

# Scottish Teachers' Pension Scheme

## Scheme Advisory Board

---

C/O SAB Secretariat  
SPPA  
7 Tweedside Park  
Tweedbank  
Galashiels  
TD1 3TE

20 April 2021

### **Response to the consultation on increasing the normal minimum pension age**

The SAB fundamentally disagrees with the proposal as set out in the consultation document on the grounds that there is no reasonable justification in increasing the minimum pension age (NMPA) for Scottish teachers.

Teachers who currently retire at age 55 with significant actuarial reductions to their pension do so as a result of specific circumstances which mean they are no longer able to continue working in the profession or to access phased retirement and other flexible working options which actually enable them to continue in the profession for longer. In addition, restructuring within workplaces is sometimes facilitated by the ability for employees to access their pensions which creates greater flexibility for employers.

There is no justification for this increase in minimum retirement age in terms of projected life expectancy in Scotland. The SAB believes that the Scottish context should be taken into account when setting both the Normal Pension Age (NPA) and the NMPA. The Cridland Review final report into the future of the state pension age identified the disparity of life expectancy across the UK nations. Life expectancy in England for males at age 65 is 18.4, whereas it is 17.1 in Scotland. Life expectancy for women in England at age 65 is 20.9, whereas it is 19.4 in Scotland. It is therefore fundamentally unfair to working people in Scotland for the same NMPA to be set across the UK by HM Treasury and which then applies to all pension schemes in Scotland.

The SAB believes that it is fairer to scheme members for the Treasury to allow the NMPA to be a scheme specific flexibility.

Given this context, the SAB responds to HM Treasury's specific questions about the implementation of NMPA reform as follows:

1. Are there any specific considerations that should be taken into account regarding the government's proposed framework for the increase to the NMPA?

The proposed increase to the NMPA will remove flexibility for teachers to access their pension benefits either partially or fully at any age after 55.

# Scottish Teachers' Pension Scheme

## Scheme Advisory Board

---

2. Are there any particular issues that the government should consider in the way NMPA is defined in pension scheme rules?

The Government should consider that current pension scheme rules allow for flexible retirements options at any age after 55 which will allow for teachers to work longer in better health, an increase to age 57 will be a backwards and potentially discriminatory step. The SAB believes that the appropriate definition for HM Treasury is the NMPA which was in place at the point at which the pension scheme rules were introduced. For example, an NMPA of 55 was implemented in the 2015 reformed public service pension schemes in Scotland (non-uniformed) and the SAB believes that this should continue to apply as the protected NMPA in these schemes from 2028 onwards.

3. The Government proposes that the protected pension age will apply to all the member's benefits under the scheme (if the conditions for a protected pension age are met), not just those benefits built up before 2028. Are there any other alternative options or issues the government should consider around the treatment of accrued and future pension savings?

All teachers, irrespective of the date at which they joined the STPS, should have a protected NMPA of 55 for all pension benefits going forward.

4. Are there any issues associated with schemes informing members who meet the conditions of their rights to a protected pension age?

A duty should be placed on pension schemes to communicate the NMPA to all scheme members in their annual benefit statements.

5. Are there any circumstances why the increase in NMPA may impact on pension flexibility (which was introduced following the 2014 consultation on "Freedom and Choice in Pensions")?

Moving the NMPA to age 57 removes flexibility for pension scheme members, if appropriate actuarial calculations are in place there is no justification for the increase.

# Scottish Teachers' Pension Scheme

## Scheme Advisory Board

---

6. Are there any implications the government should consider by not requiring that all scheme benefits must be crystallised on the same day as a condition for a protected pension age?

Current teachers' pension scheme rules do not allow for this although members may welcome greater flexibility in this respect.

Yours sincerely

D Morris  
SAB Chair on Behalf of the SAB