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Department of  
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**CONSULTATION ON PROPOSED INCREASES TO  
CONTRIBUTIONS FOR MEMBERS OF THE NI  
TEACHERS' PENSION SCHEME (NITPS)**

**November 2012**

# CONSULTATION ON PROPOSED INCREASES TO CONTRIBUTIONS FOR MEMBERS OF THE NI TEACHERS' PENSION SCHEME (NITPS)

## 1. Introduction

In October 2011 the Department of Education (DE) consulted on proposed increases to contribution rates for members of the NI Teachers' Pension Scheme (NITPS). Following consideration of responses to that consultation, tiered contributions were introduced into the NITPS from April 2012. This consultation sets out DE's proposals for further increases to teacher contributions from April 2013.

This consultation will run for 8 weeks, from **21 November 2012 to 16 January 2013**. DE invites views on the proposals contained in this document and the questions it poses. DE will discuss the proposals outlined in this document with members of the Teachers' Superannuation Consultative Committee (TSCC) - the established forum for consultation on matters relating to the NITPS, comprising trades unions and employer representatives from both the school and further education sectors.

As part of this consultation exercise, DE is publishing draft regulations which will make the changes to the Teachers' Superannuation Regulations (NI) 1998 that are needed to give effect to the proposed increased member contributions from April 2013. Table B included as part of the draft regulations may be substituted by one of the other variations contained in the consultation paper depending on the outcome of the consultation. The draft regulations are attached at **Annex A**.

The need for a full Equality Impact Assessment was screened out for this policy last year. It is not necessary to screen this policy again.

## 2. Scope of the Consultation

The purpose of the consultation is to seek views and evidence on whether the proposed contribution increases meet the principles set out by the Executive. **This consultation does not invite comments on the contribution rates in 2014-15 as these will be the subject of further discussion. Nor does it address longer-term reforms to redesign the content and governance of public service pension schemes, which the Coalition Government intends to apply from April 2015. This consultation concerns proposed increases in contribution rates relating to 2013-14 only.**

### **3. Background**

On 19 July 2011 the Chief Secretary to the Treasury (CST) set out the principles that would apply to increases in contributions for members of unfunded public service pension schemes.

Providing good quality pensions is becoming more challenging given increasing life expectancy. The Coalition Government set up the Independent Public Service Pensions Commission (IPSPC) chaired by Lord Hutton of Furness to make recommendations on how such pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the tax payer.

The Coalition Government has committed:

- to retain a defined benefit scheme;
- to protect accrued rights so that the benefits that members have earned up to the point of change will be protected; and
- to ensure that the pension individuals receive at normal pension age, for low and middle earners, working a full career, will be broadly as generous as they are under the current scheme.

The IPSPC, as part of its review, was invited to produce an interim report by the end of September 2010. The terms of reference stated; "This should consider the case for delivering savings on public service pensions within the spending review period - consistent with the Government's commitment to protect those on low incomes - to contribute towards the reduction of the structural deficit."

In his interim report of 7 October 2010, Lord Hutton recommended that increased longevity and the imbalance between employer and employee contributions are strong reasons to make short-term changes to pension contributions pending a more fundamental redesign of the schemes.

The Coalition Government announced in the 2010 Spending Review that it accepted the findings of the interim IPSPC Report on public service pensions and that it would therefore seek progressive changes to the level of employee contributions.

The total overall savings are £2.8 billion per annum across the public service pension schemes by 2014-15. These changes equate to an average 3.2 percentage point contribution increase for members of public service pension schemes. The NI proportion of this is likely to be in the region of £140m per annum. These savings were to be introduced incrementally over the three years starting April 2012, on a 40%:80%:100% basis.

## 2012-13 Position

DE published a consultation document on 31 October 2011 setting out proposals for how contribution increases would be applied to the NITPS. That document set out how the proposals would meet the principles that the Executive agreed on 22 September 2011, i.e. to:

- commit to the principle of delivering the targeted level of savings to the cost of the public sector pension schemes in the north of Ireland, subject to the details of how those savings will be delivered being worked through over time;
- agree to adopt this approach consistently for each of the different public sector pension schemes; and,
- authorise engagement with the unions to discuss a graduated approach which protects lower paid public sector workers.

