



Department
for Education

Reform of the Teachers' Pension Scheme

Equality impact assessment

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Introduction

1. This Equality Impact Assessment (EIA) is being undertaken to inform the reform of the Teachers' Pension Scheme (TPS), in light of the Government's response to the Independent Public Service Pension Commission's (IPSPC's) final report on the reform of public service pension schemes.

2. The Government set up the IPSPC chaired by Lord Hutton to make recommendations on how public service pensions could be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer.

3. The IPSPC published its interim report in October 2010. That report stated that the current public service pension structure has been unable to respond flexibly to workforce and demographic changes in the past few decades. This has led to:

- rising value of benefits due to increasing longevity;
- unequal treatment of members within the same profession;
- unfair sharing of costs between the employee, the employer and taxpayers; and,
- barriers to increasing the range of providers of public services.

4. Lord Hutton pointed out that the cost of public service pensions had increased by around a third because of longer life expectancy over the last 50 years. As a result, cash expenditure on paying pensions to public service pensioners had increased to £32bn over the last decade. Lord Hutton therefore recommended that increased longevity and the imbalance between employer and employee contributions were strong reasons to make short-term changes to pension contributions pending a more fundamental redesign of the schemes. Year 1 contribution increases were implemented as of April 2012.

5. The Government accepted that there is a rationale for increasing member contributions to ensure a fairer distribution of costs between taxpayers and members and employee contribution rates from April 2012. This is with a view to delivering additional savings of £2.8bn a year by 2014-15. In doing so, the Government aimed to ensure that the impact of the changes on the level of employee contributions is progressive and protects the lower paid.

6. The increase will average 3.2 percentage points of salary per scheme. A full equalities impact assessment has been undertaken in relation to the increase in contributions for Year 1.

7. The IPSPC published its final report on 10th March 2011. That report set out how the IPSPC believes it is possible for public service employees to have access for the foreseeable future to good quality, sustainable and fairer defined benefit pension schemes.
8. The IPSPC's report stated that comprehensive reform is needed to balance the concerns of taxpayers about the present and future cost of pension commitments in the public sector, as well as the wider need to ensure decent levels of retirement income for public service workers.
9. The report's recommendations included:
- As soon as practical, members of the current defined benefit public service pension schemes should be moved to new schemes for future service, but the Government should continue to provide a form of defined benefit pension as the core design.
 - A new career average revalued earnings (CARE) scheme should be adopted for general use in the public service schemes.
 - The Government must honour in full the pension promises that have been accrued by scheme members: their accrued rights. In doing so, the Commission recommends maintaining the final salary link for past service for current members.
 - The Government should increase members' normal pension age in the new schemes so that it is in line with their State pension age, with regular review to make sure that remains appropriate.
 - The Government should set out a fixed cost ceiling: the proportion of pensionable pay that they will contribute, on average, to employees' pensions over the long term. If this is exceeded then there should be a consultation process to bring costs back within the ceiling, with an automatic default change if agreement cannot be reached.
 - It should be possible to introduce the new schemes before the end of this Parliament.
10. The Government accepted Lord Hutton's recommendations as a basis for consultation with public sector workers, trades unions and others. These have informed the discussions with key stakeholders that led to the scheme design embodied in the Proposed Final Agreement of 9 March 2012.

Description of the Policy

Current Policy

11. The TPS is operated in line with The Teachers' Pensions Regulations 2010 (TPR 2010). The key provisions of the existing policy are set out below:

Benefits

12. Benefits include an annual pension and retirement lump sum, calculated through reference to pensionable service and average salary:

$$\text{Pension} = \frac{\text{Service} \times \text{Average Salary}}{\text{Accrual Rate}}$$

Lump sum: There is no automatic lump sum for those entering teaching after 1 January 2007, but a person can elect to convert a part of their pension to a lump sum up to a maximum. For members who entered teaching prior to 2007, there is an automatic lump sum of three times the pension with the option to convert further pension to lump sum, up to a maximum.

13. Benefits also include survivor pensions and an in-service death grant of three times average salary (the salary used to calculate retirement benefits).

Normal pension age

14. The age at which a teacher retires is an employment matter. The upper age limit for Scheme membership is age 75. The minimum age at which pension can be paid is age 55 (with the exception of ill health where there is no minimum age).

15. Members of the TPS have a normal pension age (NPA) of either 60 or 65 :

- Scheme members who entered pensionable employment for the first time on or after 1 January 2007 have an NPA of 65.
- Scheme members who entered pensionable employment before 1 January 2007 and have continued in pensionable employment without a disqualifying break, have an NPA of 60.
- If a scheme member entered pensionable employment before 1 January 2007 and has a break in service of more than 5 years, their NPA will remain at 60 for service up to the end of the break in service, but will be 65 for any future service. In pension terms this is classed as a 'member with mixed service'.

Accrual rates

16. The accrual rate for defined benefit schemes is the rate at which employees can accumulate retirement benefits, expressed in fractional terms. For the TPS:

- Service that counts against NPA 65 (members entering employment on or after 1st January 2007) has an accrual rate of 1/60th pension.
- Service that counts against NPA 60 (members entering employment before 1st January 2007) has an accrual rate of 1/80th pension and 3/80th retirement lump sum.

These are broadly equal in value.

Average salary

17. Average salary (the salary used to calculate retirement benefits) is the better of:

- (a) salary in the last 365 days of average salary service ('final salary'),
or
- (b) the best 1095 consecutive days of average salary service in the last 10 years of average salary service.

The salaries for the last ten years of average salary service are increased at each salary change to current day value in line with factors supplied by HM Treasury. The average of the best consecutive three years (re-valued) is then compared to the final salary.

Note: 'Average salary service' is the period of pensionable employment used to determine the average salary.

(If the scheme member left pensionable employment before 1 January 2007, the average salary for pension purposes is the best consecutive 365 days in the final 3 years.)

Options to draw retirement benefits before NPA

18. In addition to retirement benefits paid on grounds of attaining NPA, the TPS pays:

- **Ill-health retirement benefits:** Immediate payment of unreduced retirement benefits if a scheme member becomes incapacitated for full-time or part-time teaching and is likely to be incapacitated permanently

- (taken to be until NPA). If the person is 90% impaired for any gainful employment and is likely to be so permanently (until NPA), these ill-
- health benefits are enhanced by Total Incapacity Benefits (TIB). The TIB is based on half of the remaining period before NPA.
 - **Actuarially-adjusted benefits:** Scheme member who leave pensionable employment before NPA can draw their retirement benefits from age 55 on a voluntary basis. Benefits are reduced on an actuarial adjustment basis to take account of early payment.
 - **Premature retirement before NPA:** If employment has terminated before NPA on grounds of redundancy or whilst the employer is acting in the efficient discharge of its functions, the employer can award premature retirement benefits by paying the difference between the reduced pension (and lump sum, if payable) and the sums that would otherwise be paid. This 'top up' is met by the employer, not the TPS.
 - **Phased retirement:** A person who takes a reduction in contributable salary of at least 20% can draw down retirement benefits based on up to 75% of their pensionable service whilst remaining in pensionable employment.

Contribution rates

19. Employers pay 14.1%. From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Scheme coverage

20. The Scheme automatically covers maintained schools (including Academies), maintained Further Education colleges and the 'new' universities (former polytechnics). Grant-aided bodies are able to participate on a voluntary basis and independent schools may apply to be accepted.

Policy Changes

The 'reference scheme'

21. The Government set out its preferred design for public service pension schemes, the 'reference scheme', which reflected Lord Hutton's recommendations. The provisions of the reference scheme are provided below:

- a career average revalued earnings (CARE) pension scheme;
- public service workers benefits to be earned at a rate of 1/60ths of pensionable earnings each year;
- public service workers will have their benefits increased each year they are working in the public services in line with earnings revaluation;
- a normal pension age linked to State pension age (or 65, whichever is higher);
- pensions in payment to increase in line with the Consumer Prices Index (CPI);
- benefits earned by leavers to increase by CPI from the date of leaving until retirement;
- average member contributions for the unfunded public service pension schemes set at the level of the existing schemes after the increase of 3.2 percentage points currently planned;
- in the funded Local Government Pension Scheme both member contributions and other adjustments to benefits will be reflected in cost ceilings following the outcome of the Department for Communities and Local Government's consultation on alternatives to contribution increases. This means that the cost ceilings presented here are indicative and not final;
- members given the option at retirement to convert £1 of annual pension into a £12 one-off lump sum payment in accordance with HMRC limits and regulations;
- ill-health, death and survivors benefits (ancillary benefits) to match those currently provided by schemes that are open to new members;
- members who leave the scheme and rejoin within 5 years to be able to link their new service with previous service, as if they had always been an active member;
- members transferring between public service schemes to be treated as having continuous active service (which would include those transferring between schemes who had rejoined public service after a gap of less than 5 years); and
- an employer contribution cap to provide backstop protection to the taxpayer against unforeseen costs and risks.

22. In addition, the Government has announced that transitional protection will apply to those who are within 13.5 years of their NPA on 1st April 2012.

A reformed scheme design for the TPS

23. Ministers and officials have engaged in detailed discussions with teacher unions and employer representatives on a potential design for a reformed TPS. The discussions have focused on potential variations to the reference scheme, to reflect the distinctive nature of the teaching profession. The discussions have resulted in a Proposed Final Agreement which sets out a core scheme design as follows:

- a. a pension scheme design based on career average;
- b. an accrual rate of 1/57th of pensionable earnings each year;
- c. revaluation of active members' benefits in line with CPI + 1.6%;
- d. normal pension age equal to State pension age, which applies both to active members and deferred members (new scheme service only). If a member's SPA rises, then NPA will do so too for all post-2015 service;
- e. pensions in payment to increase in line with Prices Index (currently CPI);
- f. benefits earned in deferment to increase in line with CPI;
- g. average member contributions of 9.6%, with some protection for the lowest paid;
- h. optional lump sum commutation at a rate of 12:1, in accordance with HMRC limits and regulations;
- i. spouse/partner pension in accordance with current provisions;
- j. lump-sum on death in service of 3 times FTE salary;
- k. ill-health benefits the same as those in the current open scheme;
- l. actuarially fair early/late retirement factors on a cost-neutral basis except for those with a NPA above age 65 who will have early retirement factors of 3% per year for a maximum of 3 years in respect of the period from age 65 to their NPA;
- m. an employer cost cap to provide backstop protection to the taxpayer against unforeseen costs and risks;
- n. the public sector transfer club will continue, and consideration will be given to the best method of operation in the reformed schemes;
- o. phased retirement arrangements which reflect those in the current scheme, with the additional option of a third drawdown of benefits after a member's 60th birthday;
- p. abatement will not apply to service in the reformed TPS. Abatement rules for the current scheme will remain unchanged;

- q. members who leave the scheme and return within 5 years will have their accrued service in the current (NPA 60/65) scheme linked to their final salary at retirement;
- r. flexibilities to allow members to elect to pay a higher contribution rate in return for a higher accrual rate for a particular year, at full member cost, within existing limits on additional pension; and
- s. members who in the new scheme have a normal pension age higher than 65 will have an option in the new scheme to pay additional contributions to reduce or, in some cases, remove any early retirement reduction that would apply, if they retire before their normal pension age. Only reductions that would apply in respect of years after age 65 can be bought out and the maximum reduction that can be bought out is for 3 years (that would apply to a member with a normal pension age of 68 or higher).

In addition, the Department and unions will carry out a review to determine the contribution rate structure to apply from 1st April 2015. The review will ensure that the structure delivers the average member contribution of 9.6%. It will also take account of the differences in design between the pre 2015 and post 2015 schemes, having regard to such factors as the retention of final salary linkage for accrued service and the 10 year protection.

Engagement and involvement

24. In April 2012, the Teachers' Pension Scheme Equality Stakeholder Group was set up to give key stakeholders an opportunity to provide and consider evidence to inform the Department's equality analysis. The timing of the Analysis has necessarily followed discussions with unions about what scheme reform should look like and has been made possible by the drawing up of a Proposed Final Agreement, announced on 9th March 2012. Having a proposed scheme design enabled the Department to start more detailed work on assessing its implications for members of groups with protected characteristics, building on high level assessment activity undertaken during the negotiations process. The timing of the Analysis has been managed to allow initial conclusions to be reached before implementation and to enable any necessary mitigating actions to be incorporated in the implementation process.

25. In addition to officials from the Department for Education, members of the Equality Stakeholder Group included:

- Association of School and College Leaders (ASCL)
- Association of Teachers and Lecturers (ATL)
- National Association of Head Teachers (NAHT)
- NASUWT
- National Union of Teachers (NUT)
- **Undeb Cenedlaethol Athrawon Cymru (UCAC)**
- University and Colleges Union (UCU)
- VOICE
- Government Equalities Office

The Group met periodically throughout the development of the EIA.

26. The group's remit was to support the Department in carrying out its public sector equality duty, by contributing to the evaluation of the changes outlined in the Proposed Final Agreement to assess any positive or negative impacts on groups protected by equalities legislation, with reference to their protected characteristics.

27. An additional list of targeted stakeholder groups was contacted and invited to express views and raise any concerns relating to possible impact on groups with protected characteristics.

- Association of School and College Leaders
- Association of Teachers and Lecturers
- National Association of Head Teachers
- National Association of Schoolmasters/Union of Females Teachers
- National Union of Teachers
- Principals' Professional Council
- UCAC
- University and College Union
- Voice
- Unite
- Association of Professionals in Education and Children's Trust
- GMB
- UNISON
- Local Government Association (see NEOST)
- Local Government Employers
- London Councils
- Association of Professionals in Education and Children's Trust
- City Technology Colleges Principals' Forum
- Foundation and Aided Schools National Association
- Girls' Day School Trust
- Girls' Schools Association
- Headmasters' and Headmistresses' Conference
- Independent Association of Preparatory Schools
- Independent Schools Association
- Independent Schools Bursars' Association
- Independent Schools Council
- National Association of Independent Schools and Non-maintained Special Schools
- National Association of School Business Management
- National Society for Education in Art and Design
- Society of Headmasters and Headmistresses of Independent Schools
- Specialist Schools and Academies Trust
- Prudential
- Association of Colleges
- Association of Directors of Children's Services
- Committee of University Chairmen
- Colleges Wales
- GuildHE
- Sixth Form Colleges' Forum
- University and Colleges Employers' Association
- Agency for Jewish Education
- Association of Muslim Schools (UK)
- Catholic Education Service
- Church of England Education Division
- Free Church Education Committee
- Methodist Church
- Network of Sikh Organisations
- Seventh-day Adventist Church
- St Cyprian's Greek Orthodox Primary School
- Quaker Peace and Social Witness
- British Humanist Association
- Muslim Council of Britain
- Government Actuary's Department
- Higher Education Funding Council for England
- National Assembly for Wales
- Scottish Public Pensions Agency
- Northern Ireland Department of Education
- WJEC
- Young People's Learning Agency
- Stonewall
- Schools Out
- Gender Identity Research and Education Society
- Disability Rights UK
- Scope
- Royal National Institute of Blind People
- Royal National Institute for Deaf People
- Runnymede Trust
- Fawcett Society
- National Council of Females of Great Britain
- Irish Traveller Movement in Britain

- Association of Governing Bodies of Independent Schools
- Association for College Management
- Governors Wales
- Information for School and College Governors
- National Governors' Association
- National Employers' Organisation for School Teachers.

28. The wider Stakeholder engagement exercise resulted in responses from six organisations: ASCL, ATL, NASUWT, NUT, UCEA and UCU. Those responses have been shared with the Stakeholder Group and are summarised at Annex B.

29. Given the relatively low response rate to the engagement letter, the Department contacted a sample of organisations via both telephone and email, selected with reference to protected characteristics. The Department gave those organisations a further opportunity to comment on the questions raised in the engagement letter. The organisations contacted were:

- LGE/A
- Catholic Education Service
- Church of England Education Division
- Association of Muslim Schools (UK)
- Independent Schools Bursars' Association
- Stonewall
- Disability Rights UK
- Scope

30. Of the organisations contacted, only Stonewall chose to provide a response, but that response referred to the backdating of state partner pension entitlements and was not specific to TPS reform.

Equality Analysis

General

31. In accordance with the public sector equality duty (section 149 of the Equality Act 2010) a public authority must, in the exercise of its functions, have due regard to the need to -

- i. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- ii. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- iii. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

32. Drawing on available data and with input from unions and employers, the equality analysis focuses on the main provisions of scheme design. The level of analysis is proportionate to the availability of data and to the Department's considered view about the relative risk of impact to each of the protected groups. With that in mind, analysis is provided under the main provisions of scheme design with regard to Age, Gender and, where data is available, Ethnicity. The Department's position in respect of other protected groups is detailed separately.

33. The analysis in the following paragraphs in respect of "Age" and "Gender" has been carried out using TPS membership data provided by the scheme administrator (Capita Teachers' Pensions). The data set is dated 31st March 2011, and covers the entirety of membership across England and Wales. Ethnicity analysis has been obtained using data provided by the School Workforce Census (November 2011), covering England and the General Teaching Council for Wales' Annual Statistical Digest (March 2012). The term 'teacher' has been used throughout the analysis and includes all teaching staff who fall within the scope of the TPS.

