work out his level of contribution payments you need to calculate Walt's annual salary rate.

As Walt earned £1,750 in any month, his annual salary rate is calculated as follows:

£1,750 x 12 = £21,000 (Annual Salary Rate). Walt will pay a contribution rate of 7.4%.

## Example 2 – Mid-month pay rise

Keith's a classroom teacher who works full-time and earns £52,000 per year. On 15 September 2023 Keith received a pay increase to £58,000.

To work out Keith's monthly contribution for September you need to calculate the monthly pay Keith earned in September:

15 days at £52,000 = £2,136.99 and 15 days at £58,000 = £2,383.56. Total £4,520.55. This produces an annual salary rate of £4520.55 x 12 = £54,246.60.

This means that Keith will pay a pension contribution for September equal to 9.6% of £4,520.55 i.e. £433.97.

In October, with an annual salary rate of £58,000, Keith's contribution rate will increase to 10.2%.

## Example 3 – Backdated pay rise

Backdated pay increases are treated as pensionable earnings in the month they're paid, but aren't 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 backdated pay increase.

Helen, who has an annual salary of £41,500, receives a pay rise in September 2023 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 Helen until her November 2023 pay.

In November Helen receives her new monthly salary and the backdated pay increase i.e. £3,658.33 + £400 (new monthly salary plus two months backdated pay award).

To calculate Helen's contributions for November you need to annualise her total pensionable earnings, excluding backdated pay in that month: £3,658.33 by 12 = £43,900.

Helen is in the 8.6% contribution band.

For November's pensionable earnings Helen's contribution will be 8.6% of £4,058.33 (£3,658.33 + £400), i.e. £349.02.

## Example 4 – Maternity leave

Julia is a classroom teacher and works full-time with an annual salary of £48,000. Julia is on a period of maternity leave, receiving half pay (£2,000 rather than her usual £4,000).

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:
£4,000 x 12 = £48,000

Julia will be in the 9.6% contribution band and her contributions whilst receiving half pay will be 9.6% of £2,000, i.e. £192.

Julia's salary will continue to be reported at the usual rate of £48,000 per annum, as she'll continue to accrue pension based on the usual pay rather than the actual pay received whilst on pensionable maternity leave.

This applies to all family leave that's 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 isn't pensionable service and contributions must not be deducted.

## Example 5 – Supply teacher

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 2023.

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 x 12 = £72,000.

Tom will be in the 10.2% contribution band and his contributions will be 10.2% of £6,000, i.e. £612.

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 x 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 6 – One off salary change in the month

Mary receives a one off payment for acting as Head of Department in June while the Head was ill; her annual salary rate is normally £38,500, which includes a London allowance.

She pays contributions at a rate of 8.6% each month which amount to £275.92.

In June, as a result of her temporary promotion she earned £4,058.33, making her annual salary rate £48,700.. Contributions will therefore be deducted at a rate of 9.6% amounting to £389.60, an increase of £113.68.

The Head returned in July so Mary's annual salary rate has reverted to £38,500 so she'll pay contributions at a rate of 8.6%, which totals £275.92.

### Example 7 – Two or more part-time regular contracts

Marie works 70% at Green School on an annual full-time equivalent salary of £20,000 and also works 10% at Black School where she has an annual full-time equivalent salary of £26,000.

She pays contributions on her employment at Green School at a rate of:

£20,000 x 0.7 = £14,000 = 7.4%

Her monthly salary at Green School is £1,166.66 and her monthly contributions are £86.33.

She pays contributions on her employment at Black School at a rate of:

£26,000 x 0.1 = £2,600 = 7.4%

Her monthly salary at Black School is £216.67 and her monthly contribution when she works at this school are £16.03.

This same scenario applies if Marie has two separate contracts at the same school.

### Example 8 – Unpaid leave or strike

Gary has an annual salary rate of £50,000, and usually receives £4166.67 per month and pays contributions at a rate of 9.6%.

£4,166.67 x 9.6% = £400

In September he takes 10 days of unpaid leave which means that he earns £2777.78. This will give him a salary of £33,333.36 meaning that his contribution rate will reduce to 7.4%.

During September he'll therefore pay £2777.78 x 7.4% = £205.56, a reduction of £194.44.

### Example 9 - Leaves mid-month

John leaves service in the middle of the month and it's agreed he'll be paid half his salary for that month. His usual salary is equivalent to £36,000 per year (£3,000 per month), and he normally pays contributions of 8.6% which amounts to £258 per month.

However, in the month he leaves his annual salary rate will be £18,000, meaning that he'll receive £1,500 and the contribution rate will be 7.4%

This means that for the month he leaves he'll pay contributions of £1,500 x 7.4% = £111. This is a reduction to his monthly contribution of £147.

## 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 contact options for further details.