Following consultation DE implemented the following tiering structure for the NITPS to deliver the savings required in 2012-13:

<b>Lower Salary</b>	<b>Higher Salary</b>	<b>Contribution Rate in 2012-13</b>	<b>Increase (against 6.4%)</b>
	14,999	6.4%	0%
15,000	25,999	7.0%	0.6%
26,000	31,999	7.3%	0.9%
32,000	39,999	7.6%	1.2%
40,000	74,999	8.0%	1.6%
75,000	111,999	8.4%	2.0%
112,000		8.8%	2.4%

DE also asked for views on variations to the proposed rates set out above, which provide additional protection for those teachers at the lower end of the pay scale.

The main points raised during the consultation and DE's response can be viewed on the DE website by following the link below:

[http://www.deni.gov.uk/index/school-staff/64\\_teachers-pensionscheme\\_pg/consultations .htm](http://www.deni.gov.uk/index/school-staff/64_teachers-pensionscheme_pg/consultations .htm)

Overall, those responding to the Year 1 consultation expressed opposition to the policy of increasing pension contributions within the public sector schemes. From the responses received (that were within the remit of the consultation), DE concluded that the proposals contained within the consultation document were reasonable and met the objectives. Teacher

unions and employers did not propose modifications to DE's design for implementing tiered contributions, although the teacher unions made it clear that this was because of their broader opposition to the policy.

Having taken all views into account, DE decided to proceed with implementation of the increased employee contribution rates for 2012-13 in line with the tiering design proposed in the consultation document.

#### **4. Proposals for Contribution Increases from April 2013**

Treasury has made it clear that if the specified increases to employee contribution rates are not introduced, the NI block grant will be reduced by a corresponding amount in respect of pension scheme costs met by the Treasury from annually managed expenditure budgets. In the current financial climate, such a reduction would inevitably have an impact on front line services across the public sector.

The Executive has therefore had no choice but to commit to the principle of applying the increases in employee pension contributions for health and social care, civil service, teachers', police service and firefighters' schemes.

Following the implementation of tiered contributions in April 2012, DE has been monitoring opt-out rates amongst teachers. The number of opt-outs is not sufficient to identify a discernable pattern. Comparative opt-out data for 2010, 2011 and 2012 is provided at **Annex B**. Consideration of tiered structures for 2013-14 will be consistent with the parameters set out in 2012-13, and ensuring that the scheme remains sustainable, a valuable part of teachers' and lecturers' remuneration, and affordable to all members.

This consultation sets out DE's proposals on how savings in 2013-14 will be delivered for the NITPS in a way which protects lower paid public sector workers and limits the risk of increases in the rate of opt-outs from the Scheme.

In developing the proposals DE has been working closely with other public service schemes. We have considered the impact of contribution increases on different areas of the membership and sought to ensure that the design of the increases reflects the specific circumstances of the NITPS membership.

The proposed contribution increases reflect the Executive's commitment to a graduated approach which protects lower paid public sector workers. They are designed to encourage maximum participation in the scheme by ensuring that those earning the most will pay the highest percentage point increase.

In light of the limited evidence to date on opt-outs, DE considers that that structure and distribution of contribution rates implemented in Year 1 is achieving the Executive's aims. However, DE has been considering whether changes to the structure would provide further protection to some groups. DE is therefore seeking your views on the following tiering structures to apply from April 2013.