1. Career Average Scheme

- **A pension scheme design based on career average**

34. Having considered a number of possible scheme designs, the IPSPC recommended a scheme that provides a pension based on average earnings over the whole of a member's pensionable service - a career average revalued earnings (CARE) scheme. The Government is satisfied that CARE scheme provides the fairest and most sustainable scheme design.

35. A CARE scheme is a defined benefit arrangement and teachers will still have access to a scheme that offers a guaranteed income for retirement that is protected from inflation. The structure of a CARE scheme is that it is likely to benefit those with slower salary growth. This addresses an intrinsic unfairness that exists in final salary schemes where 'high flyers', who have steep salary progression, tend to benefit disproportionately. This is exacerbated when the salary increases significantly shortly before retirement.

Age

36. Chart 1 shows information on the salaries earned by scheme members. This is the average salary by age. The chart demonstrates a progressive increase in salary associated with age, which would naturally be expected. The chart indicates that teachers' salaries increase most steeply over the ages 30 to 35.

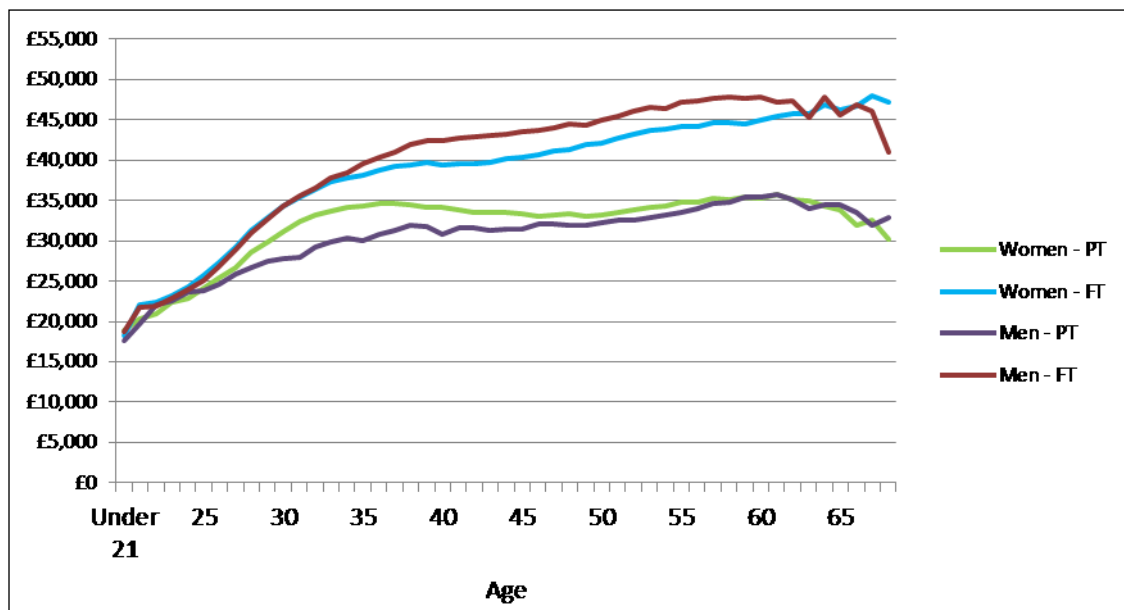


Chart 1 Salary Progression

37. Chart 2 shows the average salaries of those members who retired in the year to 31st March 2011. This demonstrates that scheme members with higher salaries are those with more years in service, so have had the opportunity to experience salary progression that influences the level of their pension benefits.

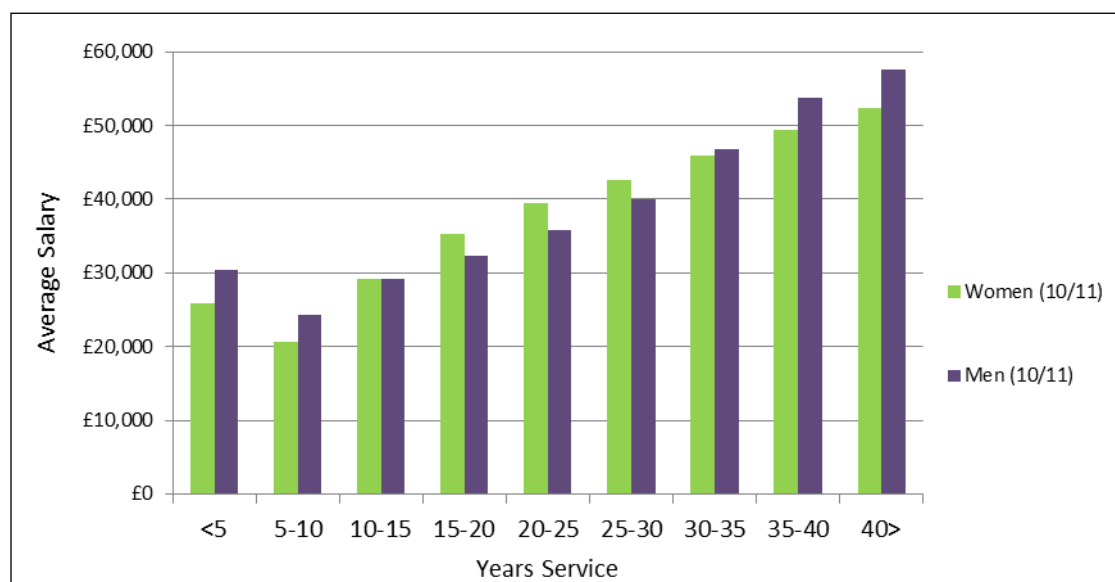


Chart 2 Average salary at retirement (31/03/11)

38. The analysis does not evidentially suggest that the introduction of a CARE scheme will result in one membership group being significantly impacted because of their age in terms of pension accrual and benefits paid. It is clear from **Chart 2** that salary at retirement is closely linked with the number of years in service at retirement. A CARE scheme provides a fairer approach to the accrual of pension over the whole of an individual’s teaching career and the final benefits paid will ensure that all members are treated equally.

39. Specifically, the move to career average does not adversely impact on the “high flyers” who earn higher salaries at a younger age. They will accrue pension relevant to the salary earned at a given point in their career. Rather, career average avoids the circumstance of two individuals with similar career/working patterns receiving disproportionately different pensions, where one has a change in grade near the end of their career and paid minimal additional contributions into the scheme.

Gender

40. The IPSPC’s analysis found that men have stronger salary progression than women and are likely to be most affected by a move to career average. This is also the position for teachers, as borne out by Charts 1 and 2 above which show that salary progression of men is quicker than that of women.

More rapid salary progression generally translates to higher pension benefits (**Chart 6**).

41. **Chart 3**, shows that a larger proportion of men reach higher salary bands than that of women. Therefore, men are more likely to be impacted by the introduction of a career average arrangement because the CARE pension is likely to be lower than the final salary pension. However, the career average arrangements provide a fairer outcome because women feature more heavily in the lower pay bands, so on balance CARE benefits the majority of teachers. There is less of a differential between the pension benefits accrued by men and those accrued by women, who are more likely to be lower earners.

42. **Charts 4 and 5** show a further analysis by gender and working pattern. **Chart 4** shows that, amongst female teachers who work part-time, the vast majority are in the lower and mid-point salary bands, with fewest in the higher salary band. As already stated, the salary progression of part-time teachers is flatter than those who work full-time. Therefore, in this context, women will benefit to a greater degree through the fairer CARE scheme design in respect of their share of the pension benefits paid out. There will be a positive impact for women in redressing the unfair imbalance between men and women that arises from the disproportionate benefit to men, as swifter salary progression provides greater advantage under the final salary scheme.

43. The number of male teachers working part-time is significantly less than female teachers and the pattern is more evenly spread across the salary bands. However, **Chart 5** shows that a greater percentage of part-time male teachers fall in the lower pay band than is the case for part-time female teachers.

44. In **Chart 5**, the numbers are represented as proportions of each working pattern group within average salary bands. This chart indicates that there are no part-time teachers who have a full-time equivalent salary at least £40,000. This is a presentational issue which is a consequence of the process of averaging the available data i.e. the numbers of part-time female and male teachers translate to negligible percentages in the higher pay bands.

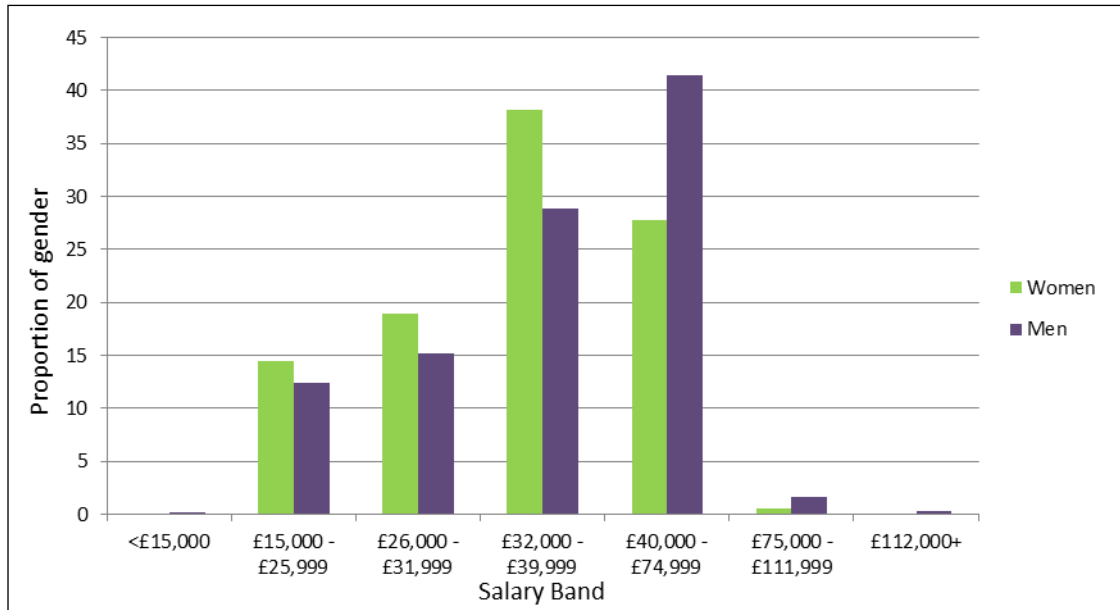


Chart 3 Average salary bands - proportions by gender

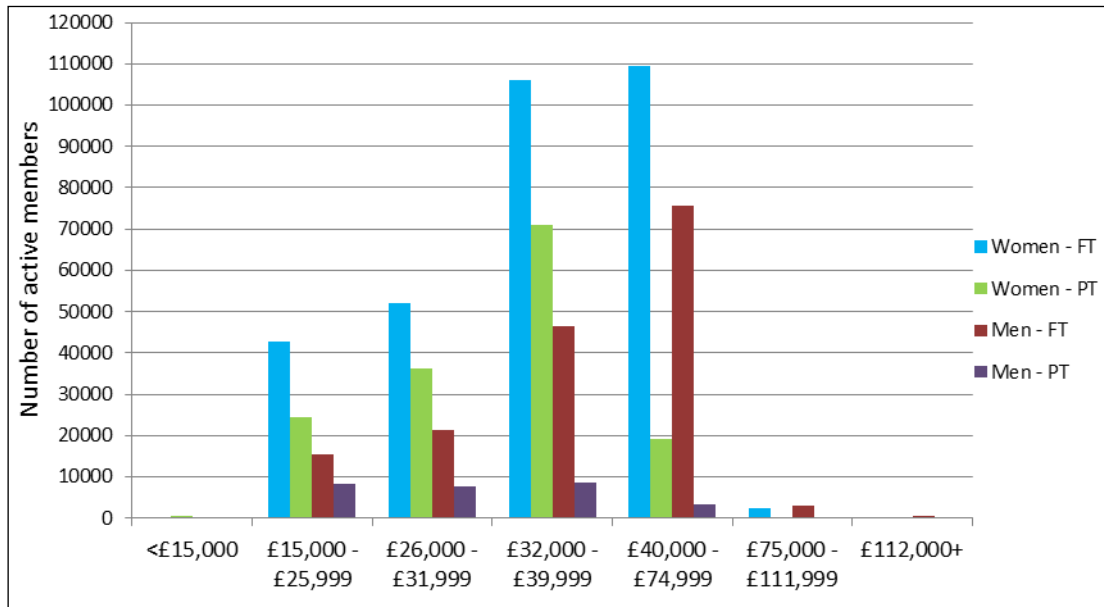


Chart 4 Average salary band - counts by gender and working pattern¹

¹ Source – Teachers Pension Scheme (31/03/11)

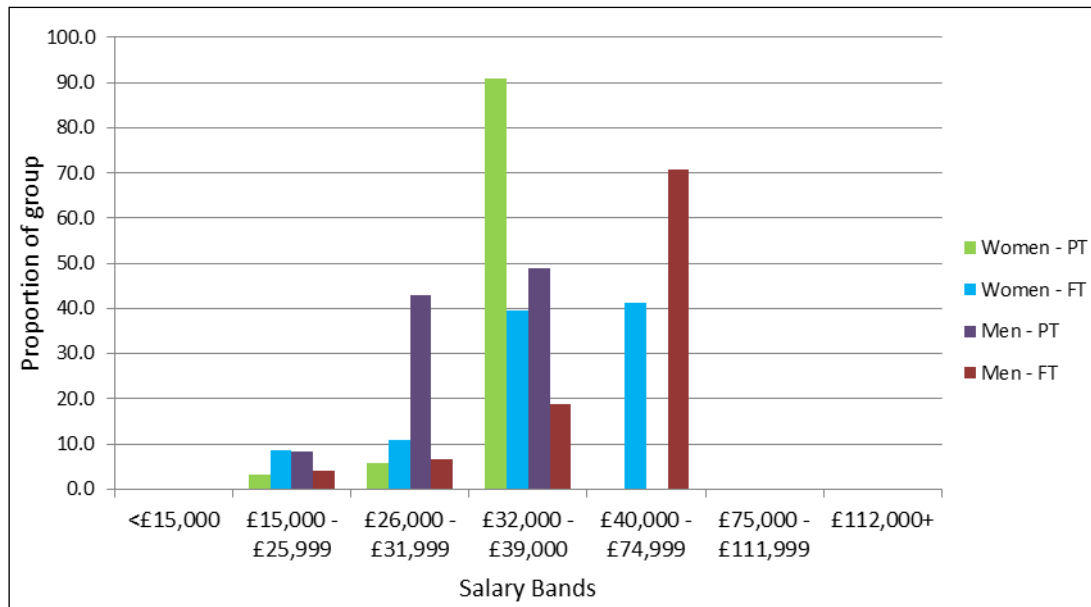


Chart 5 Proportion of each working pattern group by average salary bands and gender

45. **Chart 6** demonstrates that, on average, men receive higher pensions at retirement than women.

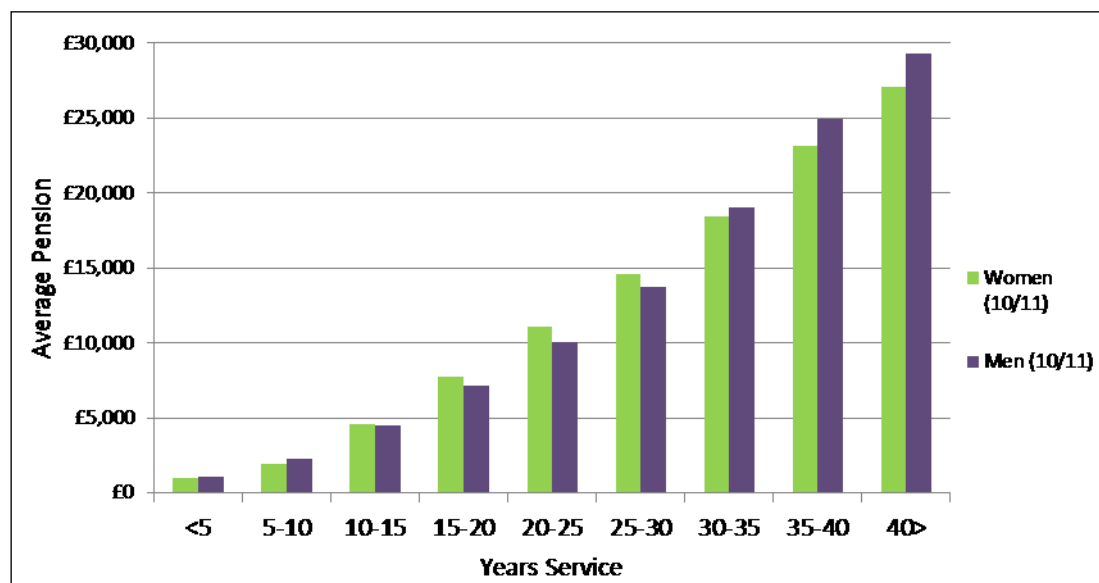


Chart 6 Average pension at retirement

46. **Chart 7** presents that the vast majority (47%) of the membership is made up of women working full-time, although a significant proportion (23%) is made up of female part-time teachers who are likely to be on lower pay (**Chart 5**). The proportion of female part-time teachers is almost the same proportion as male teachers who work full-time. Male part-time teachers make up the smallest proportion of scheme membership and, of this group, a greater percentage fall in the lower pay band than part-time women (**Chart 5**).

