

Analysis of the Independent Schools that have given notice to exit the Teachers' Pension Scheme (TPS)

August 2023

We've set out below a market update on the independent schools that have given notice to exit TPS.

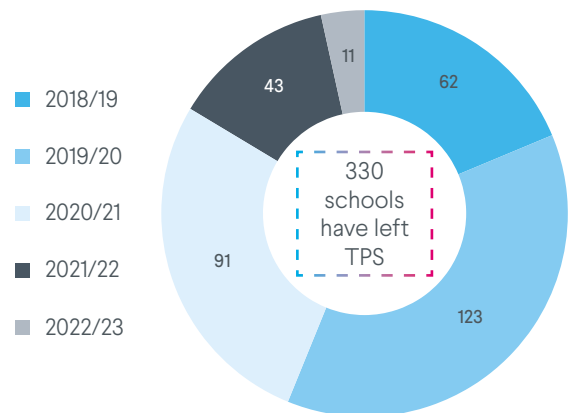
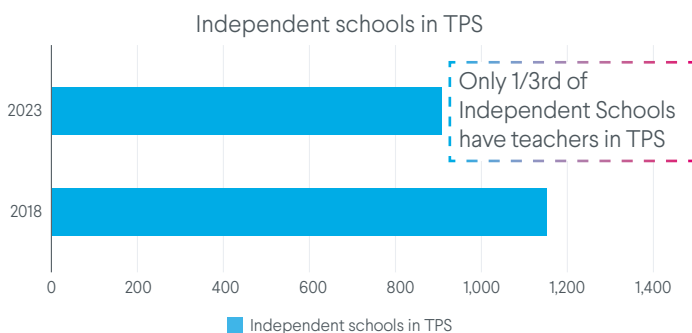
Since 2019, over a quarter of independent schools have left the TPS and many others have taken action, short of a complete exit.

Market update

Withdrawal

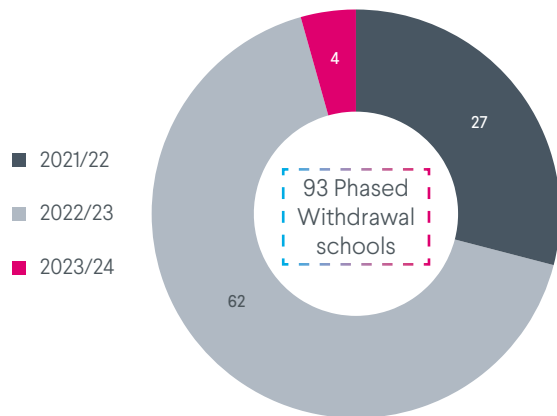
Latest statistics suggest that as at the end of May 2023, **324 Independent Schools** across England and Wales had withdrawn from TPS (since August 2019) and 6 had notified the Department for Education (DfE) of their intention to do so.

57% of schools gave notice prior to the employer contribution rate increase becoming effective on 1 September 2019. The number of exits then steadily dropped off over the following academic year, however we're expecting an increase in schools giving notice in anticipation of a new contribution rate rise, expected to come into force in April 2024, rise following the completion of the 2020 valuation.



Phased withdrawal

A further **93 Independent Schools** had applied to become Phased Withdrawal schools since September 2021. In our experience, many others are considering their options, or are in a consultation process now.



Phased withdrawal was only introduced in 2019 as a solution whereby a school keeps current hires in TPS but makes alternative pension arrangements for new hires. In 2022/23 GDST adopted a phased withdrawal solution, covering 23 schools.

If you haven't started considering your TPS options yet, then now is the time to be doing it. Please get in touch with one of our experts:



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Teachers opting out of TPS



April 2021 – March 2022 -----> **8,106 teachers**



April 2022 – March 2023 -----> **12,824 teachers**

Teachers opting out of TPS has been driven by affordability and schools adopting 'total reward' solutions.

In summary, there has been a steady flow of schools providing notice to exit TPS to date, and we expect to see this continue, with perhaps a rise in schools giving notice ahead of an increase in employer contribution rate which is expected to take place in April 2024.