December 2007
Management Circular No. 40

To Heads of all Educational Establishments

Dear Colleague

Premature Retirement Scheme (Teachers)

1. Introduction

Glasgow City Council may, under the Teachers’ (Compensation for Premature Retirement) (Scotland) Regulations 1980, as amended in 2000 and 2002, grant early retirement to teachers. The Regulations provide (subject to certain qualifications) for compensation to be paid to teachers who are members of the Teachers’ Superannuation Scheme and who are prematurely retired under the terms of this scheme. The Education and Social Work Services Committee will decide annually on the scope of the scheme. A copy of the current scheme is attached as Appendix 1.

2. In addition, teachers are able to access premature retirement through application to the Winding Down Scheme (a phased retirement option) or through application to the Actuarially Reduced Pension Scheme. These schemes are managed by the Scottish Public Pensions Agency (SPPA).

GLASGOW CITY COUNCIL SCHEME

3. Eligibility to participate in the Glasgow City Council premature retirement scheme is limited to those employees of Glasgow City Council who:

   a) are members of the Teachers’ Superannuation Scheme,
   b) have reached a particular age, specified within the current scheme,
   c) have completed at least five years’ service which is reckonable for pension purposes.

4. Teachers who qualify under the Regulations referred to above may be awarded at Glasgow City Council’s discretion, an additional period of service in respect of which compensation similar to superannuation benefits is payable. The additional period of service must not exceed the shortest of the following periods:

   i. the numbers of years required to make up service reckonable for pension purposes to 40 years;
   ii. the period between loss of employment and the 65th birthday (less any overlapping service because of previous compensation, where this is applicable);
   iii. a period equal to actual reckonable service;
   iv. ten years.
5. Pension benefits, lump sum and annual pension, arising from reckonable service to the date of cessation of employment will be paid centrally by the SPPA subject to an actuarial calculation which will be paid by Glasgow City Council and which is determined by the age of the teacher at retirement. Additional compensatory payments in respect of the additional period of service awarded will be paid by the authority and these will take the form of a lump sum and annual compensation both of which will be based on the service credited by Glasgow City Council. Pension payable to widows, adult nominated beneficiaries or children will be based on a teacher's total reckonable service including the additional period of service.

6. Teachers who are eligible and who wish to be considered for inclusion in Glasgow City Council's Premature Retirement Scheme should submit the appropriate form to the authority. It should be noted that a request to be included in the scheme does not necessarily mean that the request will be granted. Teachers are also advised to consult their professional association in this matter.

7. It is necessary for the authority, when it is considering exercising its discretion to pay compensation, to ascertain in each case from the SPPA relevant details of reckonable service and pension entitlement; this could give rise to a lengthy delay, probably up to three months, in dealing with requests and this delay could be longer depending on the number of requests to be considered. Every effort will be made however to ensure that requests from teachers are dealt with promptly.

8. Teachers aged 50 to 55 should note that the pension increases based on the periodic pensions review (index linking) only begin to be payable from age 55.

9. Where the authority is prepared to permit premature retirement the teacher will be informed of this fact, of the amount of compensation to be paid and of what further action requires to be taken. Thereafter the effective date of retirement will be arranged between the teacher and the authority.

10. The above Regulations do not affect the present entitlement of any teacher within the Superannuation Scheme to retire at any time, nor do they affect the provisions for disability allowance in appropriate cases.

WINDING DOWN SCHEME

11. As part of the Teachers’ Agreement ‘A Teaching Profession for the 21st Century’ the Scottish Government introduced a phased retirement option which offers teachers who are members of the Teachers’ Superannuation (Scotland) Scheme, the opportunity to continue in employment on a part-time basis, whilst protecting their overall final retirement pension entitlement.

12. The conditions which apply to the Winding Down Scheme are determined by the Scottish Public Pensions Agency.

13. In terms of qualifying criteria, a teacher must:

   a) have attained the age of 56;
   
   b) have been in full-time service for a period of 10 years immediately prior to commencing winding-down employment;
   
   c) subject to sub paragraph b) above, have a minimum of 25 years’ teaching service immediately prior to commencing winding down employment, which period may include a break or breaks in service not exceeding five years in total; and
   
   d) have the consent of the employer.

The leaflet on Winding Down produced by the SPPA is attached as Appendix 2.
14. Any teacher who is a member of the Teachers’ Superannuation (Scotland) Scheme and meets the qualifying criteria, and who wishes to be considered for winding down employment should complete the form included in Appendix 2. Glasgow City Council will consider the application, and take account of any financial implications or implications for continuity of provision. Should consent be given the form will be sent to SPPA to determine eligibility. When teaching service has been accrued outwith Scotland the applicant may need to provide evidence of teaching employment in support of their application.

15. The SPPA has recommended that applications should be made three months prior to the proposed Winding Down date to ensure that sufficient time is available to process the request. The SPPA will determine whether the applicant is eligible and advise Glasgow City Council and employee accordingly.

ACTUARially REDUCEd PenSiON (ARP)

16. Actuarially reduced benefits are available to members of the Scottish Teachers’ Superannuation Scheme aged 55 to 59 provided the value of the reduced pension is not less than the guaranteed minimum pension to which the member would become entitled at state retirement age. Both the pension and lump sum will be subject to actuarial reduction using factors related to the member’s age. The reduction is approximately 5% for each year the pension is taken early, a little less for the lump sum.