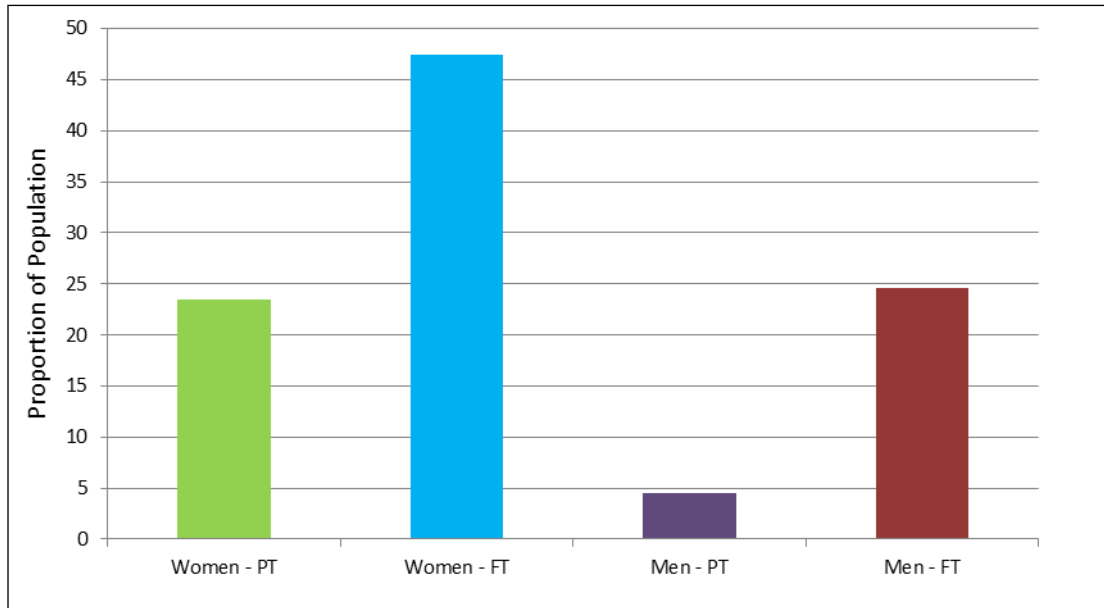


Chart 7 Membership of the TPS - proportions by gender and working pattern

Ethnicity

47. The analysis of the impact of introducing career average on ethnic groups has established similar patterns to those associated with gender analysis. **Charts 8** and **9** below demonstrate that minority ethnic groups feature more heavily in lower paid teaching roles and experience less rapid career progression as compared with white scheme members.



Chart 8 Salary band proportions by ethnicity

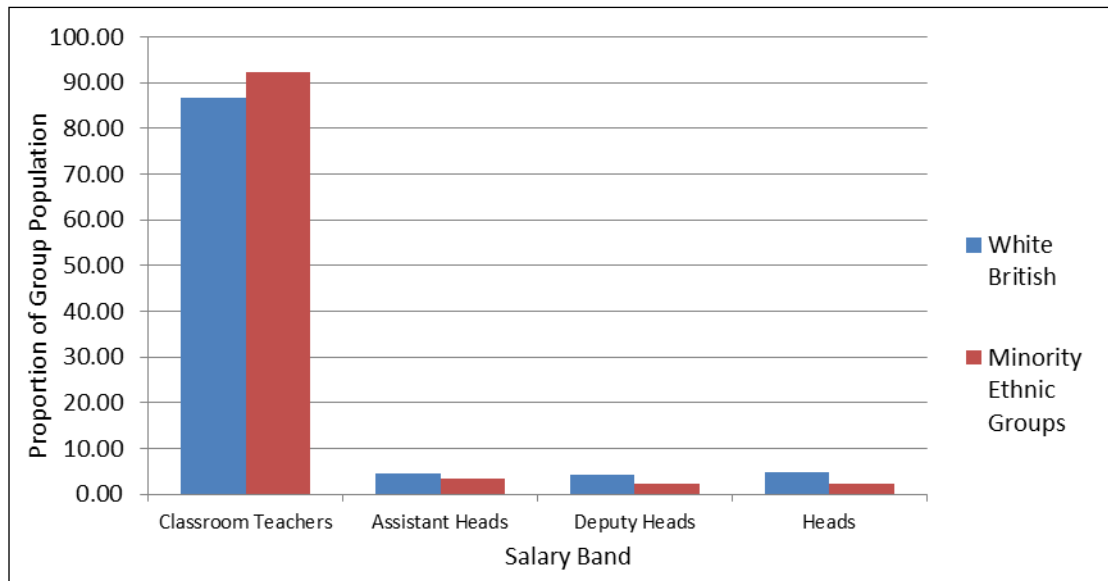


Chart 9 Teacher grades by ethnicity

48. As with gender analysis, teachers from minority ethnic backgrounds will benefit to a greater degree through the fairer career average scheme design in respect of their share of the pension benefits paid out.

49. Whilst the Department recognises that minority ethnic groups do, on average, earn less and do not progress in their careers to the extent that white British scheme members do, the Department does not believe that the pension reforms offer an opportunity to address the issue. However, the protection of the lower paid mitigates the impact of the contributions increase. And the introduction of a career average scheme design is more beneficial to those with slower career progression.

2. Accrual Rate

- An accrual rate of 1/57th of pensionable earnings each year

3. Revaluation (in-service)

- Revaluation of active members' benefits in line with CPI + 1.6%

50. When exploring variations to the reference scheme (paragraph 21 above) based on the priorities put forward by unions, the Department undertook extensive modelling to assess the impact of various combinations of accrual rate and indexation. An extract is shown in the table below.

Option	Approximate impact on cost (expressed as % of salaries)	Accrual Rate (approximate) - to match the cost ceiling	Summary analysis of impact on members
1. Retention of final salary	+2.0%	1/65.5	<p>Most beneficial to those with high potential future promotional salary growth (typically younger members but also older members with a significant late promotion). This would benefit the minority of the membership.</p> <p>Least beneficial to those unlikely to receive larger promotional salary increases (typically older members or those who do not progress to leadership positions). This would be least beneficial to the majority of the membership.</p>
2. CPI linked revaluation for active members	- 5.5%	1/45	<p>The lower revaluation rate would impact on the value of the higher accrual rate.</p> <p>Members with little future service ahead of them (typically older members and deferred members who withdraw) will benefit overall.</p> <p>Not as beneficial to members with a lot of future service (typically younger members who remain in service) and new entrants.</p>
3. CPI + 1.5% revaluation for active members	- 2.1%	1/54	As 2) but the extent of the differences are not as extreme.
4. CPI + 1.7% revaluation for active members	-1.5%	1/56	As 2) but the extent of the differences are not as extreme.
5. CPI + 2.0% revaluation for active members	-0.7%	1/58	As 2) but the extent of the differences are not as extreme.

51. Further to the information in the above table, the modelling was extended to consider a range of teachers at different stages of their careers and ages. The projected pension payable figures were calculated using career path and salary profiles provided by teacher and lecturer trade unions. Specifically, the modelling looked at the projected pension payments at retirement for teachers who would have entered the profession at age 22, and who would be aged either 22, 30, or 45 in 2015.

52. This modelling informed a final decision on the accrual rate and revaluation factor. The resulting scheme design of a revaluation factor of CPI + 1.6% and an accrual rate of 1/57 was considered to provide the fairest balance for the majority of the membership across age ranges within the limitations of the cost ceiling. For example, a lower indexation rate and higher accrual rate would have benefitted older members with little future service ahead of them.

4. Normal Pension Age Equal to State Pension Age

- **Normal Pension Age (NPA) equal to State pension age, which applies to both active members and deferred members**

5. Early/Late Retirement Factors

- **Actuarially fair early/late retirement factors on a cost neutral basis exempt for those with a NPA above age 65 who will have early retirement factors of 3% per year for a maximum of 3 years in respect of the period from age 65 to their NPA**

53. It is clear that any increase in the retirement age has an impact on all affected scheme members. The analysis below explores the level of impact on different groups and mitigations in place.

Age

54. **Chart 10** provides a breakdown of the scheme membership by NPA. The analysis shows that the majority of the current membership has an NPA of 60. Across the NPA60 membership the number of members is consistent from age 30 to 50, with an increase in the number of members in their fifties. The trend in respect of members who have an NPA of 65 reflects the fact that the scheme reforms introduced in 2007 increased the NPA to 65 for new entrants.

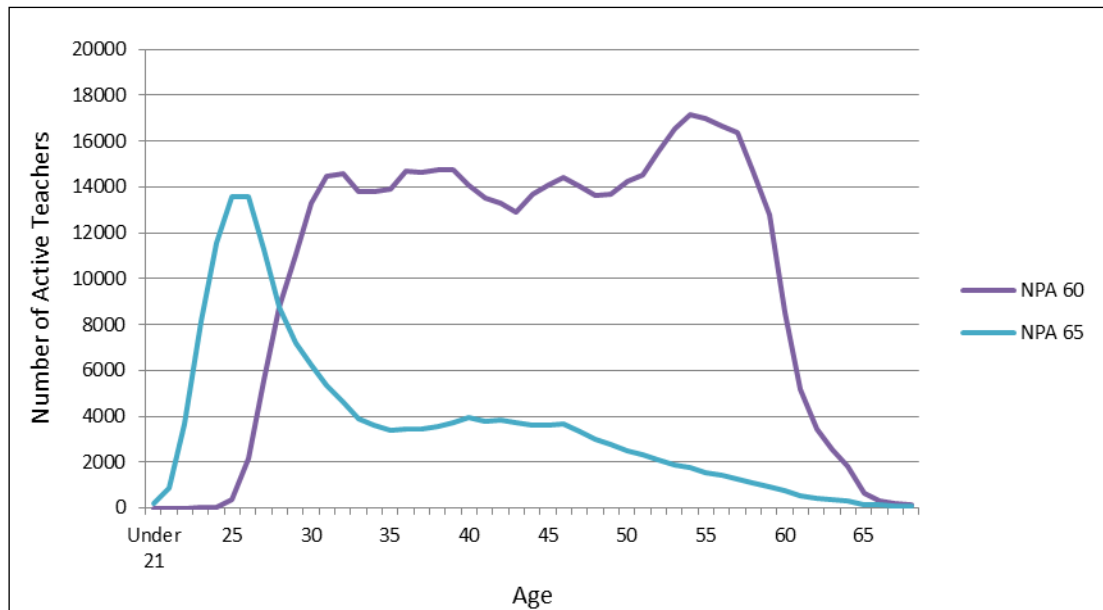


Chart 10 Membership of the TPS by NPA 60 or 65

55. The analysis does indicate that the change to link NPA to State pension age will have an impact on a large proportion of the membership at the time scheme reforms are implemented. The significance of the impact does, however, vary between those with an NPA of 60 and an NPA of 65. A proportion of the membership with an NPA of 60 will experience a seven or eight year increase to their NPA. Whereas the maximum impact on a proportion of the NPA 65 members could be a three year increase to their NPA, which is a smaller scale of impact.

56. However, mitigations are proposed that will lessen the impact of the change on the population through (i) scheme reform transition protection (further detailed at 'Provision 10') and (ii) implementation of enhanced early retirement factors.

57. The table below demonstrates the range of different ways in which members of different ages will be impacted by the change in NPA to align with SPA. This varies from members who will see no change in their NPA, through those who will have to work 2, 3, 7 or 8 years longer.

Scale of Change	Current Scheme	NPA	Proportion
No change	60 and 65	Current	30.41
Tapered Protection / 1 Year	65	66	0.55
Tapered Protection / 7 Years	60	67	4.19
Two Year Increase	65	67	9.04
Three Year Increase	65	68	15.51
Seven Year Increase	60	67	25.51
Eight Year Increase	60	68	14.79

Table 3e²

58. In respect of transition protection, **Charts 11 and 12** provide analysis of where the membership falls in terms of their potential “new” NPA (linked to SPA) or where transition protection (i.e. no change) applies. It is not yet known how the change of State pension age to 67 and 68 will be phased in, so the analysis works on the basis of the earliest point at which an individual’s NPA will change.

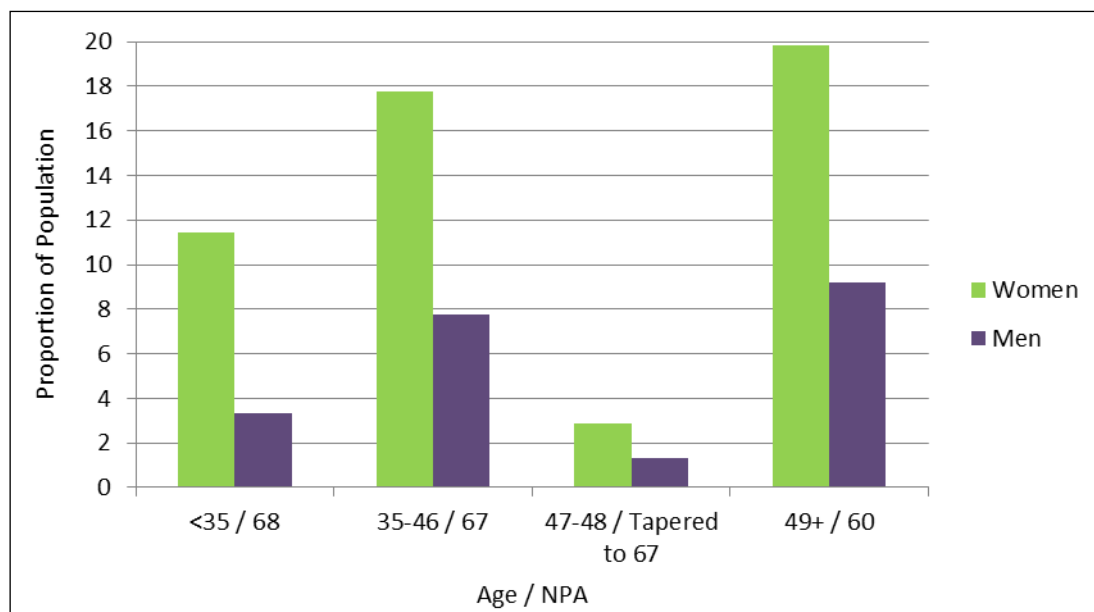


Chart 11 Scheme members with NPA 60

² Source – Teachers Pension Scheme (31/03/11)

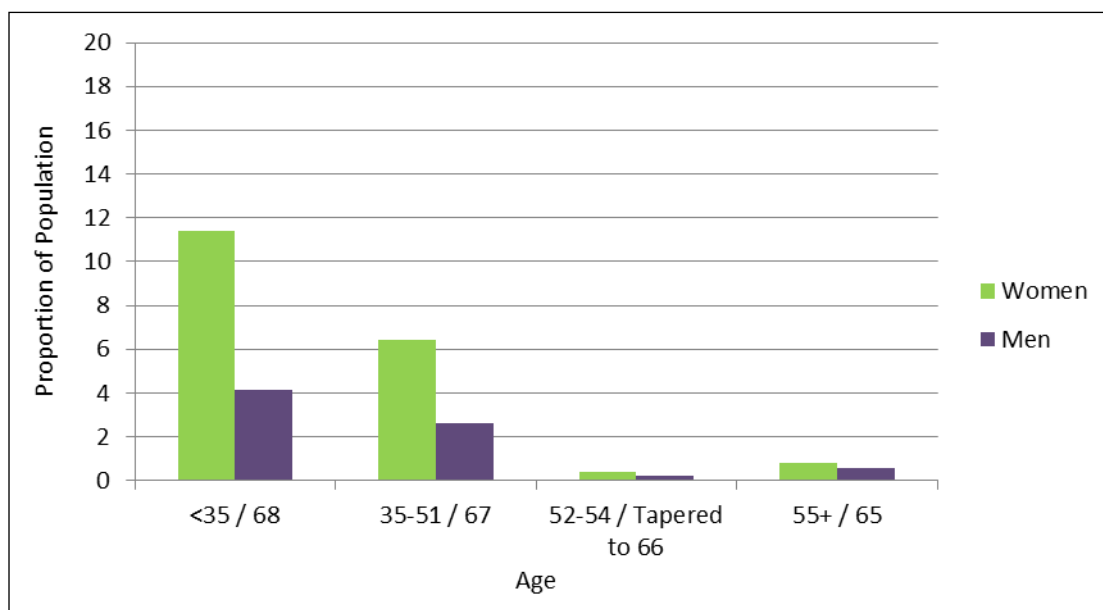


Chart 12 Scheme members with NPA 65

59. Charts 11 and 12 show that, across the scheme as a whole, slightly over 30% of the membership will experience no change to their NPA. Additionally, again across the scheme as a whole, 5% of the membership will receive tapered protection which delays the date on which they each move to the new scheme.

60. The analysis also shows that almost 40% of scheme members with NPA60 in the current scheme are in a group that will be significantly impacted by the change. NPA 60 members will experience a longer lead time to NPA. Amongst scheme members with NPA65 in current scheme, 25% of the population will have a new NPA of 67 or over.

61. The inclusion of enhanced early retirement factors in the reformed scheme is intended to counterbalance the advantage to older members of retaining an earlier NPA than younger members. As such, enhanced early retirement factors will be of benefit to younger existing members of the scheme. This is in the spirit of the fairness principle which underpins the whole scheme design according to the IPSPC's recommendations.

62. Unions have taken the view that enhanced late retirement factors are indirectly discriminatory on grounds of age, citing the example of two teachers with retirement ages of 66 and 68 respectively, both working to age 67 where one would receive an enhanced pension and the other an actuarial reduction.

