

NHS Pension Scheme - 2014/15 Tiered Employee Contributions

Year three of three

Introduction

This factsheet sets out details of the planned contribution rates for members of the NHS Pension Scheme for the Scheme year 1 April 2014 to 31 March 2015. The rates shown are in respect of the third year of a three year review period. **Please note that the 2014/2015 tiered contribution rates will be subject to normal Parliamentary processes and approval.**

Important – The contribution rates shown in this factsheet are the latest rates provided by the Department of Health and may be subject to change following further consultation. The table shown in this factsheet may also be adjusted to reflect any pay uplift that is applied. In the event of any change, employers will be notified and details will be shown on the NHS Pension website at: www.nhsbsa.nhs.uk/pensions

The revised contribution rates shown apply to Officers, Practice Staff, pensionable employees of any Direction Body (including those set up under New Fair Deal) or Independent Providers who have access to the NHS Pension Scheme; Practitioners and non-GP Providers.

The guidance is split into 3 parts and applies to members of both the 1995 Section and the 2008 Section of The NHS Pension Scheme (England & Wales).

1. Officers, Practice Staff and employees of any Direction Body (including those set up under New Fair Deal) or Independent Providers who have access to the NHS Pension Scheme
2. Practitioners and non-GP Providers
3. Further guidance.

1. Officers, Practice Staff and employees of any Direction Body (including those set up under New Fair Deal) or Independent Providers who have access to the NHS Pension Scheme

Officer Scheme members are salaried employees of a Trust; Foundation Trust; NHS Commissioning Board; NHS England; Local Health Board (LHB); Direction organisations (including those set up under New Fair Deal), or an Independent Provider with access to the NHS Pension Scheme.

Practice Staff Scheme members are salaried employees of a GP Practice, OOHP, or APMS Contractor who are not GPs or non-GP Providers.

(GP Registrars are regarded as Officer Scheme members).

Existing Scheme Members (i.e. staff ‘in service’ on 31 March 2014 and thereafter)

The general basic rule is that the tier for existing Officers and Practice Staff Scheme members in 2014/15 is based on their 2013/14 full year whole-time equivalent (WTE) pensionable pay, unless there has been a change in circumstances etc.

The following table should be used to set the tiered rate.

2014/2015 Contribution Rates before tax relief (gross)

Tier	Pensionable Pay (whole –time equivalent paid in 2013/14)	Contribution Rate in 2014/15
1	Up to £15,431.99	5.0%
2	£15,432.00 to £21,387.99	5.6%
3	£21,388.00 to £26,823.99	7.1%
4	£26,824.00 to £49,472.99	9.3%
5	£49,473.00 to £70,630.99	12.5%
6	£70,631.00 to £111,376.99	13.5%
7	£111,377.00 and over	14.5%

New starters (and staff who have changed jobs or ‘stepped down’) etc on or after 1 April 2014

For the time being the pay bands shown in this table should also be used for new starters and staff who have changed jobs or ‘stepped down’ or who have a change in circumstances on or after 1 April 2014. This includes:

- an individual who is a new starter, or
- an individual who changes jobs (i.e. promotion or demotion), or
- an individual who voluntarily steps down, or
- an individual who is returning to the NHS after a break, or
- an individual whose rate of pay for an existing job changes, including increments (except in circumstances where there is a change in duties that is unplanned or unlikely to last for 12 months or more).

New starters: If an Officer or Practice Staff Scheme member starts a new job (with their current employer or another employer) their contribution rate should be reassessed based on their estimated annual pay and allocated a new contribution rate if applicable. The pay figure to be used is the annualised amount; i.e. the hypothetical pay from 1 April 2014 to 31 March 2015.

If the member works part-time a whole-time equivalent annualised pensionable pay figure must be used to determine the tier.

Changing jobs: Anyone changing jobs in 2014/15 should be treated in the same way as a new starter.

Stepping down: Members who step down into a lower paid job in 2014/15, should be treated in the same way as a new starter. This does not affect part-timers whose hours may be flexible within the same job; i.e. their hours may fluctuate however their WTE rate of pay and terms and conditions do not change.

Staff returning: Anyone returning to NHS pensionable employment after a break should be treated in the same way as a new starter

Rate of pay change: As employers will be aware, technically a change in pay (other than due to an unexpected change in duties or one unlikely to persist for at least 12 months) would normally cause an in year re-assessment of a members contribution tier. So if a member’s original rate has been assessed using their pensionable pay (notional whole time for part time employees) for year ending 31 March 2014 and a member’s pay then increases on or after 1 April 2014, the reassessment should be carried out and a new rate of contribution applied (if applicable).

