

LCP has developed a package of actuarial advice to support schools through the decision-making process. This package of actuarial advice is intended to provide valuable support in considering options for the school, including the cost, risk and impact on teachers, of any decision. We have sought to compile advice that, on a standalone basis, would cost several multiples of the price that LCP is charging.

The principle aim of the service is to ensure that schools have considered all of the key issues associated with remaining in or moving away from the TPS and, if a decision to leave is likely, the issues to be considered in setting up alternative pension provision. It is anticipated that schools would use this service before making any decision to consult with teachers, giving comfort that the governors have received guidance in making the decision from independent pensions experts and providing a basis for an audit trail of the decisions taken and reasons for doing so.

Scope

In purchasing the service, the school would have access to:

- A personalised online portal that contains five modules of information and advice, and interactive modellers to help the governors and senior teachers understand the impact of any proposed changes (more details below); and
- LCP's telephone and email helplines to answer any technical queries you may have.

The service does not include a formal meeting or conference call as standard, but LCP could quote for the cost of that if required.

The personalised online portal

The personalised online portal contains the following five modules of information and advice (see screenshot 1), all of which can be viewed as recorded presentations (with voiceover) or downloaded for reading/presentational purposes:

- **The TPS.** Including how it works, the benefits provided, and the risks associated with TPS participation;
- **The alternatives – key features and risks.** So that the school can consider a broad range of alternatives and the associated advantages and disadvantages. It also includes detailed commentary on APTIS as an alternative DC arrangement.

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- **Moving to a defined contribution scheme.** Advice on how to design a defined contribution benefit structure (including benchmarking statistics), the costs of various ancillary benefits, and how to make the most of the flexibility a DC arrangement can offer.
- **Impact on teachers.** How moving to a defined contribution scheme could affect teachers' retirement and ancillary benefits.
- **Deciding what to do.** Advice on how to make a decision for the school, ensuring an audit trail is established and all relevant issues considered.

The online portal also includes a tailored modeller (see screenshot 2) to help:






- Model the potential costs to the school of a wide range of different contribution structures and ancillary benefit options; and
- See, in real time, the impact the contribution structure modelled above could have on three sample teachers' retirement benefits (a newly qualified teacher, a mid-career teacher, and a teacher approaching retirement).

LCP can arrange access to the portal for anyone at the school or on the governing board at no additional cost.

Screenshot 1 – Modules of advice

Advice modules

Please take the time to watch the videos from each module. We have also provided pdf downloads for your convenience.

<p><i>Module 1</i> <i>The TPS</i></p>  <p>VIEW THE TRANSCRIBED SLIDES DOWNLOAD THE PRESENTATION SLIDES</p>	<p><i>Module 2</i> <i>The alternatives - key features and risks</i></p>  <p>VIEW THE TRANSCRIBED SLIDES DOWNLOAD THE PRESENTATION SLIDES</p>	<p><i>Module 3</i> <i>Moving to a defined contribution scheme</i></p>  <p>VIEW THE TRANSCRIBED SLIDES DOWNLOAD THE PRESENTATION SLIDES</p>
<p><i>Module 4</i> <i>Impact on teachers</i></p>  <p>VIEW THE TRANSCRIBED SLIDES DOWNLOAD THE PRESENTATION SLIDES</p>	<p><i>Module 5</i> <i>Deciding what to do</i></p>  <p>VIEW THE TRANSCRIBED SLIDES DOWNLOAD THE PRESENTATION SLIDES</p>	

Screenshot 2 – Interactive modeller

Cost comparison and member impact analysis

The modeller helps you compare and illustrate the alternative options. Learn more about each tab by clicking [here](#).

School costing
Member illustrations
Assumptions

Minimum member contribution

If we make member's minimum contributions

5%

0% 1% 2% 3% 4% 5% 6% 7% 8% 9% 10% 11% 12% 13% 14% 15%

Fixed employer DC contribution

The amount you will pay regardless of the member contribution

8%

0% 2% 4% 6% 8% 10% 12% 14% 16% 18% 20% 22% 24%

Maximum matching contribution

The maximum additional member contributions you would match

10%

0% 2% 4% 6% 8% 10% 12% 14% 16% 18% 20%

Based on this setting you would match member contributions from 5% to 15%. You can model the proportion of members opting for more than the minimum level of contributions by adjusting the 'Member maximum matching proportion' slider below.

Matching contribution ratio

The ratio of matching contributions

100%

0% 20% 40% 60% 80% 100%

Your pension cost illustration

School data summary

School name: Test School

Total teacher payroll: £2,000,000

Contribution payroll: £1,800,000

Implied current opt-out rate: 10.0%

Data provided by Test School on 4 April 2019.

DC contribution chart

Costing illustration	Stay in TPS	Switch to illustrated DC
Estimated current contributions to TPS	£296,640	
Estimated 2019/20 illustrated cost	£426,240	£318,000
(from fixed DC element - 8.0%)		£144,000
(from matching DC element - 80% of members matched at the maximum - school paying 10.0%)		£144,000
(estimated cost for matching TPS ancillary benefits - 1.5%)		£30,000
Maximum estimated 2019/20 illustrated cost (no opt-outs and for DC 100% of members opting to contribute to the maximum matched level)	£473,600	£390,000
Example new member retirement pension (retire age 68 & assuming maximum matching)	£25,320 pa	£21,036 pa