63. It is a matter of Government policy that the normal pension age in public service pension schemes will in future be linked to the State pension age. The consequence is that members of the new scheme will have different NPAs ranging from 65 to 68, which is different from the existing scheme

where all scheme members have the same NPA (of 60 or 65). In the reformed TPS, there is a more systematic link between normal pension age and life expectancy.

64. The example cited by the unions was of two teachers aged 67, one who retired at age 68 and one who retired at age 66 receiving, in turn, actuarially-enhanced and actuarially-reduced pensions. Whilst this is true, one teacher is older than the other (both will not attain 67 on the same date). Each will have a different life expectancy. Plus, although described as 'enhancement' and 'reduction', in each case the pension is adjusted to take account of the fact that the pension is being drawn late or early, as the case may be. The purpose of the actuarial adjustment is to reflect the value of the pension at the date that it is drawn. Within this, in due course all scheme members will have the same NPA of 68.

Gender

65. **Charts 11 and 12** above show that the increase in NPA impacts predominantly on women, given that the teaching workforce is predominantly female. However this impact is not disproportionate when considered relative to the proportions of the membership. There is no overt inequality in the treatment of women as the reformed scheme provisions apply irrespective of the gender of the member. However, to ascertain if there is any unanticipated disproportional impact, it is necessary to consider the impact on men and women in relation to the differential impact by age as seen in table 3e above.

66. **Charts 13 and 14** below look at the proportions of men and women in each of the age categories as they are impacted by the change in NPA. **Chart 13** demonstrates that for members who currently have an NPA of 60, the proportion of men and women at each category of impact is broadly consistent. This means that in the category which will encounter the greatest impact from the change to NPA (the under 35s, whose NPA will increase by 8 years), women are marginally more affected than they are in any other category. There is no more than 10% difference in the proportions across the categories.

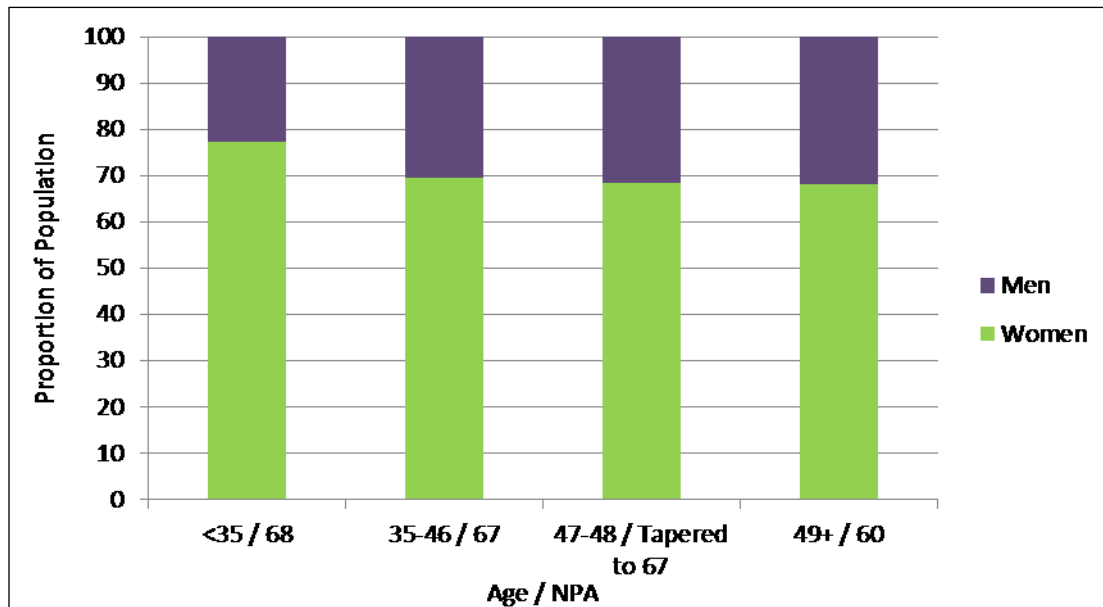


Chart 13 Scheme members with NPA 60 - gender proportions in each age category³

67. **Chart 14** presents a similar pattern for members who currently have an NPA of 65. Whilst there is also broad consistency across the categories of impact, there is a slight increase in the proportions of women members from the oldest category to the youngest category. This spans approximately 13% of variance. In summary, women are more greatly affected as a proportion of the age category in the younger categories compared to the older categories. It is, however, the case, that in the youngest category (where there is the greatest impact of change in NPA), the increase in members' NPA is 3 years, compared to 8 years in the most greatly impacted category of members with a current NPA of 60. Furthermore, the ratio of women to men in these two categories are the same, showing that while women in the NPA 65 "<35 age" category may be slightly more impacted as a proportion of the category than the older women in the NPA 65 group, they are no more affected as a proportion of the category than those women of the same age with an NPA of 60 (**Chart 13**).

³ Source – Teachers' Pension Scheme (31/03/11)

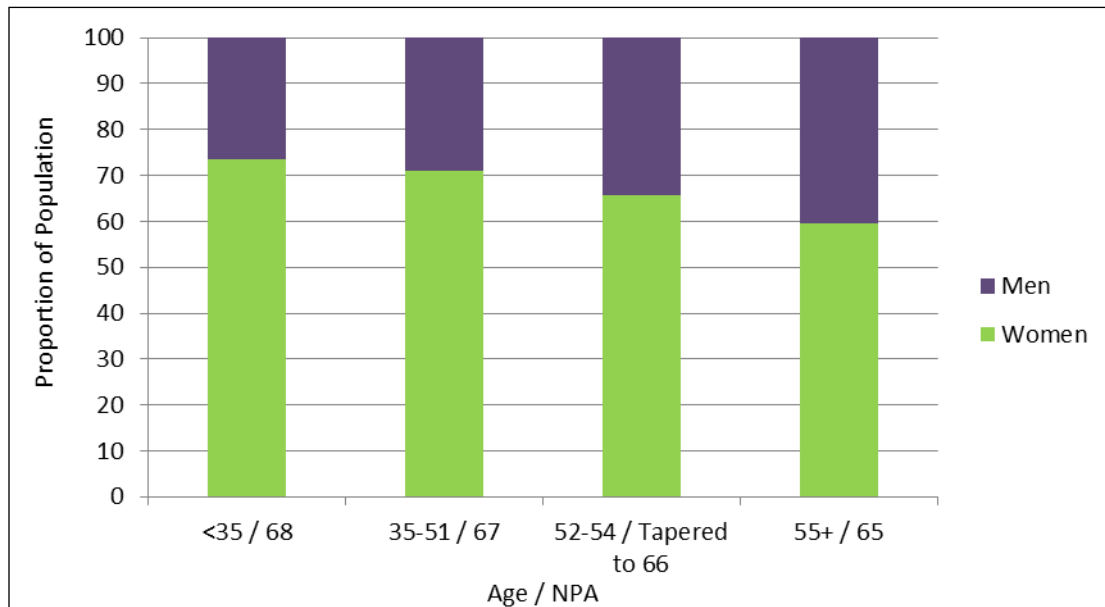


Chart 14 Scheme members with NPA 65 - gender proportions in each age category

68. The ONS estimates that life expectancy for men is less than for women (**Chart 15**). Over the current decade 2011 to 2021, life expectancy at State pension age will decline for women as their State pension age rises. However, between 2021 and 2051, life expectancy at State pension age is expected to rise gradually for both sexes, because, following a change in the assumptions for future life expectancy in ONS's 2010-based population projections, life expectancy at the relevant ages is now projected to increase at a slightly faster rate than the increases in State pension age contained in the Pensions Acts 2007 and 2011.

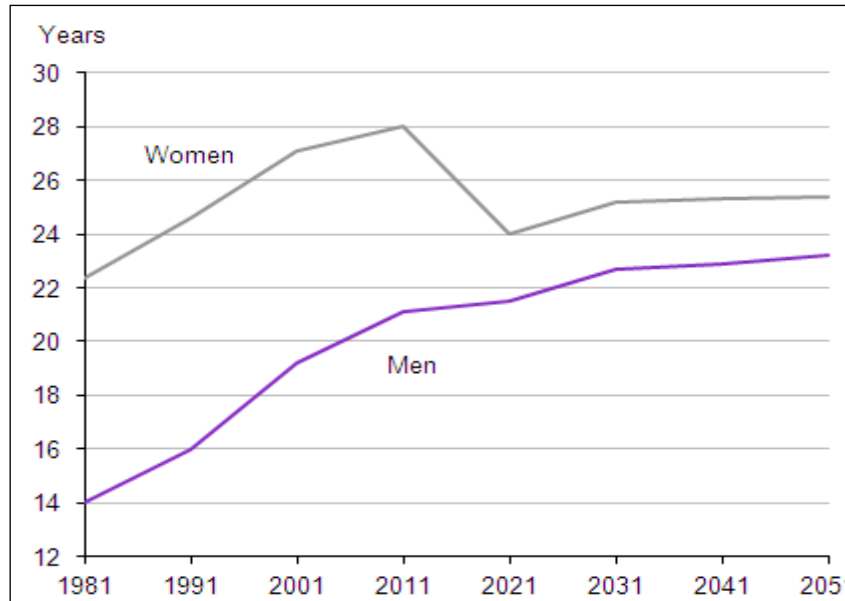


Chart 15 Cohort life expectancy at State pension age, UK⁴

69. Consequently, the change to NPA could actually have a more significant impact on men than on women, as pensions will be paid to men for a relatively shorter period of time compared with women. However, it has always been the case that men have a shorter life expectancy than women and so the expectation of longer pension payments for women is not a material change from the current scheme.

70. Unions raised a concern that there is potential for unlawful discrimination to arise in respect of female scheme members aged between 59yrs 5mths and 62yrs 1mth “as of today” who join the TPS after April 2015 (or after 1 April 2012 in respect of their service post 2015) whose NPA will be linked to a State pension age of between 60 and 65, whereas male members of the scheme in similar circumstances will have a pension age of 65. In fact, under the reformed scheme, NPA will be linked to State pension age or 65, whichever is higher.

Ethnicity

71. **Chart 16** provides analysis of teachers according to ethnic group and by age bands. The analysis shows that the majority of teachers from minority ethnic backgrounds are in the younger age bands, particularly in their thirties.

⁴ Source: Office for National Statistics

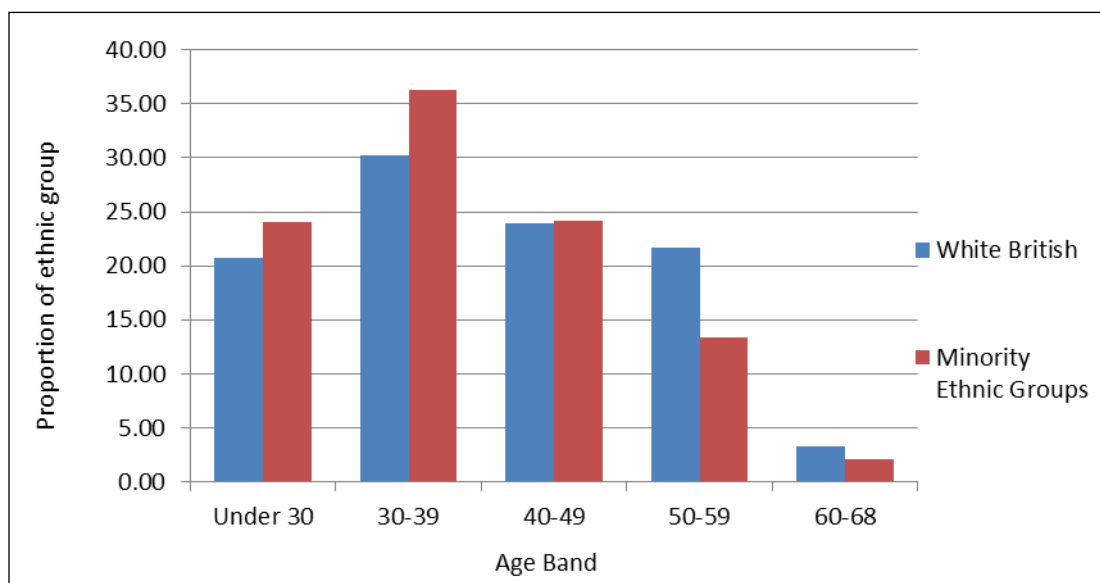


Chart 16 Proportion of teachers by ethnic group and age band

72. When considering this analysis together with that presented in **Chart 10**, we can assume that approximately 60% of teachers from a minority ethnic background will have a current NPA of 60. This group are not protected by the transitional arrangements and will experience a longer lead time to NPA. Approximately a further 24% of this group are also unprotected by the transitional arrangements, but will have a current NPA of 65 and will experience a lesser impact. The other 16% are protected.

73. Because ethnic minority groups are proportionally more greatly represented in the younger age groups than white British members and less represented in the older age groups, which have protection from changes, the conclusion is that a proportion of teachers from ethnic minorities will be more likely to work for longer as a result of changes to NPA than white British members. However, the difference in proportions of younger teachers is at most 7%, which we do not consider to be disproportionate.

74. During discussions at the TPS Equality Stakeholder Group, unions questioned whether there is any evidence linking ethnicity and longevity. DWP's Equality Impact Assessment covering the increase in the State pension age explored this issue in some detail. The assessment states that: "Robust projections of life expectancy data by ethnicity are not available", and that: "While there are variations between ethnic groups in the prevalence of certain health conditions, there is no clear evidence that ethnicity itself plays a strong part in differences in life expectancy. There is stronger evidence that variations are likely to be primarily associated with socio-economic status".

75. The analysis indicates that minority ethnic groups are less proportionally represented in the older age groups and are therefore more likely to earn less. This point is covered at paragraph 49.

6. Pensions Increase - Pensions in Payment

- **Pensions in payment to increase in line with Prices Index (currently CPI)**

7. Pensions Increase - Deferred Awards

- **Benefits earned in deferment to increase in line with CPI**

76. The Government announced the change to the indexation of public service pensions as part of a wider announcement on the indexation of state benefits in June 2010. Indexation by CPI is therefore already part of current pension provision and this represents no change from the current arrangements.

8. Average Member Contribution

- **Average member contributions of 9.6%, with some protection for the lowest paid**

77. The increase in pension contributions to an average of 9.6% by 2015 reflects the Government's decision to increase employee contribution rates on a phased basis across public service pension schemes, over the period 2012-2015. In making a decision to increase pension contributions, the Government considered carefully the impact on the lower paid, and wider affordability, which is why the core design parameters include protection for the low paid and a progressive approach, so that contribution rates are based on salary tiers. HMT produced an EIA in relation to that policy decision.

78. DfE conducted an equality analysis covering the implementation arrangements for Year 1 of the contributions increase; that analysis concluded that the implementation arrangements do not give rise to any significant equality issues. The increases in TPS member contributions are based on salary bands and the main way in which the Department will mitigate any potential negative impact on protected characteristics is through tiering, as we anticipate pay levels to increase with age, career progression and subsequent movement through the tier system.

79. The Department has committed to undertake separate Equality Analyses covering Years 2 and 3 of the contributions increase, and will ensure that trades unions are given an opportunity to inform that process. As part of the engagement process for this main scheme reform equality analysis, unions have raised several concerns about the potential impact of the contributions increase. These concerns are summarised below:

- Impact of the increase on the low paid, including those earning less than £15,000 in the HE sector.
- The impact of the increase on predominantly female part time teachers.
- The impact of multiple contracts with the same or different employer(s).
- The impact on middle and upper earners, who tend to be men.

- The impact on BME teachers, who are more likely than white British teachers to be on the lower salary scales.
- General, concerns about the affordability of the increase in pension contributions.

80. With the exception of the point about the general affordability of the contributions increase, the above points are connected with implementation of the increase. The Department's equality analysis for Year 1 considered the impact of the increase on: the low paid; female part time teachers and BME teachers. However, these issues, together with other concerns raised by unions as listed above, will be revisited as part of the process for considering the contributions increase tiering design for Years 2 & 3, informed by monitoring of member opt-out behaviour.

81. Unions raised concerns that the approach set out above does not:

- assess the impact of the three year increase as a whole;
- address the issue of 'general affordability'; and
- assess the impact on part time teachers (of which women are the majority).

82. In response, the Department believes firmly that the approach provides a structured and systematic means of assessing and monitoring the impact of the contributions increase over the three year period 2012-2015. Affordability to pay increased pension contributions depends on a wide range of factors, but we recognise that the lowest paid, including female part time teachers are potentially most at risk of opting out of the scheme as a result of the increase. That is why the tiering design includes protection for the lowest paid.

83. The tiered design was implemented after full consultation with unions and other stakeholders. During that consultation, some consultees raised concerns about the impact on Part Time Workers of setting contribution rates through reference to an individual's FTE salary, rather than actual salary. The Department considered this issue in some detail and concluded that the approach is reasonable and proportionate, on the basis that: pension benefits are calculated on the basis of FTE salary, so it is right that contribution rates should be similarly based on FTE salary; and basing contribution rates on actual salary would result in a significant increase in the number of teachers falling within the 'low paid protection' groups. This would then result in a corresponding higher increase in contribution rates for those in the middle tiers.

