

Increasing the normal minimum pension age: consultation on implementation

Response of the Association of School and College Leaders

1. The Association of School and College Leaders (ASCL) represents more than 21,000 education system leaders, heads, principals, deputies, vice-principals, assistant heads, business managers and other senior staff of state-funded and independent schools and colleges throughout the UK. ASCL members are responsible for the education of more than four million young people in more than 90 per cent of the secondary and tertiary phases, and in an increasing proportion of the primary phase. This places the association in a strong position to consider this issue from the viewpoint of the leaders of schools and colleges of all types.
2. ASCL welcomes the opportunity to make a written response to the proposals on implementation of increases to the normal minimum pension age, (NMPA).
3. This response relates to the Teachers' Pension Scheme (TPS), and the Local Government Pension Scheme (LGPS) as these are the schemes to which the majority of ASCL members belong.
4. **ASCL is concerned about the overall proposal to raise the normal minimum pension age (NMPA) to 57. The move is complex and will do little either to incentivise joining or working longer in the profession. There is scant evidence that school and college leaders would work longer whilst impacting adversely on their retirement incomes. ASCL urges a reconsideration to maintain the NMPA at its current age of 55.**
5. With reference to your specific questions

Question 1

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

6. Notwithstanding ASCL's above stated concern, this framework on NMPA implementation gives a reasonable time for informed plans and decisions.
7. Consequently, ASCL would wish TPS/LGPS to implement the changes no sooner than 2028 as it will require many future ASCL members to retire later. This, alongside careful financial planning, will at least allow members to maximise their pension contributions with optimal tax efficiency.

Question 2

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

8. As it has been presented, we have not identified any specific issues.

9. However, considering the considerable complexity of the remedy we reserve the right to highlight any concerns should they become apparent. Linked to Q6 below, there may be scope for refinement between early retirement and phased retirement as currently defined.

Question 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?

10. ASCL supports the approach taken in the consultation to protect all benefits for current members. However, the 11 February 2021 date is retrospective and unhelpful. ASCL would ask for a new, future date to be cited in the final proposal, post response and legislation.. The protection structure will caveat ASCL members who currently have a right to take benefits at the present NMPA. However, it should be clear that the protection applies within public sector club transfer for individuals, not just block transfer, else it limits flexibility of deployment and career progression effectively within the same education sector.

Question 4

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

11. Communicating the NMPA changes clearly to members is critical to them understanding these complex changes.
12. Member engagement on what it means to them, complemented by clarity on pension scheme design will alleviate misunderstanding. This is particularly pertinent contrasting ongoing membership with new membership and later entrants to the profession.
13. Moreover, members will need to ascertain how the different rules may apply to the different pensions they may have. Crucially, job-changers will have to beware not losing protected rights to access a pension at a lower NMPA. There should be insistence within legislation that full protection applies across and within the entire public sector club transfer. For reasons given above, ASCL would wish individual protection within the Transfer Club, not simply block transfer.

Question 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")?

14. Within the context of the Defined Benefit schemes core to ASCL members, we have not identified any specific issues. However, considering some members have secondary Defined Contribution pensions, we reserve the right to highlight any concerns should they become apparent.

Question 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?

15. We are supportive of this proposed policy change, and broadly in agreement with the approach taken. This will engender greater opportunity for members in making their decision when the benefit is due for payment on known entitlements, with a greater degree of certainty. Moreover, we welcome the removal of the token one-day retirement currently

necessitated prior to NPA for those wishing to take benefits and continue to work without abatement.

16. We hope that this is of value to your consultation, ASCL is willing to be further consulted and to assist in any way that it can.

Jacques Szemalikowski
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