

# Teacher's Pension Scheme Options for Independent Schools



## An introduction to Mercer Marsh Benefits

Mercer Marsh Benefits (MMB) is part of the Marsh McLennan group of companies. We provide insurance, employee benefit and workplace education services to over 400 independent schools.

Our Education Team specialises in meeting a wide range of needs for independent schools and colleges when it comes to the pension and benefit provision for leadership teams, teaching and non-teaching staff.

We have built a strong pedigree running workplace savings plans for support staff where an institution opted to offer the Teachers' Pension Scheme (TPS) for teachers, as well as entire workforces where an alternative benefits package was preferred.

Our experience with the changes to the TPS following the last valuation commenced with representation on the Independent Schools' Bursars Association working party that formed following the increase announcement.

Since then we have been helping independent schools of all shapes and sizes navigate the end to end process of considering whether to exit TPS and any alternative benefit provision. We have supported over 50 schools considering their options and would be happy to put you in touch with our clients to better understand the experience you might expect.

This document seeks to provide a high level overview of our approach, following a consistent methodology which is tailored to the specific needs of each establishment we work with. Our hope is that this will encourage you to engage with us further so we can better understand your requirements.

### CONTACTS

Lee Coles

Head of Workplace Education

+44 7958 786766

[Lee.coles@mercermarshbenefits.com](mailto:Lee.coles@mercermarshbenefits.com)

Steve Johnson

Regional Leader SME Workplace Savings

+203 465 4903

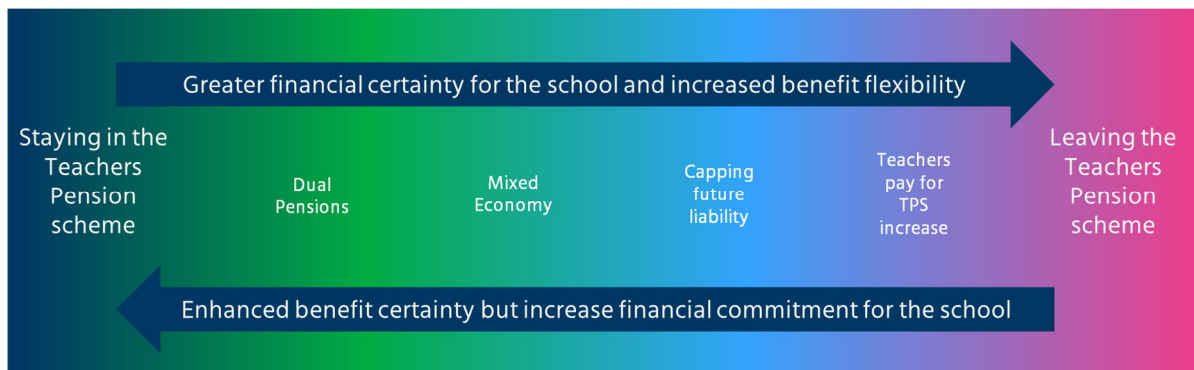
+44 7824 858513

[Stephen.johnson@mercermarshbenefits.com](mailto:Stephen.johnson@mercermarshbenefits.com)

## Schools in TPS

### A plethora of options

Since the increase to TPS Employer Contributions at the beginning of the 2019 academic year, a range of options has been developed between the two polar extremes of remaining in TPS and a full exit. Each has different implications for both the school and the teaching community within that school.



### How can we help you find your path?

Our support can be categorised into four different streams of work that are common to every TPS review we have undertaken. We employ specialists in each discipline. This is in recognition of the different skill sets and knowledge needed to meet the polar perspectives of Governors, charged with the sustainability of schools, and teachers, who will typically start from a position that anything other than TPS membership is very bad news.



## 4 work streams – a menu of support options

Our starting point is always to meet with you to understand your current position and where you feel you need help. The elements of a project will, however, typically include:

### 1) Advice to Governors and school leadership

- Business Case/Rationale – Provide support and commentary within context of current TPS situation, future risks and financial impact
- Timeline – detailed timeline focused on key dates to facilitate proposed exit from TPS at a given target date
- Financial & Benefit modelling – reviewing the financial impact of the proposed changes upon the school covering
  - Pension & ancillary benefits
  - National Insurance contributions and salary exchange
  - Analysis of the potential benefit provision within a financially sustainable budget

### 2) Financial education for teachers

In our experience, there are 4 stages to educating teachers on the relevant considerations accompanying any potential departure from TPS.

#### 1) Introduction to how TPS works and how to plan effectively for retirement

There seems to be a general lack of understanding on the basics and so we aim to build solid foundations, ideally before any suggestion of consultation.

#### 2) Explanation of funding options and alternative benefit packages used by other schools

There is a commercial reality to the situation teachers need to appreciate, alongside an introduction to potential changes. This stage often includes focus groups to canvas teacher opinion to be shared with governors.

#### 3) Consultation launch, with support throughout

This includes confirmation of what is actually on the table as a potential alternative from the school and often includes individual clinics and tailored presentations on key career stages.

#### 4) Confirmation of consultation result and new benefit structure launch where appropriate

Presentation on next steps following communication of the result of the consultation, to build understanding of the options and decisions inside or outside of TPS, alongside confirmation of the support that will be made available going forward.

### 3) Support throughout the consultation process

- Refining the benefit proposition – following feedback from consultation with teachers. Shaping the future benefits within the financial constraints of school budget.
- Pension Market review – this is often the stage of the process where further attention is paid to the selection of an alternative pension provider. This may be driven by the Governors, or as a result of feedback from Teachers regarding the breadth of search they would like to see the school undertake.
- Appointed Representative meeting attendance – acting as an impartial observer in the AR meetings throughout the consultation process. Providing clarification, factual information, suggestions of options and support to the Governors and School to ensure that the process is effective and efficient.

### 4) Implementation of any new benefits proposition and ongoing governance

- Protection market review– full market review (including the APTIS solution if the school is a member of ISBA) and recommendation for all ancillary protection benefits
- Salary Exchange – project plan, implementation and communication of salary exchange for all teachers
- Implementation support – assisting schools to implement chosen pension and protection provider (including APTIS). This can include ensuring your automatic-enrolment requirements have been properly fulfilled.



# MERCER MARSH BENEFITS™

## welcome to brighter

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Mercer Marsh Benefits provides clients with a single source for managing the costs, people risks, and complexities of employee benefits. The network is a combination of Mercer and Marsh local offices around the world, plus country correspondents who have been selected based on specific criteria. Our benefits experts, located in 135 countries and servicing clients in more than 150 countries, are deeply knowledgeable about their local markets. Through our locally established businesses, we have a unique common platform which allows us to serve clients with global consistency and locally unique solutions.

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1 Tower Place West  
London  
EC3R 5BU  
[www.mercer.com](http://www.mercer.com)

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1 Tower Place West, Tower Place, London EC3R 5BU