84. Notwithstanding the points raised above about the rationale behind the design adapted for Year 1, as stated previously we will continue to monitor member behaviour carefully. The latest available opt-out data (as at May 2012) indicates a slight decrease in the overall level of opt-outs since 1st April, and this is consistent across gender and working pattern (see **Chart 17** below):

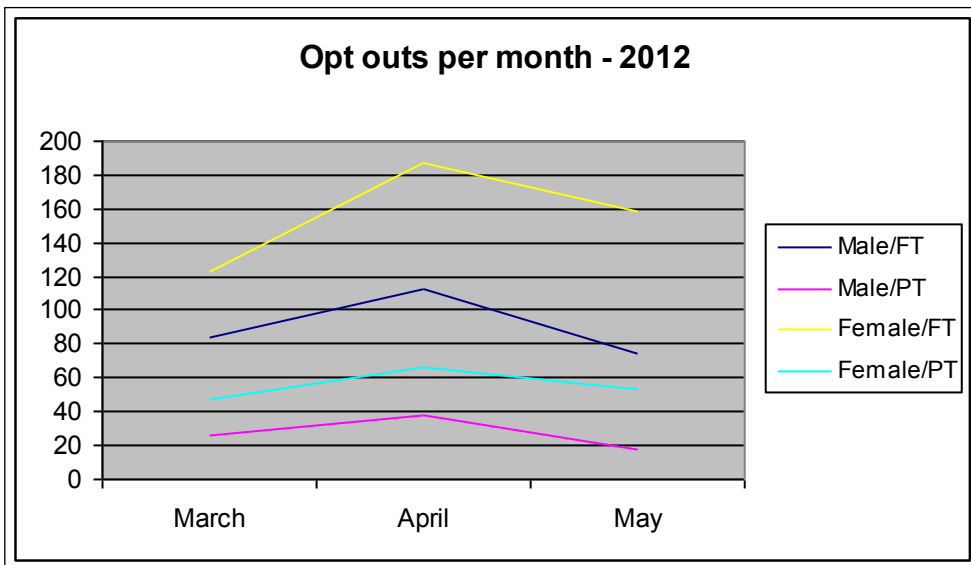


Chart 17 - Opt outs per month - 2012

9. Members with Pre-2015 Service

- **Members with pre-2015 service who leave the scheme and return within 5 years will have their accrued service in the current (NPA 60/65) scheme linked to their final salary at retirement**

85. This protection of accrued rights is a retention incentive that continues provided a person remains in pensionable employment until retirement, whilst allowing for a break in service of less than 5 years. This protects scheme members whose service is interrupted, for example, for family reasons.

86. Unions raised the possibility of allowing scheme members to choose whether to retain the link to final salary. This would be a variation of the proposed final agreement which would have a cost associated with it and which could have been explored within the cost ceiling. Where final salary service is linked to salary at (post-2015) cessation of pensionable employment/retirement, the final salary benefits will be calculated using the 10-year average salary arrangement. This addresses any volatility in annual salary in the period prior to retirement and provides protection for scheme members whose salary peaks before cessation of pensionable employment/ retirement including female scheme members whose salaries appear to peak before retirement (see **Chart 18**).

87. Also, the provisions of the Pensions (Increase) Act 1971 protect that value of a final salary pension earned at a break in service, so that the value of that pension cannot be devalued by later service.

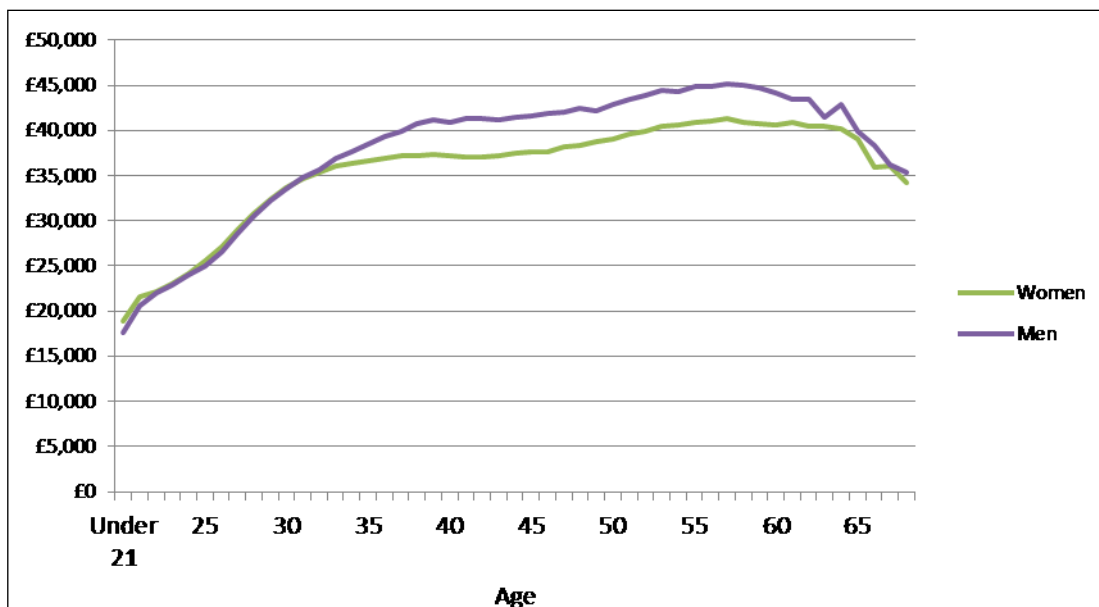


Chart 18 Average salary by age and gender

Age

88. Members of the existing scheme who move to the reformed scheme in 2015 (or later if covered by the tapering arrangements) will have varying amounts of service built up in the current final salary scheme. Typically, the older the person is at the time they move to the reformed scheme, the more service that will be linked to final salary at retirement - and (depending subsequent salary progression) the more valuable the protection. On the other hand, although the younger group are more likely to have less service, they will have a longer period between leaving the current scheme and retirement. The younger group have a greater opportunity for salary advancement over that period, and more opportunity to 'dynamise' the value of the final salary benefits in relative terms.

Gender

89. Whilst maintaining the final salary link for accrued rights is beneficial to all members, **Chart 18** shows that men can expect to have stronger salary progression than women (e.g. because they are more likely to progress to senior leadership roles), so it could be argued that the impact on male teachers of protecting the link to final salary is more beneficial than for female teachers. However, the alternative of restricting the linking of accrued rights to the salary at the point of change to the reformed scheme would not redress this situation for women as everybody (including women) would receive less in pension payments.

90. Gaps in service will impact not just on rights to the final salary link for accrued rights, but also the amount of rights accrued. However, **Charts 19 and 20** provide a gender comparison of the proportion of "years out of service" then re-entering, broken down between those who return: within two years; between 2 & 5 years; and more than 5 years. The charts demonstrate that there is little difference in the pattern of length of break in service between male and female returners, when expressed as a percentage of the total returnees for those individual gender groups. Therefore the impact of this provision is not likely to be disproportionate on either men or women. Data are not available on the reasons for the gap in service⁵.

⁵ Source – Teachers Retirement Statistics (31/03/11)

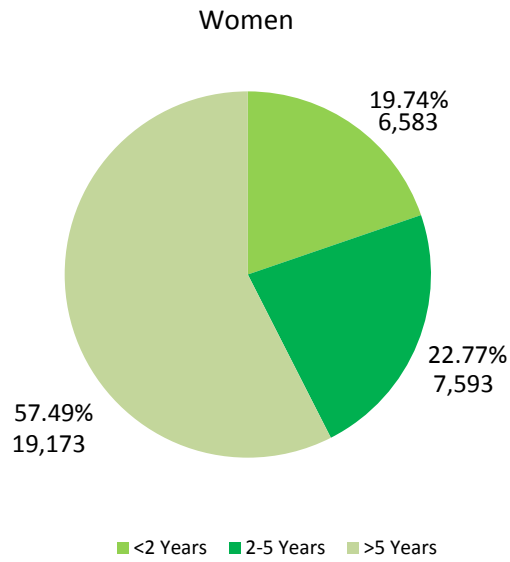


Chart 19 Re-entrants to the TPS following a break in service – Women

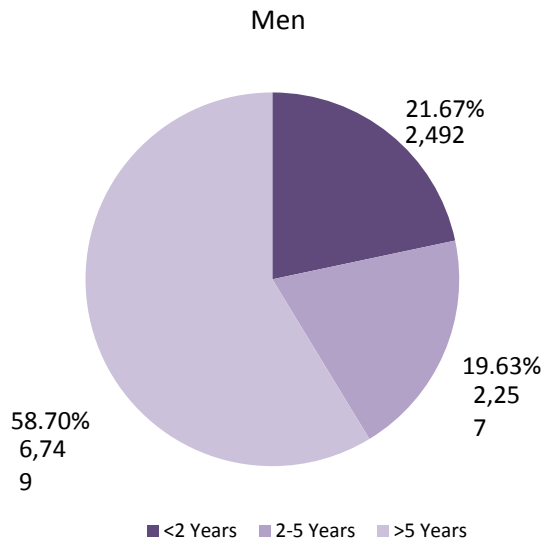


Chart 20 Re-entrants to the TPS following a break in service – Men

10. Transition Protection

- **Transition protection for those within 13.5 years of their NPA on 1 April 2012**

91. The purpose of transitional protection is to protect those closest to retirement from the full impact of reforms and promotes equality for older people, on the basis that those people have the least opportunity to make financial and lifestyle adjustments to mitigate the impact of scheme changes, such as the increase in retirement age. As well as providing protected rights, there is recognition that the members will retire before State pension age increase start to take effect.

92. Given that entitlement to transitional protection is determined through proximity to retirement, it could be argued that the arrangements constitute less favourable treatment to younger members who do not fall within the protected group. However, it is necessary to draw a line somewhere or reform would not be possible at all, so the line has been drawn where it was felt most reasonable to allow members transferring to the reformed scheme time to plan for the future.

93. Unions have registered a concern that transitional protection arrangements (full and tapered) create a cliff edge for those who are outside of the protected age range. The teacher unions regard this is a detriment not compensated by the enhanced early retirement factors and suggest that the Department has failed to meet the “duty to promote good relations between members of protected groups”. The public service equality duty requires the Department to have due regard to the need to, amongst other things, advance equality of opportunity and foster good relations.

94. The fact that scheme members below a certain age will, unlike those above the age, immediately acquire a new NPA in 2015, is a consequence of the decision to provide protection for those who are closest to retirement. This is on the basis that this group would have less opportunity, compared to younger scheme members to make financial and lifestyle adjustments to mitigate the impact of scheme changes. The tapering arrangements avoid a ‘cliff edge’ for those who fall just outside of the 10-year full protection period and avoid the position where two members who were very close in age would receive very different treatment. Under tapered protection people who are 10 to 14 years away from NPA continue to build up final salary benefits in the existing scheme for a longer period before moving to the reformed scheme. This is a means of addressing the situation of two people who are very close in age but treated very differently.

95. The Department recognises that the transitional protection arrangements create two groups that are distinguished by age ((i) a group with full or limited protection and (ii) a group with no protection). As stated above, it is necessary to draw a line somewhere or reform would not be possible at all, so the line has been drawn where it was felt most reasonable to allow members transferring to the reformed scheme time to plan for the future.

96. The option of providing transitional arrangements that provided full protection for each member of the current scheme (who moves to the reformed TPS) could only have been achieved by a reduction in the value of scheme benefits eg a lower accrual rate. A reduction in the value of benefits, however achieved, might be perceived as more equitable because the reduction would apply to all scheme members. Older scheme members, however, would be adversely affected because they would have less time before retirement to adjust to the changes. Older scheme members are more likely to have started to plan for retirement before the reforms were announced and have formed an expectation of their potential retirement income. The Department has concluded that, although the transitional protection arrangements create two age-related groups, on balance, it is fair to protect the pension expectations of those close to retirement.

11. Members who Leave the Scheme

- **Members who leave the scheme and return within 5 years will have their CARE benefits increased by CPI + 1.6% during the break; members who leave the scheme for longer than 5 years or longer and return will have their benefits increased by CPI during the break**

97. This provision will work on the basis that entitlement to the 'in-service' rate of revaluation whilst out of service will be conditional on the person returning to service within 5 years. There is no entitlement to 'in-service' revaluation unless and until the condition is met. The position when a person leaves service (commences a break in service) will be that, subject to completion of the qualifying period, the person will become a deferred scheme member and the deferred pension will be subject to normal uprating in line with pensions increase legislation. If the person returns to service within 5 years the deferred pension will be uprated by the 'in-service' rate of CPI+1.5% for the period of the break. (It is not the case that all deferred pensions will be uprated at the 'in-service' rate for maximum of 5 years.)

98. This enhanced protection of a deferred pension is a retention incentive to encourage teachers to remain in the profession whilst allowing for a break (or breaks) in service.

99. This analysis covers two main groups of members – those who leave the scheme and do not return (remaining in deferment until retirement), and those who leave the scheme and do return. The latter analysis explores the pattern of returners, in terms of the length of time out of service before return, focussing on the 5 year break point. Data are not available on the reasons for gaps in service. Paragraphs 131 to 134 explain how, going forward, the Department will deal with the collection of data that are not presently available.

i. Members who Leave the Scheme and do not Return

(i.e. remain in deferment until NPA or retirement if later)

Age and Gender

100. **Charts 21 and 22** show the age and gender profile of deferred scheme members who have an NPA of 60. These charts show that the majority of those who leave the scheme and do not return are women, which is indicative of the general membership profile. (The number of scheme members in deferment with an NPA of 65 is too small to make any analysis reliable.)

101. Also, the figures are likely to include a number of female teachers who returned to work on a part-time basis before 1st January 2007 and who did not immediately elect for their part-time service to be pensionable. This group will include women who, in the past,

have made a positive decision not to make an election and, perhaps, some who were unaware of the need to make an election (when the part-time election arrangements were in force. Going forward, all part-time employment commencing on or after 1st January 2007 is automatically pensionable.) Within the CARE arrangements, the provision of 'in-service' revaluation will act as an incentive to encourage teachers who return within 5 years to re-join the scheme and not opt out.

102. **Chart 22** presents the NPA60 deferred scheme members as proportions of the population within age bands. Trends are consistent across all age categories. There a ratio of approximately 1:2 male to female deferred members. This is roughly equivalent to the overall membership ratios, suggesting that women are no more likely to leave the scheme and not return than men. Any impact on deferred members is therefore unlikely to be disproportional for either gender.

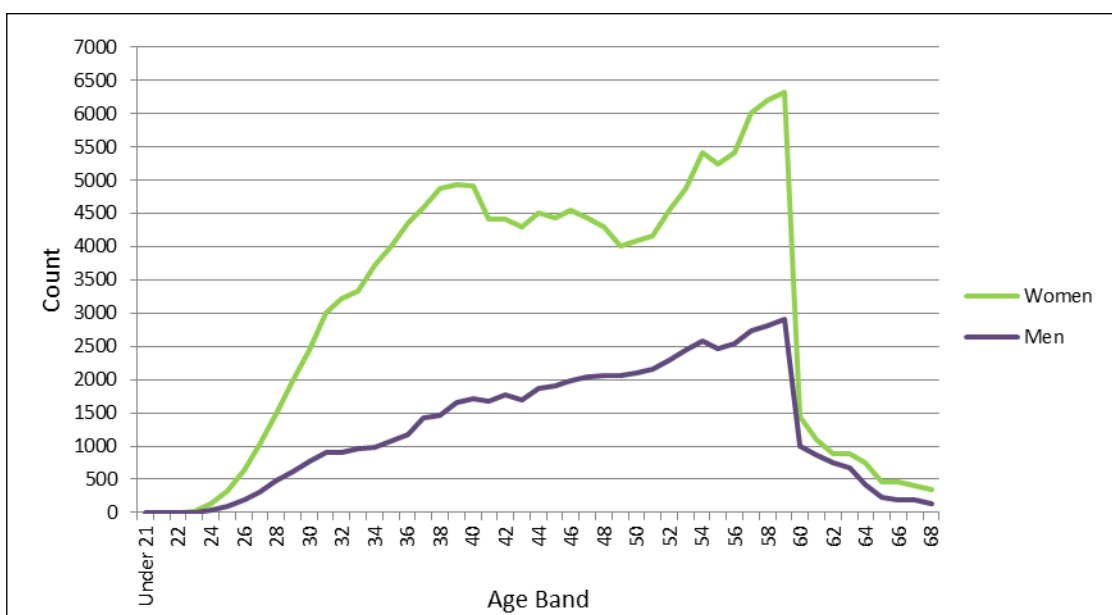


Chart 21 Deferred members of the TPS - by age and gender

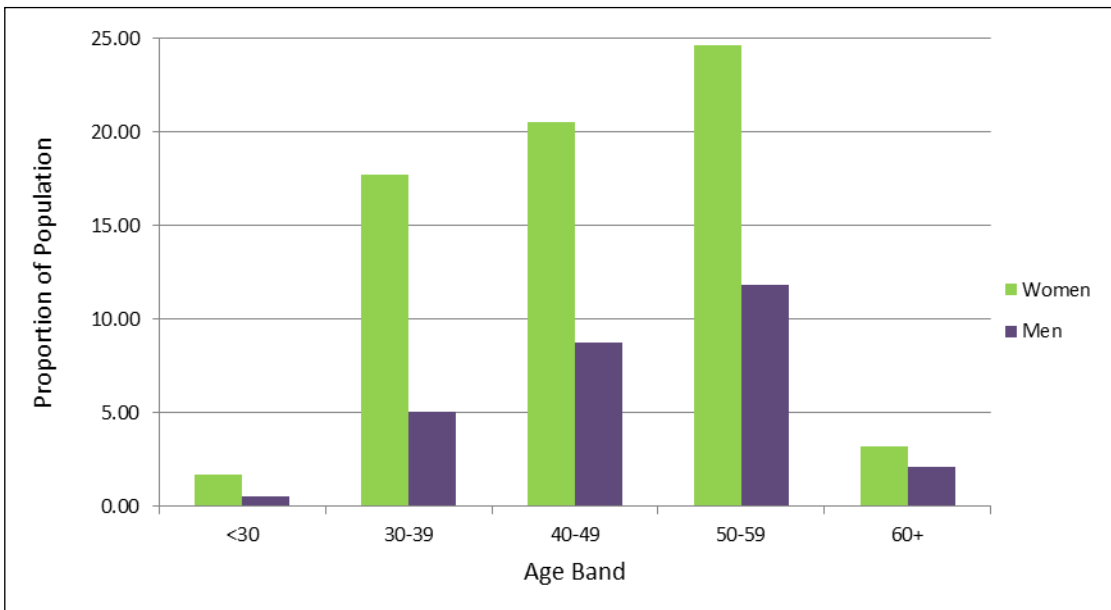


Chart 22 Proportion of deferred members with NPA 60, by gender

103. **Charts 23 and 24** (below) show broadly similar patterns of deferred members, according to ages and periods of deferment, across the genders. Perhaps surprisingly, the highest proportion of the female and male population each falls in the group comprising the age bracket 40 to 49 and deferred membership of 2 to 5 years. This challenges the assumption that starting a family is the primary explanation for leaving the scheme. The charts show slightly greater proportions of deferred men in the higher age ranges than women but, again, the proportional impact on men and women is not likely to be very different.