## Option 1

Tier	Lower Salary	Upper Salary	Proposed Structure	% of Overall membership*
1	£ -	£ 14,999	6.4%	0%
2	£ 15,000	£ 25,999	7.0%	1.88%
3	£ 26,000	£ 31,999	7.9%	8.66%
4	£ 32,000	£ 39,999	8.8%	54.07%
5	£ 40,000	£ 44,999	9.2%	27.99%
6	£ 45,000	£ 74,999	10.1%	7.07%
7	£ 75,000	£ 99,999	10.6%	0.31%
8	£ 100,000	-	11.2%	0.02%

**Option 1** reflects proposals for the Teachers' Pension Scheme (TPS) in England and Wales and should ensure that no member here pays more for equivalent benefits than a similar teacher in TPS. The proposed structure rolls forward the existing tiering structure and distribution approach with the exception that tier 2 has been capped at 7% to ensure those earning up to £26k will see no further increase beyond the 0.6% applied in April 2012. This provides greater protection for the lower paid.

The proposal also introduces a new tier of £40k to £45k. This is intended to address concerns that the previous tier 5 (40k to £75k) was too broad and also an anomaly created by tax relief, which meant that teachers in the £40k to £45k bracket faced a greater impact on their take-home pay than those in the £45k to £50k bracket. However, providing the above protection requires an increase of 0.5% for those earning £45k to £75k and a lowering of the salary at which teachers will face the maximum increase in order to deliver the savings foregone by the additional protections.

## Option 2

Tier	Lower Salary	Upper Salary	Proposed Structure	% of Overall membership *
1	£ -	£ 14,999	6.4%	0%
2	£ 15,000	£ 25,999	7.0%	1.88%
3	£ 26,000	£ 31,999	7.3%	8.66%
4	£ 32,000	£ 39,999	8.8%	54.07%
5	£ 40,000	£ 44,999	9.2%	27.99%
6	£ 45,000	£ 74,999	10.4%	7.07%
7	£ 75,000	£ 99,999	10.6%	0.31%
8	£ 100,000	-	11.2%	0.02%

**Option 2** extends the protection for the lowest paid so that those earning up to £32k will have no increase beyond year 1 increases. However, providing the above protection requires an additional increase of 0.3%, over and above that set out in option 1, for those earning £45k to £75k.

## Option 3

Tier	Lower Salary	Upper Salary	Proposed Structure	% of Overall membership*
1	£ -	£ 14,999	6.4%	0%
2	£ 15,000	£ 25,999	6.4%	1.88%
3	£ 26,000	£ 31,999	6.4%	8.66%
4	£ 32,000	£ 39,999	8.9%	54.07%
5	£ 40,000	£ 44,999	9.3%	27.99%
6	£ 45,000	£ 74,999	10.4%	7.07%
7	£ 75,000	£ 99,999	10.6%	0.31%
8	£ 100,000	-	11.2%	0.02%

**Option 3** reduces contribution rates for those earning up to £32k to pre April 2012 rates of 6.4%. However, providing the protection in option 3 requires additional increases for all those in tiers 4, 5 and 6 which equate to around 89% of the membership.

\*Members on permanent (including part-time) contracts. Excludes Voluntary Grammar Schools.

## 5. Questions

DE would welcome views on the questions below:

**Question 1** – Which of the proposed changes to tiered contributions levels best achieves the appropriate balance between?

- protecting the low paid;
- being progressive – so that those who earn more pay more; and
- limiting the risk of increases in the rate of opt-outs from the NITPS.

**Question 2** – Are there any consequences of the proposed contribution tiers that you consider have not been addressed?

**Question 3** – Do you consider that there are equality issues that will result in any individual groups being disproportionately affected by the proposed contribution tiering? If so what do you consider to be the disproportionate effect?

## 6. Responding to this consultation

A consultation response booklet is attached at **Annex C**. Responses should be sent no later than 16 January 2013 to:

Teacher Negotiating & Pensions Policy Team  
Department of Education  
Rathgael House  
43 Balloo Road  
Rathgill  
BANGOR  
BT19 7PR

or by e-mail to:

TeachersNegotiating.PensionsPolicy@deni.gov.uk



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STATUTORY RULES OF NORTHERN IRELAND

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2013 No.

