

BUYING ADDITIONAL PENSION BENEFITS

1. Section 3.3 of the Consultation Document on reform of the Scottish Teachers' Superannuation Scheme (STSS) sets out proposals for replacing the existing provisions for buying added years with more flexible arrangements.

2. Under the proposed arrangements, members of the STSS would be able to buy Additional Pension Benefits (APB) in units of £250 of additional annual pension up to a maximum of £5,000 additional annual pension.

3. While there is no automatic lump sum associated with APB, at retirement you will be able to convert some of your APB to a lump sum. You would receive £12 of lump sum for every £1 of APB that you give up. So, if you had bought £2,000 of APB you could decide to convert £500 of it to a lump sum. If you did, you would receive an additional lump sum of £6,000 and an additional £1,500 a year on your pension.

4. The following tables give **illustrative** costs for buying £1,000 of APB (both for members whose normal pension age is 60 or 65). A modeller is currently being developed to enable you to enter a number of different scenarios. You can decide to buy APB for your pension only, or you could also provide for your dependant to receive one half of the APB you have bought after your death. Illustrative costs for personal benefits and for personal benefits combined with half rate dependants' benefits are included in the tables below.

5. The illustrative costs shown in the tables are for both a single payment and, alternatively, monthly contributions to buy £1,000 worth of APB. Where payment is spread over a number of years, the cost of buying added pension would be reviewed alongside each four-yearly scheme valuation and the payment required for future instalments would be adjusted in line with the outcome of that review.

6. The following illustrative costs are based on the purchase of £1,000 worth of APB. The cost of buying higher or lower amounts is directly proportionate, ie the cost of buying £2,000 of APB would be twice the amount shown in the tables; and the cost of buying £500 of APB would be one half of the amount shown in the tables.

7. **NB these costs are illustrative. The actual initial cost of buying APB either by way of a lump sum or by regular additional contributions or instalments will be finalised before the new arrangements come into effect on 1 January 2007.**

Illustrative costs
(per £1,000 APB at date of purchase)

Personal benefits. NPA 60. Including guarantees.

Males

Age	Single payment £
30	7,400
35	8,800
40	10,400
45	12,300
50	14,400
55	16,800

Age	Monthly payments (£) over period of		
	5 years	10 years	20 years
30	140	80	50
35	170	90	60
40	200	110	70
45	230	130	
50	270	160	
55	320		

Females

Age	Single payment £
30	7,900
35	9,300
40	11,100
45	13,100
50	15,400
55	18,000

Age	Monthly payments (£) over period of		
	5 years	10 years	20 years
30	150	80	50
35	180	100	60
40	210	120	80
45	250	140	
50	290	170	
55	340		

Illustrative costs

(per £1,000 APB (dependent benefits at ½ member) at date of purchase)

Personal and dependent's benefits. NPA 60. Including guarantees.

Males

Age	Single payment £
30	8,100
35	9,600
40	11,400
45	13,400
50	15,700
55	18,300

Age	Monthly payments (£) over period of		
	5 years	10 years	20 years
30	150	90	60
35	180	100	70
40	220	120	80
45	250	140	
50	300	170	
55	350		

Females

Age	Single payment £
30	8,100
35	9,700
40	11,500
45	13,600
50	15,900
55	18,500

Age	Monthly payments (£) over period of		
	5 years	10 years	20 years
30	150	90	60
35	180	100	70
40	220	120	80
45	260	150	
50	300	170	
55	350		

Illustrative costs
(per £1,000 APB at date of purchase)

Personal benefits. NPA 65. Including guarantees.

Males

Age	Single payment £
30	5,700
35	6,900
40	8,200
45	9,700
50	11,300
55	12,900
60	14,900

Age	Monthly payments (£) over period of		
	5 years	10 years	20 years
30	110	60	40
35	130	70	50
40	150	90	60
45	180	100	70
50	210	120	
55	250	140	
60	280		

Females

Age	Single payment £
30	6,100
35	7,300
40	8,700
45	10,300
50	12,100
55	14,000
60	16,100

Age	Monthly payments (£) over period of		
	5 years	10 years	20 years
30	110	60	40
35	140	80	50
40	160	90	60
45	190	110	70
50	230	130	
55	260	150	
60	300		

Illustrative costs
(per £1,000 APB (dependent benefits at ½ member) at date of purchase)

Personal and dependent's benefits. NPA 65. Including guarantees.

Males

Age	Single payment £
30	6,400
35	7,700
40	9,100
45	10,800
50	12,500
55	14,300
60	16,500

Age	Monthly payments (£) over period of		
	5 years	10 years	20 years
30	120	70	40
35	140	80	50
40	170	100	60
45	200	120	80
50	240	140	
55	270	160	
60	310		

Females

Age	Single payment £
30	6,400
35	7,600
40	9,100
45	10,800
50	12,600
55	14,600
60	16,700

Age	Monthly payments (£) over period of		
	5 years	10 years	20 years
30	120	70	40
35	140	80	50
40	170	100	60
45	200	120	70
50	240	140	
55	280	160	
60	320		