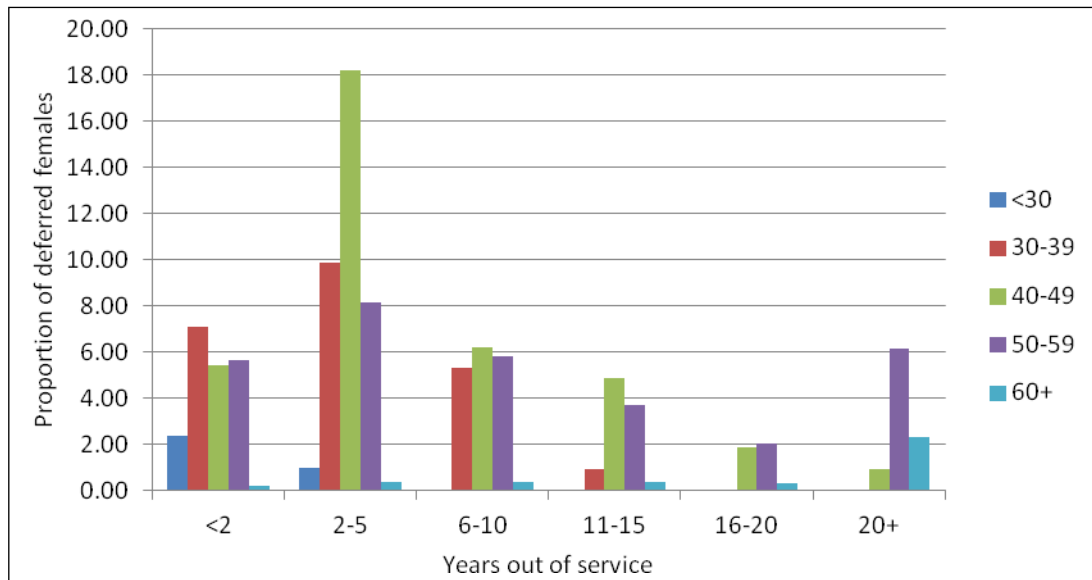


Chart 23 Years out of service by age - Women⁶

⁶ Source – Teachers' Pension Scheme (31/03/11)

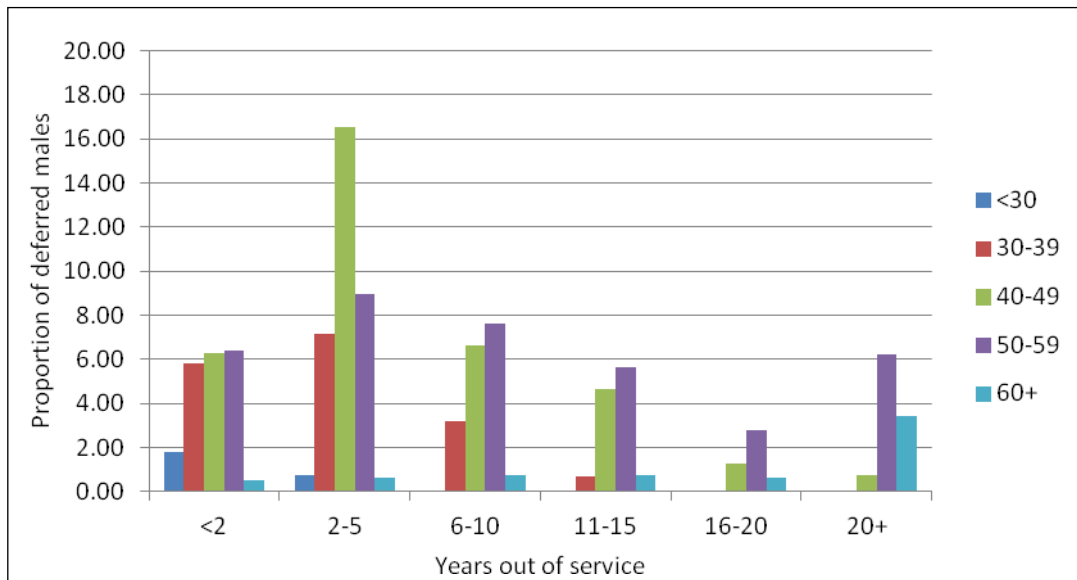


Chart 24 Years out of service by age - Men

ii. Members who Leave the Scheme and do Return

Age

104. This analysis examines the impact at the point of returning after a break in service. The following chart shows the age demographics of deferred member re-entrants, including the length of time out of service. **Chart 25** shows that younger members of the scheme are more likely to return within a five year period, and are therefore more likely to benefit from this provision. The proportion of members returning after 5 years increases between the ages of 26 and 37, and then remains fairly static until age 60, at which point it peaks and then declines rapidly. This pattern does not suggest a disproportionate impact with regard to any particular age group.

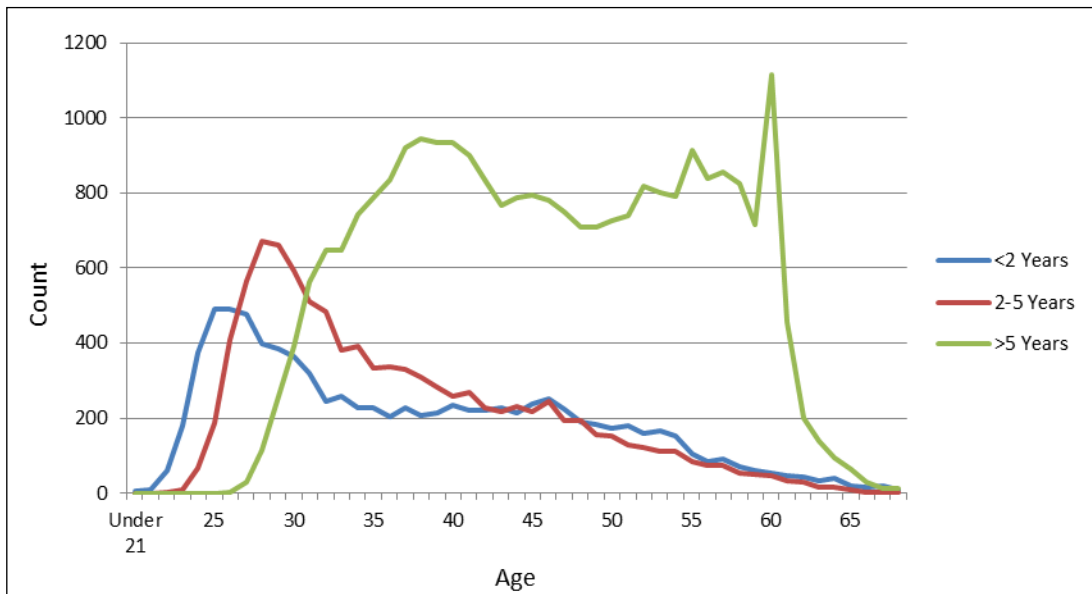


Chart 25 Re-entrants to the TPS – volumes

Gender

105. Given that there are more women than men in the workforce, it follows that there is a greater proportion of women returners, so any provision linked to breaks in service will have a greater impact on women, as demonstrated in **Chart 26**.

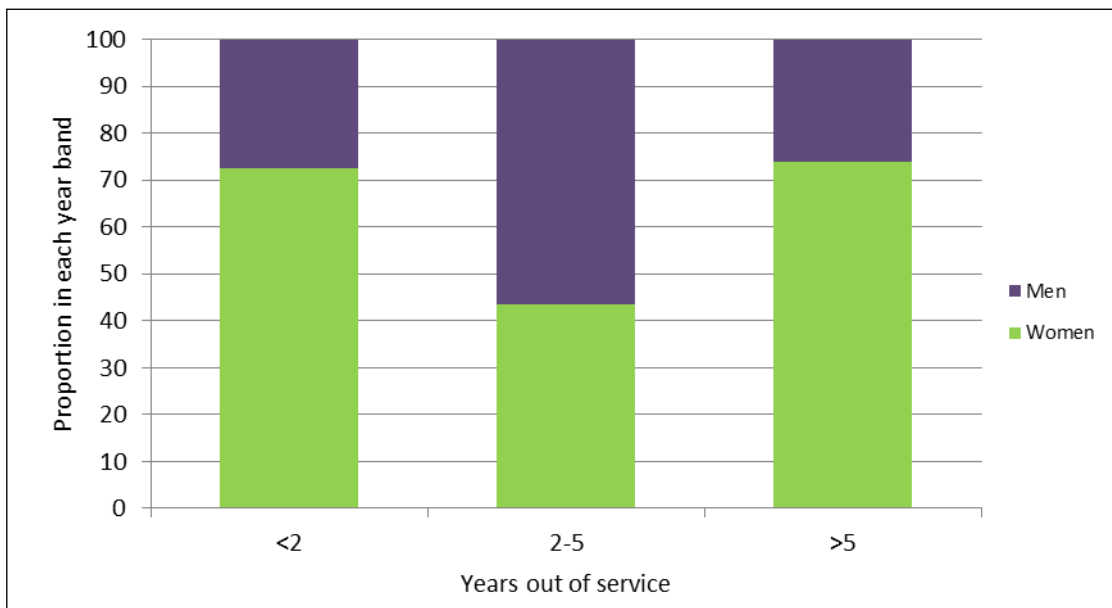


Chart 26 Re-entrants to the TPS - years out of service by gender proportions

106. **Charts 19** and **20** (presented for ‘Provision 9’), provide a gender comparison of the proportion of “years out of service” then re-entering, broken down between those who return: within two years; between 2 & 5 years; and more than 5 years. As stated for ‘Provision 9’, the charts demonstrate that there is little difference in the pattern of length of break in service between male and female returners, when expressed as a percentage of the total returnees for those individual gender groups. Therefore the impact of this provision is not likely to be disproportionate on either men or women.

Ethnicity

107. Data on breaks in service in relation to this characteristic are not available (see paragraphs 139 to 142).

12 Commutation of Pension to Lump Sum

- **Commutation of pension to lump sum at a rate of 12:1**

108. Commutation is an existing feature of the TPS that is open to all scheme members who have at least one day of pensionable employment on or after 1st January 2007.

Under the reformed scheme there is no change to the commutation rate of 12:1 which applies with no regard to a person's age when benefits are drawn. Commutation of pension to retirement lump sum is a voluntary action on the part of the individual scheme member/pension credit member.

13. Ill Health Retirement Benefits

- **Ill Health retirement benefits**

109. There is no change in ill health benefits from the current scheme. Ill health retirement benefits are available to all members of the scheme (subject to a qualification period) and so there is no active discrimination of any group. However, two possible relevant considerations in relation to Age are provided below.

Age

110. It could be argued that ill health retirement benefits serve a valuable function in mitigating any negative impacts arising from the increase in NPA for those members who may not benefit from the statistical trends of increasing longevity and improved health into later life. As such, they represent an example of the scheme actively promoting equality of opportunity for members of those protected groups who may be more likely to encounter ill health, such as older people.

111. It could also be argued that, in the context of ill health retirement benefits, the increase in NPA will benefit younger scheme members whose level of incapacity is such that they would be awarded Total Incapacity Benefits as these benefits are based on the period between cessation of employment until NPA.

14 Additional Contribution to Purchase a Higher Accrual Rate

- Flexibilities to allow members to elect to pay a higher contribution rate in return for a higher accrual rate for a particular year, at full member cost, within existing limits on additional pension

15 Additional Contribution to Reduce/Remove Early Retirement Reduction

- Members who in the new scheme have a normal pension age higher than 65 will have an option in the new scheme to pay additional contributions to reduce or, in some cases, remove any early retirement reduction that would apply

Age

112. These **voluntary** provisions will be available to members of all ages, however, they are currently more likely to be made use of by older scheme members who are closer to retirement. The need to increase pension is typically a consideration for older scheme members as they approach retirement and take stock of their financial situation and their retirement plans. **Chart 2** above demonstrates that salaries increase with length of service so older people are more likely to be able to afford to pay the additional contributions. They are also less likely to have the other demands on their income that many younger members have, such as student loan repayments and the cost of young families. However, as younger members get older, and their circumstances change, it is reasonable to expect that their salaries will similarly increase as their outgoings decrease.

113. Unions were concerned about a lack of awareness amongst younger scheme members about these scheme flexibilities. Typically, the cost of these provisions will increase with age and it may be that some younger members may be in a position to make use of this provision earlier in their career rather than later. The Department recognises that there is a challenge here to make all scheme members of all ages aware of the scheme flexibilities so that individuals can make an informed decision on whether to make use of any of the options that are available and, if so, the optimum time for them to do so. How this can best be achieved will be considered within the context of discussions on wider development of member and employer engagement.

Gender

114. **Charts 27** and **28** present data about the pensionable service accrued by scheme members by gender and working pattern. The service data presented in **Chart 27** for scheme members with an NPA of 60 shows that women accrue less pensionable service (this is probably symptomatic of women being more likely to take career breaks),

although it is interesting that service accrual by full-time women matches that of men until the early 40s. Lower service accrual means that women are more likely to want or need to pay additional contributions to increase their pension and/or to offset the actuarial reduction for early payment. These provisions, along with the option to purchase Additional Pension, afford female scheme members the opportunity to do so.

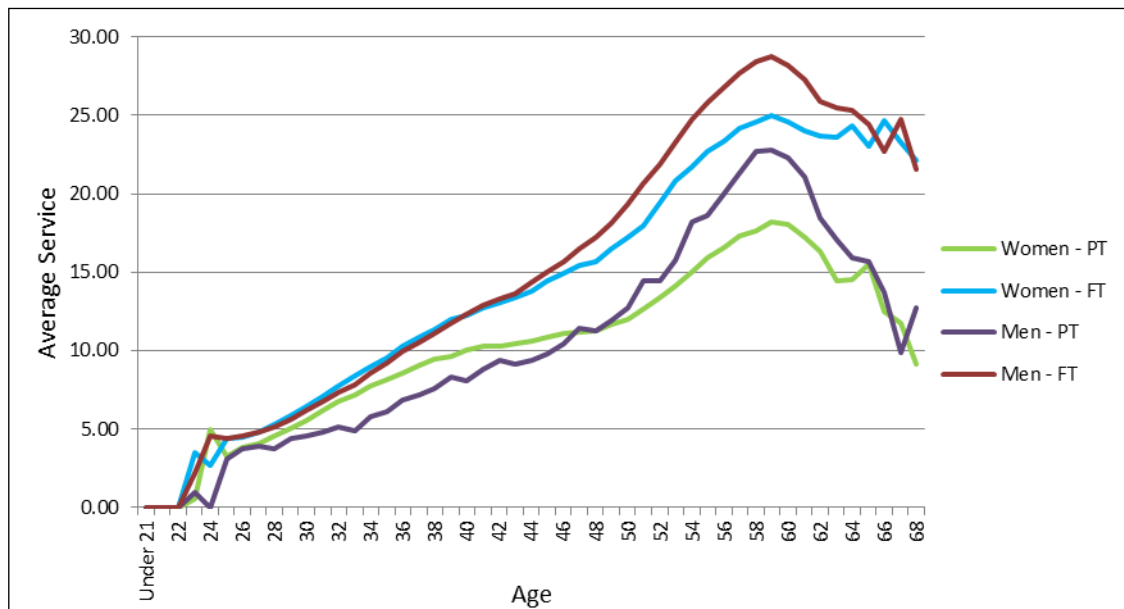


Chart 27 Average service of NPA 60 members, by age, gender and working pattern

115. **Chart 28** shows data in respect of scheme members with an NPA of 65. Unsurprisingly, there is little divergence in the service accrual of the younger members of this group due to the fact that these are mainly scheme members who first joined the TPS on or after 1st January 2007. There is a divergence in service totals for the older group due to the fact that this group will include scheme members who have returned after a break in service, notably women. (The service before the break will count against NPA60 but these scheme members are counted in the NPA65 group.) The numbers in this group are such that there cannot be any meaningful gender analysis.