EDUCATION

The Teachers' Superannuation (Amendment) Regulations  
(Northern Ireland) 2013

*Made* - - - - *xxth March 2013*

*Coming into operation* - *01st April 2013*

The Department of Education makes the following Regulations in exercise of the powers conferred by Articles 11(1)(1), (2), (3), (3A)(2) and paragraphs 1, 3, 4, 5, 6, 8, 11 and 13 of Schedule 3 to the Superannuation (Northern Ireland) Order 1972(3).

In accordance with Article 11(5) of that Order consultation has taken place with representatives of local education authorities and of teachers and with representatives of other persons likely to be affected.

In accordance with Article 11(1) of that Order these Regulations are made with the consent of the Department of Finance and Personnel (4).

**Citation and commencement**

1. These Regulations may be cited as the Teachers' Superannuation (Amendment) Regulations (Northern Ireland) 2013 and shall come into operation on 1st April 2013.

**Amendment of Superannuation Regulations**

2. The Teachers' Superannuation Regulations (Northern Ireland) 1998 (5) are amended in accordance with regulations 3 and 4.

3.(1) Regulation C2 is amended as provided by paragraph (2).

(2) For paragraph (2) substitute—

“(2) (a) A person who is in pensionable employment is to pay contributions of—

(i) before 1<sup>st</sup> April 2012, 6.4% of his contributable salary; and

(ii) from 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013 (both dates inclusive), for each month during which he is in pensionable employment, the percentage rate set out in

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(1) As amended by S.I. 1990/1509 (N.I. 13) Article 13(1)

(2) As amended by S.I. 1990/1509 (N.I. 13) Article 6(1)

(3) S.I. 1972/1073 (N.I. 10)

(4) Formerly Department of Finance: see S.I. 1982/338 (N.I. 6) Article 3

(5) S.R. 1998 No.333, relevant amendments are S.R. 2007 No. 137 and S.R. 2012 No. 126

table A which is applicable to his contributable salary rate for that month or, if part-time, the full-time equivalent contributable salary rate;

- (iii) on or after 1<sup>st</sup> April 2013, for each month during which he is in pensionable employment, the percentage rate set out in table B which is applicable to his contributable salary rate for that month or, if part-time, the full-time equivalent contributable salary rate.

**Table A**

<i>Full-time equivalent contributable salary band (£)</i>	<i>Contribution Rate</i>
Below 15,000	6.4%
15,000 to 25,999	7.0%
26,000 to 31,999	7.3%
32,000 to 39,999	7.6%
40,000 to 74,999	8.0%
75,000 to 111,999	8.4%
112,000 and above	8.8%

**Table B**

<i>Full-time equivalent contributable salary band (£)</i>	<i>Contribution Rate</i>
Below 15,000	6.4%
15,000 to 25,999	7.0%
26,000 to 31,999	7.9%
32,000 to 39,999	8.8%
40,000 to 44,999	9.2%
45,000 to 74,999	10.1%
75,000 to 99,999	10.6%
100,000 and above	11.2%”

### **Revocation**

4. The Teachers Superannuation (Amendment) Regulations (Northern Ireland) 2012 are revoked.

Sealed with the Official Seal of the Department of Education on xx March 2013



A senior officer of the  
Department of Education

The Department of Finance and Personnel hereby consents to the foregoing Regulations  
Sealed with the Official Seal of the Department of Finance and Personnel on xx March 2013



A senior officer of the  
Department of Finance and Personnel

#### EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Teachers' Superannuation Regulations (Northern Ireland) 1998 to prescribe the percentage of their salary which employees must contribute to the pension scheme from 1<sup>st</sup> April 2013.

The Regulations revoke and re-enact the Teachers Superannuation (Amendment) Regulations (Northern Ireland) 2012.

