Teachers' Pensions

TPAF October 2024 FAQs

In our recent TPAF sessions we received some questions which we said we'd get back to you with. In this document you can find our responses.

How do I receive the Employer Bulletin?

Our Employer Bulletin is an excellent resource that we send out every month to employers providing them with regular updates and important information.

The Employer Bulletin is sent to the Primary, Service and Salary, and Monthly Contributions contacts for your establishment. If you believe you fall under these categories and haven't received the bulletin, make sure that your employer contact details are up to date in the Employer Portal. You can find out how to do this through our Employer Portal guide.

Otherwise, we'd suggest that the contact that receives the bulletin in your establishment shares the information with you.

If you're a new employer, you'll need to register for the Employer Portal. You can do this by contacting us via EPRegistrations@teacherspensions.co.uk.

If you'd like to see our previous bulletins, you can find them on our website.

Can a member opt out of auto enrolment prior to the re-enrolment date and prevent a deduction?

You must make arrangements to enrol eligible jobholders with effect from their automatic re-enrolment date. They can't opt out of re-enrolment, however, there's an exception to the employer duty.

You may choose whether to automatically re-enrol any eligible jobholder who has already opted out within the 12 months before the automatic re-enrolment date.

In previous discussions with employers, we found that a number of you chose to re-enrol all of your eligible jobholders because that's how your payroll system is set up.

It would require additional input to identify and exclude members who had opted out, by their own choice, within the previous 12 months. Also, this ensures that you're meeting the auto enrolment duty and not accidentally failing to include anyone. After enrolment the member can opt out if they wish.

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How can a member opt out?

A member can opt out by completing our online form. Part of the process is for you to confirm they're employed with you.

After you've confirmed that they're employed by you, we'll receive the opt out form. It's a matter of timing depending on the re-enrolment date, when you receive the opt out form and when contributions are due to be deducted, as to whether you have to deduct the contributions.

If the opt out request is received by you within three months of auto re-enrolment, a refund of any contributions deducted would be due.

Further information about auto re-enrolment is available on the Pensions Regulator's website.

What's the guidance on buying and selling annual leave for members?

Selling annual leave

We've created some examples to help you understand selling annual leave:

Example 1 - Member selling annual leave (resulting in an increase in earnings received by the member)

- Salary is £2,000.00
- Holiday cost is £100.00
- Total gross is £2,100.00

The salary would remain at £2,000 and wouldn't result in higher pensionable earnings.

Buying annual leave (excluded as this isn't a recognised salary sacrifice arrangement)

The buying of leave isn't a recognised salary sacrifice for the purposes of inclusion in a person's pensionable earnings. It's only limited to those benefits-in-kind referred to on the pay order which are:

- child-care vouchers,
- cycle or cycling equipment and
- mobile phone scheme entered into on or before 5 April 2017.

These are available to all eligible members of the Scheme, who can choose to give up part of their gross salary, which enables these benefits to remain pensionable within the Scheme.

For an approved salary sacrifice scheme, contributions should continue to be on the full gross pensionable salary before the salary sacrifice is applied. When providing service and salary information, the full salary prior to the sacrifice should be recorded on your MCR submission.

While approved salary sacrifice arrangements can be included in a member's pensionable earnings, this isn't the case for unapproved salary sacrifice schemes.

Example 2

Member is buying annual leave

- Salary is £2000.00
- Holiday cost is -£100.00
- Total gross is £1900.00

The salary used to calculate pensionable earnings would be £1,900, a lower amount of pensionable earnings.

To record the pensionable earnings, you'll need to report them ignoring the 'sell-back' of holiday pay, although their actual earnings on account of the sell-back will be higher.

Where the member 'buys' or gains annual leave under a salary sacrifice agreement, the member will benefit from a tax reduction. However, this will result in an equivalent loss of pensionable earnings, and the reduced contributable salary will need to be provided in your monthly submission.

Where there's any difference between the legislation governing the Teachers' Pension Scheme and the information in this factsheet, the legislation will apply.