2. Practitioners and non-GP Providers

Practitioners are GPs of any type (excluding GP Registrars), General Dental Practitioners, and Ophthalmic Medical Practitioners.

Non-GP Providers are ‘single-handers’, partners or shareholders (including those on a fixed salary) in a GP Practice (or APMS/sPMS organisation) who are not GPs.

Every GP Practice and APMS Contractor must, before the start of the pensions year, inform the NHS Commissioning Board/NHS England or /Local Health Board(Wales) of the estimated pensionable income for all the GPs (excluding GP Locums) and non-GP Providers so that tiered contributions can be paid ‘on account’.

NHS Dental Practices (GDS and PDS) must notify NHS Dental Services of the estimated pensionable income for all the Providers (i.e. Partners/Contractors) and Performers (i.e. Associates) so that tiered contributions can be paid ‘on account’.

All Practitioners (and non-GP Providers) will have their 2014/15 employee tiered contribution rate based on their total certified NHS pensionable income in 2014/15. The following table must be used until further notice.

Again, the 2014/2015 tiered contribution rates will be subject to normal Parliamentary processes.

Tier	Pensionable Pay (whole time equivalent paid in 2014/15)	Contribution Rate in 2014/15
1	Up to £15,431.99	5.0%
2	£15,432.00 to £21,387.99	5.6%
3	£21,388.00 to £26,823.99	7.1%
4	£26,824.00 to £49,472.99	9.3%
5	£49,473.00 to £70,630.99	12.5%
6	£70,631.00 to £111,376.99	13.5%
7	£111,377.00 and over	14.5%

There are some specific tiered rule differences for GPs (including Ophthalmic Practitioners) and for General Dental Practitioners outlined in Section 3.

3. Further guidance

The information contained in this part is in alphabetical order for ease of reference.

Agenda for Change (AfC)

AfC is the mechanism that is used to set pay rates and pay increases for the majority of the NHS workforce.

Annual pay awards

If an Officer (or Practice Staff) Scheme member receives a pay award in 2014/15 it may not affect their contribution rate, however, the contribution rate should be re-assessed and a new rate applied, if necessary.

Bank staff

Salaried bank staffs' working patterns mean that they dip in and out of work so it is likely that an estimated annualised WTE pay figure will have to be used to set the 2014/15 tier.

Changing employments

In respect of Officers and Practice Staff, tiered contribution rates are not portable; i.e. they are not carried between employments. If an Officer or Practice Scheme member changes jobs in 2014/15 a new tier must be set for the new job based on the annualised (i.e. hypothetical April to March) pay. If they are part-time a whole-time equivalent (WTE) annualised pay figure must be used.

If a Practitioner or non-GP Provider changes jobs in 2014/15 it will not mean two different tiered rates because their 2014/15 tiered contribution rate is based on their total 2014/15 pensionable income as a Practitioner or non-GP Provider.

Changes in pensionable pay or pensionable allowances

In circumstances where pensionable pay or pensionable allowances change in year, the member's rate of contributions should be reassessed. However, where the member is part-time, there is only a need to reassess if the member's notional whole time rate of pay also changes.

There are two exceptions. There is no requirement to reassess a member's contribution tier if pensionable pay or pensionable allowances have changed as a result of unplanned changes to the member's duties or as a result of changes to a member's duties that are short term (likely to continue for less than twelve months).

Where the reassessment results in a different rate of contributions, the new rate should be deducted from the first day of the next pay period immediately following the pay period in which the change is made

Changing tiers in year

Where there is a need to change an Officer's or Practice Staff Scheme member's tiered rate the new rate should commence from the start of the pay period. If the change occurs 'mid month' apply the new tier from the start of the next pay period.

Concurrent posts

Where an Officer/Practice Staff part-timer has other concurrent Officer/Practice Staff pensionable posts each post is assessed individually (i.e. ring fenced) when setting the tiered rate. The WTE equivalent rate of pay must be used to set the tiered rate.

Where a Practitioner has other concurrent Practitioner posts it is their total Practitioner income that determines their tiered rate; they must pension all their eligible Practitioner income.

Where a Practitioner has a concurrent Officer/Practice Staff post(s) their Practitioner income has no bearing on their Officer/Practice Staff tiered contribution rate; this is ring fenced.