17. This is a voluntary form of retirement and the decision to take actuarially reduced benefits is a matter principally for the individual concerned. Members in pensionable employment who wish to leave and apply for immediate payment of actuarially reduced benefits will require their employer’s consent. Such consent cannot be withheld for more than six months and is not required where the teacher is already in receipt of a pension. Employer consent must not be confused with the discretion which employers have (and will continue to have) to award unreduced retirement benefits in circumstances of redundancy, etc. Members considering Actuarially Reduced Pension as an option should be aware that, although the pension will attract index-linking, the effect of the actuarial reduction is permanent. It would therefore be prudent for a member of staff to seek independent financial advice before making any decision.

Yours sincerely

Margaret Doran
Executive Director: Education and Social Work Services
Teachers’ Premature Retirement Scheme

Scope of the Scheme 2005/2006

The Education and Social Work Services Committee had agreed the following two elements of the scheme for financial year 2005/2006:

1. **Pre-12 Strategy**

   A scheme of premature retirement is in place as part of the staffing strategy for the modernisation programme for Pre-12 provision in the city.

   a) Headteachers, whose posts are deemed redundant as a consequence of decisions taken on school closures and who are aged over 50 at the point of closure, are able to access premature retirement with enhancement in line with Glasgow City Council policy (currently up to a maximum of $6^{2}/3$ years).

   b) In addition, a premature retirement scheme is available to other teachers in closing schools with funding from the revenue savings generated through school rationalisation available to finance the additional costs of premature retirement. A maximum financial envelope of 3% of revenue savings is available for this purpose. The age qualification will be dependent on the age profile of staff in closing schools, the number of teachers who wish to access the scheme and the total sum available (taking account of ongoing financial commitments from previous years). By way of example in financial year 2003/2004 it was possible to offer premature retirement, with a maximum enhancement of three years, to teachers in closing schools who were aged 56 or over.

2. **Special Cases**

   Glasgow City Council has maintained a scheme of special case premature retirement available to teachers under the Teachers’ (Compensation for Premature Retirement and Redundancy) (Scotland) Regulations 1996.

   The scheme enables teachers who qualify under Paragraph 3 of this Management Circular to make representation to Glasgow City Council for consideration for premature retirement because of their personal circumstances.

   Special cases are considered by the authority through a sub-committee and while each case is considered on its own merits, Glasgow City Council will take account of financial implications arising from a decision to grant special case premature retirement.
LEAFLET Winding Down 1 (2005)

TEACHERS’ SUPERANNUATION (SCOTLAND) REGULATIONS
WINDING DOWN SCHEME

The Winding Down Scheme is a phased retirement option which offers those members approaching retirement age the opportunity to continue in employment on a part time basis whilst protecting their overall final retirement pension entitlement.

1. Conditions

a. **Age**
   A member wishing to apply to take part in the Winding Down Scheme must be aged at least 56 years old.

b. **Qualifying Service**
   i. Members must have accrued a minimum of 25 years teaching service **immediately prior** to commencing Winding Down employment (i.e. you must have had a contract to teach for the last 25 years). However, this period may include a break or breaks in teaching service **not exceeding 5 years in total**.
   ii. The last 10 years must have been full-time service.

Notes
The following **do not** count as teaching service
a) Past Added Years.
   b) Current Added Years, unless employed in a school or in an educational role supervising teachers outside the UK.
   c) Service transferred into the Scottish Teachers Superannuation Scheme, unless the transfer is from another teachers’ superannuation scheme (eg. TP England and Wales, DENI, Jersey or Guernsey, or in some cases the USS).

The STSS will only hold records relating to service that is pensionable under the Scottish Teachers’ Superannuation Scheme. We may require evidence of all other teaching service, including confirmation of dates of employment, from your past employer(s).

c. **Winding Down Employment**
   The Winding Down employment must be part time service which is equal to or more than 0.5 full time.

d. **Employer Consent**
   Members must have the consent of their employers.
3. **Benefits**

a. Each year of service under the Winding Down Scheme will count as one full year for pension benefit calculation purposes.

b. The final pensionable salary for pension calculation purposes will be calculated at the day before the commencement of Winding Down, revalued using the Retail Price Index, to the actual point of retirement.

4. **Contributions Payable**

The contributions you and your employer pay are based on the **actual salary** received during Winding Down Employment.

*If you simultaneously Step Down and Wind Down i.e. the full time equivalent salary is less than the salary rate prior to Winding Down, then your employer will be required to pay both the employee and employer contributions on the difference.*

5. **Duration of Election**

It will only be possible to remain in Winding Down employment for a **maximum of 4 years**. If you return to full time teaching at any time during Winding Down employment the full time service credit awarded whilst in Winding Down employment will be lost.

6. **Making an Application**

If you wish to make an application, you should complete form Winding Down 2 Part A+B and forward it to your employer for completion of Part C. They will then forward the completed form to the SPPA who will determine eligibility.

The Agency recommends that the application be submitted at least **3 months** prior to the proposed Winding Down date.

Should you have any questions regarding eligibility please do not hesitate to contact the Agency.
## SCOTTISH TEACHERS SUPERANNUATION SCHEME (STSS)
### APPLICATION FOR WINDING DOWN

#### MEMBER DETAILS

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#### EMPLOYER DECLARATION

Proposed commencement date of winding down employment  
Date

Please tick boxes to confirm that these essential criteria are being met.

- Winding down employment is part time service which is equal to or more than 0.5 FTE
- Winding down full time equivalent contributable salary rate is not less than the salary rate prior to commencing winding down
- I have consented to the winding down employment.

Signed ___________________________ Date ____________

Position ___________________________

PRINT NAME ___________________________