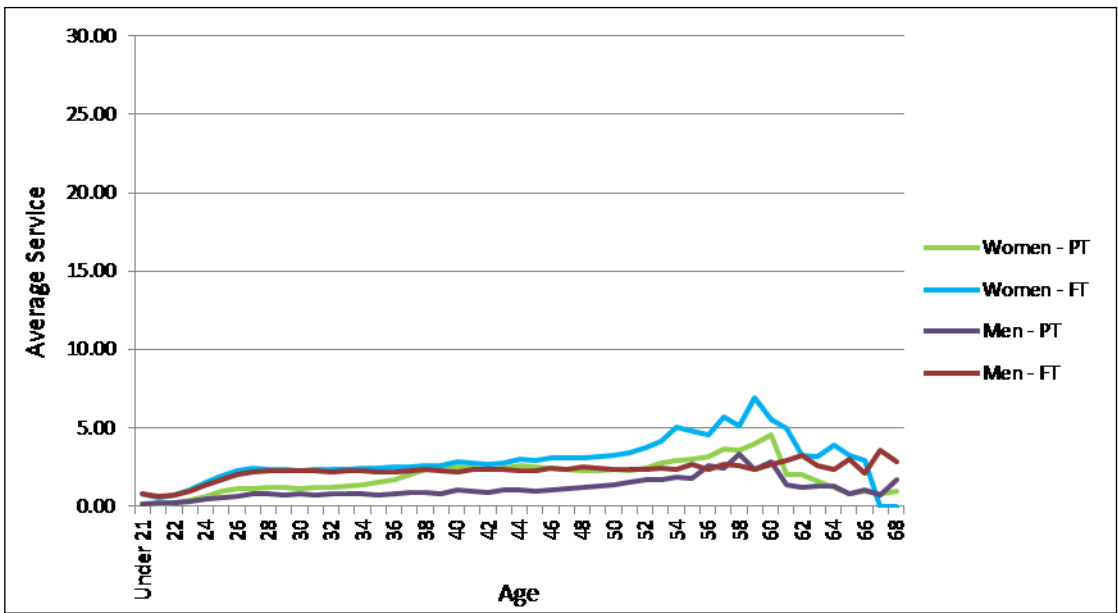


Chart 28 Average service of NPA 65 members, by age and gender and working pattern

116. **Chart 29** below confirms that a larger proportion of men reach higher salary bands than that of women. Underlying factors such as more senior positions being viewed by employers as inappropriate for part-timers or job shares may have an impact on promotion opportunities for those who work part time. It is further evident from Chart 15 (presented in 'Provision 9') that, past their mid-thirties, women tend to be in lower paid teaching positions and therefore paying additional contributions to utilise these new flexibilities may not be as affordable for them as it is for men (although it is acknowledged that it is likely to be more necessary). As already mentioned, it is a recognised challenge to make all scheme members aware of the scheme flexibilities so that individuals can make an informed decision on whether to make use of any of the options that are available and, if so, the optimum time for them to do so.

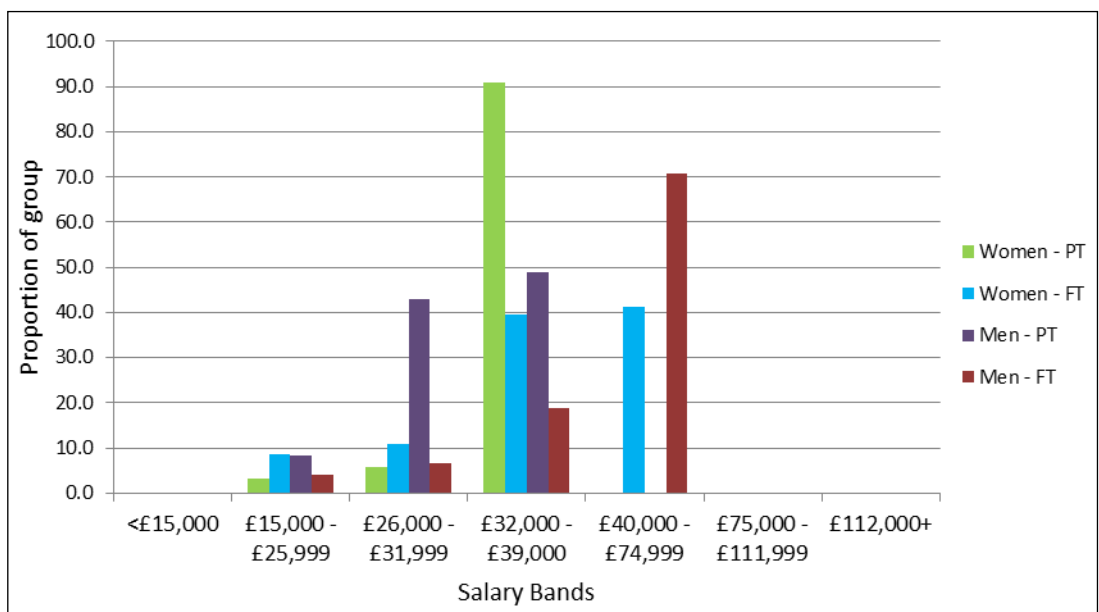


Chart 29 Average salary bands, by gender

Ethnicity

117. **Chart 30** below shows that more white British teachers reach the higher salary bands than those from minority ethnic groups. This suggests that members of ethnic minorities may be less likely to be able to afford to utilise these new flexibilities than white British members. However, the data may reflect the fact that more teachers from minority ethnic background are younger and will be redressed over time. In addition, with better information available to them, they will be better able to make an informed decision about if and when to make best use of these flexibilities.



Chart 30 Teachers by salary band

Analysis

- Disability
- Marriage/Civil Partnership
- Sexual Orientation/Gender Reassignment
- Pregnancy and Maternity
- Religion or Belief

Disability

118. Data obtained from the “School Workforce Census (November 2011)” and the “General Teaching Council for Wales Annual Statistical Digest (March 2012)” inform that a very low proportion of teachers, less than 1%, have made a declaration regarding a disability they have. A positive response to the question of disability was obtained from 56% of the 524k population covered by the two statistical surveys.

119. Notwithstanding the low proportion of teachers declaring a disability, and the partial coverage of the statistical surveys, the Department has considered the potential equality impact of scheme reform with regard to this characteristic, in terms of the elimination of discriminatory conduct, the advancement of equality of opportunity, and the fostering of good relations. As stated under the Engagement and Involvement section, this process has included giving relevant stakeholders, such as Disability Rights UK, Scope, the Royal National Institute of Blind People and the Royal National Institute of Deaf People, the opportunity to provide data and information to support the Department’s equality analysis.

120. The Department has concluded that scheme reform does not discriminate against this particular group, and nor does it offer the opportunity to advance equality of opportunity and foster good relations. The main basis for this conclusion is that the reformed scheme provisions apply irrespective of whether an individual has a disability, so there is no disproportionate impact on this group. However, the Department has also considered whether there are potential scenarios specific to this group, which merit further consideration of the impact of scheme reform. These potential scenarios are summarised below, together with the Department’s summary position:

- **the increased potential for a teacher with this characteristic to claim ill health retirement benefits.** There is no evidence to suggest that teachers with a disability are more likely to claim ill health retirement benefits. In any case, as stated elsewhere in the assessment, ill health provisions under the reformed scheme will remain the same as those in the current scheme, with the only identified potential impact of change being in relation to Age (i.e. more beneficial to younger members, with longer NPA).

- **the possibility that teachers with a disability are more likely to work part time.** Data derived from the School Workforce Census indicates that 71% of those teachers who made a declaration regarding a disability work full time.
- **the potential that teachers with a disability are more likely to take breaks in service than those who do not have a disability.** There is no evidence to suggest that this is the case, however, the impact of scheme reform on those teachers who take breaks in service is covered where relevant under the assessment for the main scheme provisions.
- **the possibility that prevalence of disability increases with age, and that the increase in the NPA therefore results in a disproportionate impact with regard to this characteristic.** DWP's EIA on the increase in the state pension age⁷ indicates that the increase in the prevalence of disability only increases by 1 % between the age bands 65-69 compared to age 60-64 (37 per cent rising to 38 per cent). There is therefore no disproportionate impact. Enhanced early retirement factors would also mitigate against any potential impact for the TPS.

121. Unions were concerned that the Department has not considered how many disabled teachers will be affected by the later retirement age, or whether scheme members are more likely to be affected by disabilities by the time they reach their early 60s.

122. In response, the Department does not dispute that, as people live longer, the greater the likelihood that they will be affected by disability and may need to adjust their working hours or leave teaching earlier than planned. It is also recognised, however, that not all disabilities result in an individual being unable to teach. Phased retirement will be a feature of the new scheme and it is proposed to increase the flexibility of this arrangement to allow up to three opportunities to draw down pension before final retirement. Also, the Total Incapacity Benefit provision (the second tier of the ill-health retirement arrangements) will be a feature of the reformed scheme and scheme members with a higher NPA who are entitled to this benefit will receive a greater amount of enhancement.

Marriage/Civil Partnership

123. There is no available data on this protected characteristic in relation to the teaching workforce. However, the Department has considered the potential impact of scheme reform with regard to this characteristic, specifically in terms of the PSED requirement to eliminate discriminatory conduct. The Department has concluded that no element of the proposed scheme design discriminates against those who are married or

⁷ DWP document - When the State pension age will increase to 66 – Equality Impact Assessment

are in a civil partnership, on the basis that the reformed scheme provisions apply irrespective of the marital status of the member.

Sexual Orientation, Gender Reassignment (Including Transgender)

124. Available data on these groups is limited, however, the Department has considered the potential equality impact of scheme reform with regard to these characteristics, in terms of the elimination of discriminatory conduct, the advancement of equality of opportunity, and the fostering of good relations. As stated under the Engagement and Involvement section, this process has included giving relevant stakeholders, such as Stonewall, Schools Out and the Gender Identity Research and Education Society, the opportunity to provide data and information to support the Department's equality analysis. Stonewall confirmed that they did not have any comments on the reformed scheme design. The Department has concluded that scheme reform does not discriminate against these particular groups, and nor does it offer the opportunity to advance equality of opportunity and foster good relations. The main basis for this conclusion is that the reformed scheme provisions apply irrespective of an individual's sexual orientation or transgender status, so there is no direct impact on these groups. Our analysis has similarly not identified any actual or potential indirect impact.

Pregnancy and Maternity

125. There is no available data on this group specifically in relation to the teaching workforce, however, matters that are relevant to this group, such as 'breaks in service' are considered fully as part of the gender assessment. However, it is also important to note that, for the purposes of the calculation of pension benefits, a period spent earning statutory maternity pay is classed as pensionable employment and with that in mind there is no consequential impact on pension accrual.

Religion or Belief

126. There are no available data on this group specifically in relation to the teaching workforce. Data are available which provides a comparison of the religious grouping of the public sector population and the total workforce, but this is not necessarily representative of the religious grouping of the teaching workforce. Nevertheless, the Department has considered the potential impact of scheme reform with regard to this characteristic, in terms of the elimination of discriminatory conduct, the advancement of equality of opportunity, and the fostering of good relations.

127. As stated under the Engagement and Involvement section, the analysis process has included giving relevant stakeholders, such as Faith Groups, the opportunity to provide data and information to support the Department's equality analysis. The Department has concluded that scheme reform does not discriminate against these particular groups, and nor does it offer the opportunity to advance equality of opportunity

and foster good relations. The main basis for this conclusion is that the reformed scheme provisions apply irrespective of an individual's religion of belief, so there is no direct impact on this group. Our analysis has similarly not identified any actual or potential indirect impact.

Analysis for Wales

128. **Charts 31 to 33** provide a view of the characteristics of teachers employed in Wales compared to overall membership equivalents. The charts show that, from a gender and age perspective there is generally little variation in the trends. The position is slightly different in respect of ethnicity, where it is apparent (for known minority ethnic groups) there are more ethnically diverse groups in England. A general conclusion though is that the proportions of protected groups in Wales generally reflect proportions in the wider membership and on that basis it is reasonable to consider Wales within the main analysis, rather than separately.

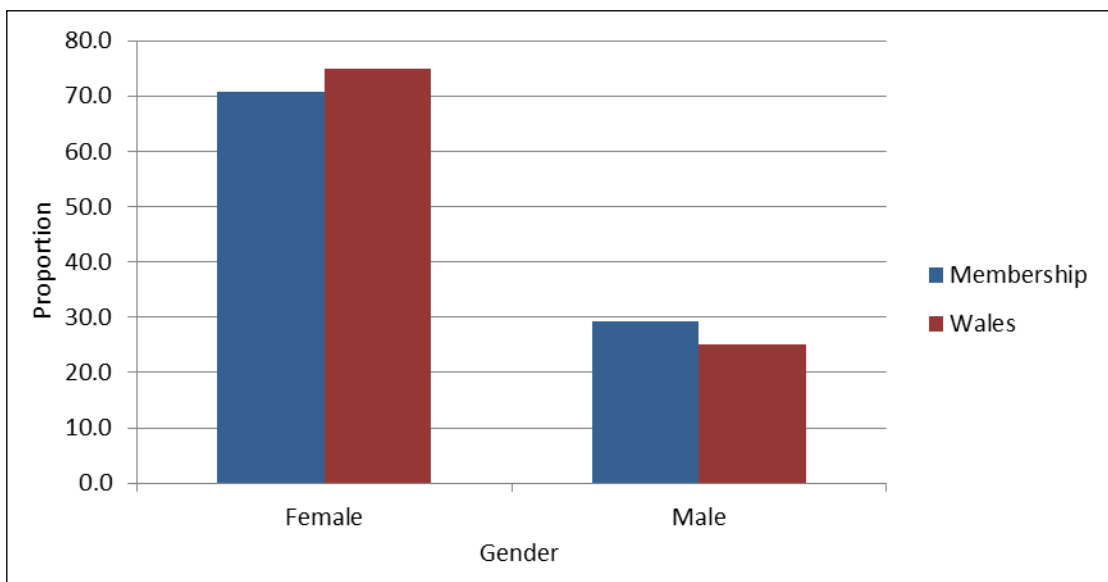


Chart 31 Population proportions by gender⁸

⁸ Source – Teachers' Pension Scheme (March 2011) / GTC(W) Statistical Digest (March 12)

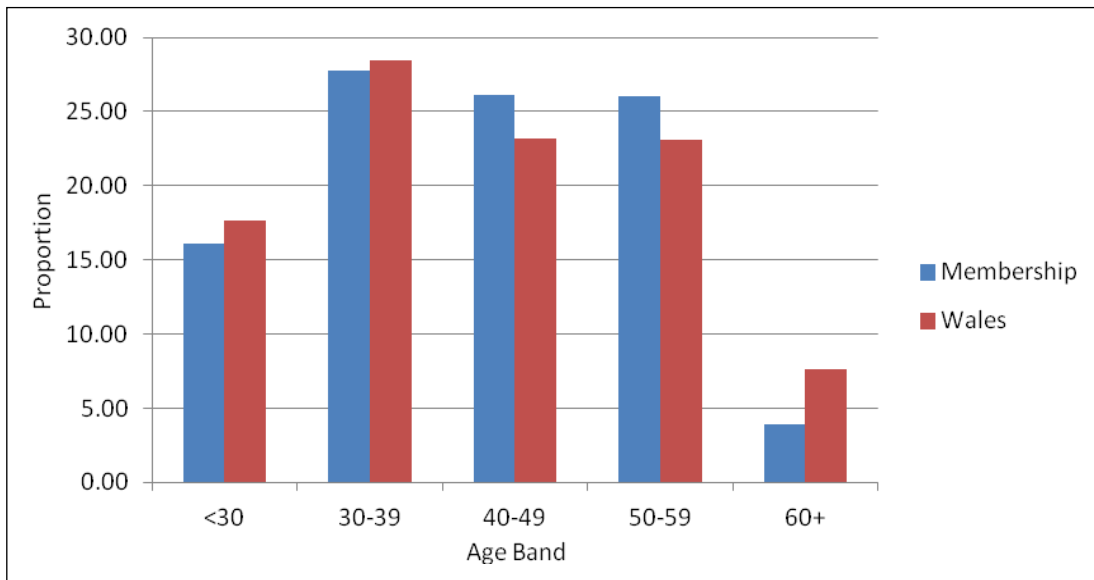


Chart 32 Population proportions by age group

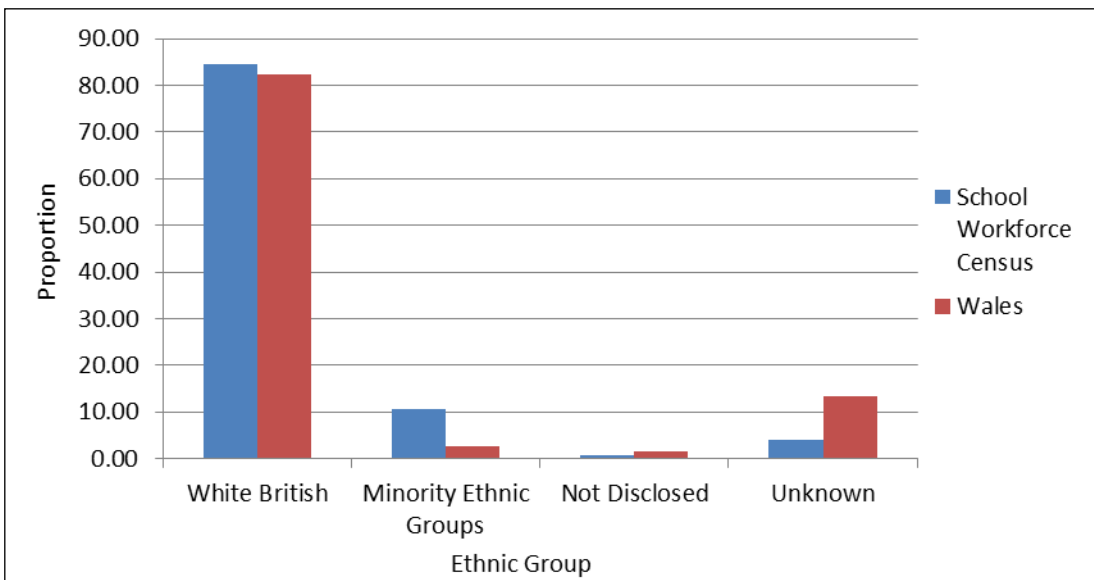


Chart 33 Population proportions by ethnicity⁹

Cumulative Impact

Age

129. All age groups outside of the age groups protected by transitional arrangements (namely people aged under 46.5 years who will all switch to CARE on 6th April 2015) are impacted to a varying degree by different aspects of the reforms. Cumulatively, the impact of the scheme changes falls mainly on younger members who will have a later

⁹ Source – School Workforce Census (November 2011) / GTC(W) Statistical Digest (March 12)

NPA and for whom the majority of their pensionable service will be under the CARE scheme.

