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Dear Constituent,

Thank you for contacting me about employer contributions to the Teachers' Pension Scheme (TPS).

From September 2019, the rates of employer pension contributions were raised to 23.6%. The Government is funding all state-funded schools, further education and sixth form colleges, as well as Adult Community Learning providers, to cover their increased pension costs. This commitment to covering these increased costs means that school leaders will have the security to focus as much of their resources as possible on the front line, while recognising teaching as the high-value, prestigious profession it is.

The changes to TPS contribution rates resulted from a valuation, which is required for all 'unfunded' public sector pension schemes every four years. A significant factor affecting employer costs is the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate, which helps determine the cost today of providing pensions into the future. Following changes in long-term forecasts for our country's GDP, under the mechanism for determining the SCAPE rate, this discount rate was reduced in order to ensure that costs continue to be adequately provided for. This has resulted in the change to employer contributions for the TPS.

The TPS is rightly one of the most generous pension schemes in the country, being one of only eight guaranteed by the Government. The TPS also provides additional benefits linked to salary and is inflation-proof to offer teachers a secure retirement. I am pleased that action has been taken to ensure it remains attractive.

Thank you again for taking the time to contact me.

Yours faithfully,

CHRIS HEATON-HARRIS MP
MEMBER OF PARLIAMENT FOR DAVENTRY