

Independent schools briefing, January 2025

TPS contribution increases for teaching staff

The Department for Education (DfE) launched a consultation on 14 November 2024 to propose contribution increases for most members of the Teachers' Pension Scheme (TPS) from April 2025.

In this briefing, we look at how the pension contributions paid by teachers have changed over time, why changes have been put forward, and what schools should do next.

What's in the consultation?

The table below shows the intended changes. In short, all but the lowest contribution rate will increase by 0.3% of pay.

Salary bands*	Teacher contribution rate	
	Up to 31 March 2025	From 1 April 2025
Less than £34,290	7.4%	7.4%
£34,290 – £46,158.99	8.6%	8.9%
£46,159 – £54,729.99	9.6%	9.9%
£54,730 – £72,534.99	10.2%	10.5%
£72,535 – £98,908.99	11.3%	11.6%
£98,909 or more	11.7%	12.0%

* Bands shown are in place until 31 March 2025, at which point the thresholds will increase in line with CPI inflation

To illustrate the impact, a teacher with a salary of £50,000 would take home £10 less each month.

How have member costs changed over time?

The member contribution rate for teachers used to be the same for everyone – 6% until January 2007, at which point it increased to 6.4%.

The current tiered structure was triggered by the last round of reforms of public service pension schemes, which took place from 2010 to 2015. To deliver savings in the shorter term, the Government announced an overall increase in all member contributions (excluding the armed forces) equal to 3.2% of pay.

Rather than increase the TPS member rate for all teachers to 9.6% of pay, tiered member rates were introduced to protect the lower paid and minimise opt-outs. Some teachers paid more; some paid less.

Since April 2015, HM Treasury has required that the average TPS member contribution rate be 9.6%. This average differs by scheme, e.g. 9.8% for NHS workers and 5.6% for civil servants.

Why are member costs increasing?

It's easy to link the increase in member contributions to the near 75% increase in the TPS cost for schools – but it would be wrong to do so.

In almost all years since 2015, the average member rate has been lower than 9.6% and is projected to stay that way. The main reason for this is that average salary growth has not kept pace with salary band thresholds (which increase with CPI inflation).

If the average deviates from the target, then the structure has to change – hence the increase.

In effect, schools pick up the shortfall where member contributions do not deliver the required rate.

How should independent schools react?

As the proposals are based on requirements from HM Treasury, recommended by the TPS Scheme Advisory Board (made up of member and employer representatives) and accepted by DfE, it is likely they will go ahead.

While there is no legal requirement for schools to alert teachers, we suggest schools signpost these increases as part of teacher pensions education.

Schools should also consider how these changes interact with existing or planned pension strategies to avoid any unintended consequences.

Get in touch

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