130. Mitigations (protection in the contribution rate, enhanced early retirement factors, longer time to build up pension rights and to make adjustments to suit their circumstances) benefit the younger group and any negative impact is balanced by the fact that a CARE scheme delivers a fairer outcome to the membership as a whole.

Gender

131. The teaching workforce is predominantly women so it follows that the changes, individually and cumulatively, will impact on more women, than on men.

132. The introduction of a CARE arrangement is the most significant aspect of the reforms. As such, the overall impact of the reforms is positive for women because, in a CARE arrangement, the differential in pensions earned by women and men is reduced. This outweighs any negative impact on those who are more likely to have steeper salary progression, who typically tend to be men, and which produces a disproportionately better pension than earned under a CARE arrangement.

Ethnicity

133. Minority ethnic groups are represented more in the lower paid teaching roles and in the younger age groups. Overall, the scheme reforms, in particular the protection for low paid and CARE scheme arrangements delivers a fairer outcome for the lower paid.

Disability

134. The only source of data about disability is the School Workforce Census in which a low proportion of teachers have declared a disability. Notwithstanding this, the Department has considered the overall impact of the scheme reforms in relation to a range of scenarios and concluded that there is no disproportionate impact against this group.

135. The ill-health retirement arrangements and phased retirement mitigate the fact that as people live longer, the greater the likelihood that they will be affected by disability and may need to adjust their working hours or leave teaching earlier than planned.

Marriage/Civil Partnership

- Sexual Orientation
- Pregnancy and Maternity
- Religion or Belief

136. Data on these groups is either limited or not available. However, consideration has been given individually to each group with these characteristics in terms of the PSED. In each case, the analysis has not identified any actual or potential direct or indirect impact.

Overall Conclusion

137. Having due regard to the public sector equality duty, the Department has considered carefully the impact of a reformed TPS in respect of each of the following protected characteristics: age, gender, ethnicity, disability, religion or belief, gender reassignment, pregnancy and maternity, sexual orientation, gender reassignment; and marriage/civil partnership. We have concluded that disproportionate adverse impact on current and future members is unlikely. We have therefore concluded that pension reform represents a proportionate means of achieving a legitimate aim.

138. The main equality issues emerging during the analysis process and the Department's position are summarised below:

Issue	Department's position
Contributions increase and the impact on: a) protected groups who may be lower paid, including women and minority ethnic groups; and b) predominantly female part time workers.	An equality analysis was undertaken for the Year 1 increase in pension contributions and this included careful consideration of the impact on women (including Part Time workers) and minority ethnic groups. This analysis informed the design for implementing the contributions increase, which included protection for the lower paid. Further equality analysis will be undertaken for Years 2&3 of the contributions increase, prior to final decisions on the tiered designs for those years. That analysis will be informed by discussions with unions, and monitoring of opt-out rates.
Teachers from minority ethnic groups are disproportionately represented in lower paid teaching positions and on average appear to have slower career progression than white British scheme members.	Pension reform does not offer an opportunity to address this issue, however, the protection of the lower paid referred to above mitigates the impact of the contributions increase. In addition, the introduction of a career average scheme design is more beneficial to those with slower career progression.
Potential age discrimination associated with Transitional Protection for those within 10 years of Normal Pension Age at 1 April 2012, and a further 3.5 years protection on a tapered basis for those who are aged between 46½ and 50 on 1st April 2012.	Transitional protection is not funded from the cost ceiling set for a reformed TPS; it is an additional concession. Given that entitlement to transitional protection is determined through reference to proximity to Normal Pension Age, it is acknowledged that it is less favourable to younger members. However, conversely, it is designed to mitigate a disproportionate impact on older members who have less time than younger members to make financial and lifestyle changes in light of scheme reform.

Further Activity/Next Steps

Data Collection – Future Arrangements

139. As stated elsewhere in this document, Teachers' Pensions do not hold data relating to the ethnicity and disability status of scheme members. Data collected by Teachers' Pensions via the Annual Return is for the purpose of fulfilling pension administration obligations, none of which has relevance to the ethnicity/disability of an individual. As such, it would be inappropriate for the Annual Return to be used as a vehicle for collecting such data, and there is a need to be mindful of the increased burdens on employers that a change to the data collection process may cause. However, the Department does recognise the need to continually monitor the ethnic and disability status of the scheme membership and to use any intelligence obtained to inform reviews and ongoing development of pension policy.

140. Teachers' Pensions are due to commence a customer survey programme in September. It is intended that this programme will, in the future, obtain member views on the pension scheme provisions and the administration services provided. A mixture of telephone, postal and online surveys will be used. The intention is to expand the surveys to incorporate questions that establish the characteristics of the respondent. This will not simply be associated with ethnicity and disability, but will also focus on other protected characteristics. This will provide a periodic update on the characteristics of the membership, and identify changes, which can inform policy decisions.

141. Teachers' Pensions' sampling approach has been statistically validated and it will ensure a representative view that is reflective of the wider scheme membership. The precise details of the survey has still to be determined, but it is likely to involve a survey of around 1250 members, which will provide a confidence level of around 95%. The sampling approach will take into account any differences in demographics between England and Wales.

142. Participation in the survey is voluntary, with its primary purpose being to support Teachers' Pensions' service delivery. Data collection via this method will be reviewed in light of any potential adverse impact on participation rates.

Improved Member and Employer Communication

143. We will be working with the TPS administrator to deliver improved member and employer communications, so that all teachers are fully aware of and understand:

- the impact of reforms;
- the value of staying in the scheme; and
- the flexibilities which exist within the scheme including:
 - the purchasing of additional pension; the payment of additional contributions;
 - the options for retirement earlier or later than normal pension age; and

- the need to elect part time service as pensionable, following return to work after a break in service.

Ongoing Analysis Activity

144. The Department recognises its ongoing obligation to comply with the Public Sector Equality Duty. With that in mind, equalities considerations will continue to be taken into account as we take forward discussions with stakeholders on the detail and implementation of the scheme design set out in the Proposed Final Agreement. We will also formally revisit the EIA at key stages, as part of the duty to have due regard to the equality needs, such as when we consult on the draft regulations for the TPS. This work will be taken forward as an integral part of the ongoing development of TPS policy. At the suggestion of one of the unions, the ongoing analysis activity will involve an annual review point.

Monitoring of Opt Outs

145. As stated elsewhere in the document, we are committed to a process of monitoring opt outs. This will initially inform consideration of the contribution increase designs for Years 2 & 3, but it will continue to be an ongoing process, in order to identify any potential changes in behaviour in the build up to implementation of a reformed scheme in 2015.

Annex A

Age Profile of Active members as at 31 March 2011

Age profile	NPA60	NPA60	NPA60	NPA60	NPA65	NPA65	NPA65	NPA65	TOTAL
	Male	Male	Female	Female	Male	Male	Female	Female	
	FT	PT	FT	PT	FT	PT	FT	PT	
< 21	0	0	0	0	6	79	5	99	189
21	0	0	0	0	73	81	496	193	843
22	0	0	0	0	439	194	2479	448	3560
23	1	1	2	0	1281	323	5551	827	7986
24	2	0	4	1	2099	376	7956	932	11370
25	46	3	262	23	2551	408	9424	1074	13791
26	322	18	1645	129	2798	400	9150	1102	15564
27	956	37	4168	430	2637	449	7091	1035	16803
28	1669	61	6179	809	2088	361	5232	974	17373
29	2307	87	7273	1398	1801	386	3965	961	18178
30	2913	95	8199	2067	1661	429	3163	959	19486
31	3243	134	8374	2756	1390	383	2617	931	19828
32	3283	162	7808	3269	1228	393	2003	956	19102
33	3153	167	6936	3522	1018	333	1616	928	17673
34	3307	184	6493	3773	941	329	1364	924	17315
35	3473	182	6238	4025	810	309	1294	918	17249
36	3825	235	6184	4387	788	350	1160	1091	18020
37	3816	243	6220	4317	757	328	1151	1191	18023
38	4129	285	6099	4205	707	336	1193	1303	18257
39	4294	319	6064	4079	685	352	1159	1477	18429
40	4172	308	5772	3743	724	400	1225	1559	17903
41	4046	307	5576	3562	620	381	1228	1519	17239
42	3920	339	5605	3427	600	369	1258	1573	17091
43	3827	357	5656	3098	585	415	1169	1545	16652
44	3785	400	6103	3342	529	377	1138	1520	17194
45	3952	400	6423	3292	563	396	1155	1474	17655
46	4154	439	6543	3276	539	428	1061	1596	18036
47	3979	450	6514	3116	518	435	985	1387	17384
48	3931	438	6284	2944	479	394	820	1257	16547
49	3896	467	6474	2831	447	410	718	1197	16440
50	3953	438	6926	2868	371	383	634	1070	16643
51	4038	456	7166	2901	388	358	504	1022	16833
52	4268	480	7556	3150	313	354	460	963	17544
53	4434	526	8136	3443	287	344	358	871	18399
54	4496	582	8504	3560	264	341	312	850	18909
55	4524	574	8108	3603	234	287	270	717	18317
56	4352	630	7962	3412	187	291	228	705	17767
57	4369	646	7576	3466	185	260	177	617	17296
58	3808	648	6429	3430	150	270	122	532	15389

59	3274	650	5420	3062	109	245	91	455	13306
60	2165	340	3189	1558	111	208	83	297	7951
61	1425	263	1807	921	66	196	42	249	4969
62	1064	223	1097	648	59	164	24	194	3473
63	827	194	792	479	50	165	19	141	2667
64	631	172	476	361	35	138	16	112	1941
65	167	62	177	121	12	67	4	64	674
66	69	47	65	91	4	52	3	61	392
67	41	39	32	61	1	49	0	39	262
68	24	20	30	40	2	29	1	49	195
69	13	6	10	25	0	19	0	24	97
70	6	3	5	12	0	7	0	11	44
71	0	3	4	2	0	6	0	2	17
72	2	1	0	4	1	0	1	2	11
73	0	2	0	1	0	2	0	1	6
74	0	0	0	2	0	1	0	1	4
75+	0	0	0	0	0	1	0	1	2
TOTAL	128351	13123	230565	109042	34191	14841	82175	42000	654288

Table 1 Teacher Data as at: 31/03/2011

Annex B

Summary of Responses to Stakeholder Engagement Letter

Note: this summary of responses provides an indication of the main points raised and is not a verbatim record. For example, NASUWT's response included survey data which is not presented here. However, NASUWT's survey data was taken into account in the analysis and the bullet points below reflect the concerns raised by NASUWT in relation to that survey data.

UCU

- Impact of tiered contributions on the lower paid, including women, disabled and BME members.
- Impact of tiered contributions on multi employed part time members.

ASCL

- Impact of increase in pension contributions, including Part Time workers and the decision to base tiers on Full Time Equivalent salaries.
- Impact of move from Final Salary to CARE, on those who have breaks in service, including for maternity.
- Opportunities to improve equality will lie in broader professional issues of Pay and Conditions, recruitment to, and advancement in, the profession.

NUT

- Concern that the detailed equality analysis should have started at an earlier stage.
- The need for an annual process of review, including in light of monitoring the impact of the increase in pension contributions.
- Relative impact of the increase in pension contributions and the increase in normal pension age on both older and younger members.
- Impact of transitional protection.
- Impact of change in indexation from RPI to CPI.
- Impact on women (maternity returners) of 5 year break in service 'rule', in terms of loss of final salary link.
- Impact on men of: move to CARE; increase in the retirement age; and increase in contributions.
- Impact of increase in pension contributions on BME teachers, given that they are more likely than White British teachers to be on lower salary scales, including the need to investigate why that is the case.
- Impact of increase in pension contributions on disabled teachers.

- Impact of increase in pension contributions, including: Part Time workers and the decision to base tiers on Full Time Equivalent salaries; and greater increase for middle and upper band earners, who tend to be men.

UCEA

- Link to State pension age is seen as proportionate means of addressing problems associated with increasing longevity.
- Move to CARE may have positive effects as scheme members become older, e.g. less detrimental than final salary for those who wish to move to positions of lesser responsibility.
- Increase in contributions will impact on younger members who will pay higher conts for longer periods, but acknowledged that this is unavoidable in light of reforms to the scheme.
- CARE could have a positive impact for women who may have slower salary progression, albeit with the exception of those women who achieve a peak later in their careers.
- Potential impact of contributions increase on women and disabled workers, including impact on Part Timers of decision to base tiers on FTE.
- CARE could produce a positive effect for those with a progressive disability, if they choose to take on a position of less responsibility later in their career, i.e. the impact would be less marked than in a final salary scheme.
- Potential increase in ill health retirements as a result of increase in normal pension age, particularly with regard to those with a progressive disability.
- Improved childcare support could mitigate against any potential increase in opt-outs in respect of women returning to work after maternity leave/caring responsibilities.
- Extending the right to request flexible working to men may result in more men taking up flexible working, thus neutralising the potential gender impact of the move to career average.
- Consideration should be given to allowing more beneficial changes to salary sacrifice provisions, including allowing pension contributions to be paid via salary sacrifice.
- Clear and consistent communication important to ensure that scheme members understand the changes and benefits of the scheme, and to mitigate the risk of opt-out.

NASUWT

- Concern that the detailed equality analysis should have started at an earlier stage.
- Concern about gaps in available data, including the need for a more comprehensive profile of the membership of the TPS, across all protected groups.

- Concern that reforms will have adverse impact on participation by women (esp. part-time workers), BME, disabled and young/mid-career teachers.
- Concern about affordability of increased pension contributions, including: teachers in receipt of low and moderate pay; classroom teachers and NQTs who may be less committed to spending on pensions than teachers in senior grades.
- Risk that many will not be able to work until age 68 due to psychological and physical demands.
- Lower revaluation of accrued benefits on a less-than-average earnings basis will result in relative detriment to those teachers with long periods of service or deferred pensions for periods of service early in their career. As will those who leave the scheme early in their career.
- Potential for unlawful discrimination to arise in respect of women aged between 59 years 5 months and 62 years 1 month.
- Additional transitional protection should be provided for existing members as at 2015.

ATL

- Disproportionate adverse impact on women due to predominance of part-time working because FTE salary to determine the rate.
- Pension contributions constitute too great a proportion of salary and female teachers will opt out in order to increase take-home pay.
- Survey cited where 56.4% of respondents would opt out if contributions increased and benefits were reduced. Opt-out rates should be monitored closely.
- Disproportionate impact on women who have to work longer to offset time off for a career break. Survey cited where 38.3% of respondents stated that family reasons were the main reasons for opting out.
- Indirect discrimination. Younger scheme members will opt out in order to meet living costs and student loan repayments.
- Indirect discrimination. Non-white British teachers more likely to be unqualified and, therefore, in lower pay bands and impact of higher contribution rate more significant.
- Of men and women aged between 60 and 64, around 30% have a disability that limits their ability to work.
- Paucity of data/incomplete data.
- Increase in opt outs - younger teachers and part-time female teachers and cumulative effect of deductions from younger teachers.
- Disproportionate adverse impact on women who look after children.
- Disproportionate impact on: Part-time female teachers, Black and ethnic, minority teachers, Disabled teachers and Younger teachers.
- Failure to foster good relations; such provision (option for scheme member to meet cost of premature retirement, pay for a higher accrual rate) militates against good

relations between groups. All groups should have equal access to benefits in the TPS.

- Failure to foster good relations/potentially discriminatory/denies equal opportunity between people of particular ages.



Department
for Education

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