**Monthly summary**

June 2012 Summary –

- 18 members opted out (6 male and 12 female)
- The peak age was the 26- 30 age range
- 77.78% opted out within 1 year of service
- 100% opted out within 5 years of service

May 2012 Summary –

- 30 members opted out (6 male and 24 female)
- The peak age was the 26- 30 age range
- 80% opted out within 1 year of service
- 96.67% opted out within 5 years of service

April 2012 Summary –

- 16 members opted out (6 male and 10 female)
- The peak age was the 26- 30 age range
- 73.33% opted out within 1 year of service
- 100% opted out within 5 years of service

June 2011 Summary –

- 8 members opted out (5 male and 3 female)
- The peak age was the 20- 25 age range
- 62.5% opted out within 1 year of service
- 100% opted out within 5 years of service

May 2011 Summary –

- 16 members opted out (6 male and 10 female)
- 81% of those who opted out were over age 40.
- 68.75% opted out within 1 year of service
- 100% opted out within 5 years of service

#### April 2011 Summary –

- 12 members opted out (4 male and 8 female)
- 75% of those who opted out were over age 40
- 58.33% opted out within 1 year of service
- 91.67% opted out within 5 years of service

#### June 2010 Summary –

- 13 members opted out (6 male and 7 female)
- The age range was evenly spread.
- 61.54% opted out within 1 year of service
- 100% opted out within 5 years of service

#### May 2010 Summary –

- 17 members opted out (6 male and 13 female)
- The peak age was the 26- 30 age range
- 88.23% opted out within 1 year of service
- 100% opted out within 5 years of service

#### April 2010 Summary –

- 26 members opted out (6 male and 20 female)
- The peak age was the 26- 30 age range
- 96.15% opted out within 1 year of service
- 100% opted out within 5 years of service



**Consultation on Proposed Increases to Contributions  
for Members of the Teachers' Pension Scheme**

**Consultation Response Booklet**

**The closing date for this consultation is 16  
January 2013**

**Your comments must reach us by that date.**

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Name .....

Address .....

.....

Town/City .....

Postcode .....

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes, primarily the Freedom of Information Act 2000 and the Data Protection Act 1998.

If you want all, or any part, of your response to be treated as confidential, please explain why you consider it to be confidential.

If a request for disclosure of the information you have provided is received, your explanation about why you consider it to be confidential will be taken into account, but no assurance can be given that confidentiality can be maintained. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department of Education (DE).

DE will process your personal data (name and address and any other identifying material) in accordance with the Data Protection Act 1998, and in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

**Please tick if you want us to keep your response confidential.**

Reason for confidentiality:

Name

Organisation (if applicable)

Address:

If your enquiry is related to the policy content of the consultation you can contact DE on 02891279861

e-mail: [TeachersNegotiating.PensionsPolicy@deni.gov.uk](mailto:TeachersNegotiating.PensionsPolicy@deni.gov.uk)

Please mark an X in one box below that best describes you as a respondent

Employing Authority

School Governor

School Principal/  
Vice Principal

Classroom Teacher

Director of FE College

Member of Governing  
Body of FE College

Lecturer in FE  
College

Trade Union

Other – Please Specify

Please Specify:



**Q1) Which of the proposed changes to tiered contributions levels best achieves the appropriate balance between:**

- **protecting the low paid;**
- **being progressive – so that those who earn more pay more; and**
- **limiting the risk of increases in the rate of opt-outs from the NITPS**

Option 1

Option 2

Option 3

Comments:

**Q2) Are there any consequences of the proposed contribution tiers that you consider have not been addressed?**

Yes

No

Not Sure

Comments:

**Q3) Do you consider that there are equality issues that will result in any individual groups being disproportionately affected by the proposed contribution tiering? If so, what do you consider to be the disproportionate effect?**

Yes

No

Not sure

Comments:

Thank you for taking the time to let us have your views. We do not intend to acknowledge individual responses unless you place an 'X' in the box below.

**Please acknowledge this reply**

**Thank you for taking time to respond to this consultation.**

Completed questionnaires and other responses should be sent to the address shown below by 16 January 2013

Teachers Negotiating & Pensions Policy Team  
Department for Education  
Rathgael House  
43 Balloo Road  
Rathgill  
BANGOR  
BT19 7PR

Or by e-mail to: [TeachersNegotiating.PensionsPolicy@deni.gov.uk](mailto:TeachersNegotiating.PensionsPolicy@deni.gov.uk)