

Pensions

Issue

Changes to pension scheme should not disproportionately affect school leaders or harm recruitment.

Increases to retirement age must be kept under review.

Headline Position

Tiered member contributions have no place in a career average pension scheme and should be replaced with a flat rate immediately.

Tiered contribution rates have a detrimental effect on the overall remuneration of school leaders. This contributes to the lack of financial incentive to take on headship and the current recruitment crisis.

Full Position

The Hutton review of pensions made clear that the Final Salary arrangements disproportionately advantaged higher earners. The remedies to this perceived problem were tiered contributions or the introduction of a CARE scheme. By introducing both the Government is significantly disadvantaging school leaders who could accept that CARE is fair but not when overlaid with tiered contributions. In addition, in Scotland it is clear that the financial incentives to take on headship are not sufficient as the differentials between Teacher, PT, Depute and HT are too small or unclear. Tiered contributions further exacerbate this problem and should be replaced with a flat rate for employee contributions immediately.

While some elements of public service have or are moving to a higher retirement age there are other roles where recognition is given to the particular stresses and strains of the job involved. The pressure of being a school leader is causing many of our members to seek early retirement as a result of overwork. This needs to be kept under close scrutiny and the Government must remain open to reducing retirement age where appropriate.