

Briefing

Which pension scheme should your Executive Head join?

RISK | PENSIONS | INVESTMENT | INSURANCE



You might expect that a head teacher would join the Teachers' Pension Scheme (TPS) with no further considerations necessary, but the Teachers' Pensions Regulations may mean that Executive Head Teachers are not eligible for the TPS where their role is primarily financial or administrative.

The Teachers' Pensions Regulations require members of the TPS to be employed in "teaching work" as part of their role. Employers therefore should consider whether the Executive Head's role meets the eligibility criteria. Details of the eligibility criteria can be found on the TPS website: www.teacherspensions.co.uk

TPS have warned that where an individual is incorrectly placed into membership of the TPS, action will be taken to remove them from the scheme with all contributions refunded. This could cause the Head Teacher to miss out on valuable pension benefits.

Executive Head teachers may be eligible to join other public sector pension schemes, and in particular the Local Government Pension Scheme (LGPS), and employers may wish to consider whether this would be a better or more appropriate pension option even if the Head would be eligible for TPS.

The benefits offered by the TPS and the LGPS are similar, although there are some key differences which could make one or other of the pension schemes more attractive to individuals and employers.

For example, the LGPS offers members the option to accrue 50% of benefits and pay 50% of the contributions, which may be appealing for a high earning Executive Head when considering the pension tax relief limits.

Furthermore the contributions paid by both the member and the employer will differ between the two schemes which may impact on the decision as to which pension to offer the Executive Head Teacher.

Our Executive Pensions team have extensive experience of both TPS and LGPS and are ideally placed to assist schools and Head Teachers with the decision as to which pension arrangement would be best for the school and their new Executive Head Teacher. We take account of your specific needs, and are fully independent and not geared to promotion of any product. your specific needs, fully independent and not geared to promotion of any product.

Please contact your Barnett Waddingham consultant if you would like to discuss any of the above topics in more detail. Alternatively get in touch with Nilesch Shah:

✉ nilesch.shah@barnett-waddingham.co.uk

☎ 0333 11 11 222

www.barnett-waddingham.co.uk

Barnett Waddingham LLP is a body corporate with members to whom we refer as "partners". A list of members can be inspected at the registered office. Barnett Waddingham LLP (OC307678), BW SIPP LLP (OC322417), and Barnett Waddingham Actuaries and Consultants Limited (06498431) are registered in England and Wales with their registered office at 2 London Wall Place, London, EC2Y 5AU. Barnett Waddingham LLP is authorised and regulated by the Financial Conduct Authority and is licensed by the Institute and Faculty of Actuaries for a range of investment business activities. BW SIPP LLP is authorised and regulated by the Financial Conduct Authority. Barnett Waddingham Actuaries and Consultants Limited is licensed by the Institute and Faculty of Actuaries in respect of a range of investment business activities.