Non-GP Providers can only 'pension' income from one NHS post even if they are involved in several Practices.

Disallowed days

Where an Officer's 2014/15 pensionable pay is reduced due to disallowed (i.e. strike) days their tiered rate is still based on their actual 2013/14 pensionable pay.

Employer contribution rate

All NHS employers pay 14% employer contributions.

Freelance GP Locums

A GP who is solely a freelance GP locum (i.e. has no other GP posts) will have to reassess their tiered contribution rate at year-end. There is further guidance on forms A and B.

General Practitioners (GPs)

A GP's total pensionable income (i.e. Practice + GP Locum + OOHs + Bed Fund + CCG) **must** be added together in respect of allocating a tier. GPs must pension all their GP income; they cannot 'pick and mix' to avoid going into another tier band.

Once a tier has been set it is applied to all GP pensionable income. Therefore a GP may pay 14.5% on OOHs income of £10k pa.

A part-time GP's actual pensionable pay **is not** converted to a whole time equivalent value for the purposes of setting a tier; their tiered rate is based on their actual pay.

For a GP who starts after 1 April 2014 their aggregated pay **is not** annualised (i.e. it is not scaled to a full year) for the purposes of setting a tier.

Their tiered rate is based on their actual pay.

General Dental Practitioners (GDPs)

NHS Dental Services (based in Eastbourne) will arrange for the appropriate tiered contributions to be applied to the majority of General Dental Practitioners (GDPs).

If a GDP is a new starter in year 2014/15 their aggregated pensionable earnings are scaled to a full year (i.e. annualised) for the purposes of setting a tier.

A part-time GDP's actual pensionable pay is not converted to a whole-time equivalent value for the purposes if setting a tier.

GP Registrars

GP Registrars are afforded Officer Scheme status; therefore the tiered contribution rules in respect of Officers apply.

Late Pay Awards

Where an Officer's (or Practice Staff's) 2013/14 pay is used to set their 2014/15 tier and they receive a late pay award in 2014/15 in respect of an earlier year special rules apply.

If the late pay award is £150.00 or less the pay can be regarded as 2014/15 pay for tiered contribution purposes. However, for the purposes of record keeping, the employer must include the late pay on the 2013/14 SD55, SD55e, or AW171.

If the late pay award is more than £150.00 the pay must be credited to the year it relates to for the purposes of tiered contributions. For example if there is a late pay award (not in respect of unsocial hours) of £200.00 paid in year 2014/15 that actually relates to 2013/14 the £200.00 must be regarded as 2013/14 pay and tiered contributions paid at the relevant 2013/14 rate. For the purposes of record keeping, the employer must include the late pay on the 2013/14 SD55, SD55e, or AW171.

Further examples are below.

Example 1:

Mr Green (an Officer) paid tiered contributions of 5% in 13/14 and pays 7.1% in 14/15

A payment of £1,000 is made in 14/15 of which £500 relates to 13/14

The pay is over the threshold and does not relate to unsocial hours

Tiered contributions payable are £500 x 5% and £500 x 7.1%

£500 would be added to 13/14 pensionable pay and only £500 included in 14/15; i.e. 13/14 pensionable pay increases by £500 and 14/15 pensionable pay increases by £500, not £1000.

Example 2:

Mrs Brown (an Officer) paid tiered contributions of 9.0% in 13/14 and 9.3% in 14/15

A payment of £200 is made in April 2014; this relates to March 2014 unsocial hours

The unsocial hours pay is over the threshold but is paid within two months; i.e. within the normal claim-to-paid period

Although the tiered contributions payable are £200 x .9.3% (i.e. the 14/15 rate) for the purposes of record keeping, the employer must include the late pay on the 2013/14 SD55, SD55e, or AW171.

Example 3:

Mr Grey (an Officer) paid tiered contributions of 9.0% in 13/14 and 9.3% in 14/15

A payment of £200 is made in June 2014 (14/15) which relates to work performed in 13/14

The pay is over the threshold

Tiered contributions are £200 x 9.0%; i.e. the 13/14 rate

The £200 must be declared on the 13/14 SD55, SD55e, or AW171.

Example 4:

Mrs White (an Officer) paid tiered contributions of 9.0% in 13/14 and 9.3% in 14/15

A payment of £150 is made in June 2014 (14/15) that relates to work performed in 13/14

The pay is just on the threshold

Tiered contributions are £150 x 9.3%

However, the £150 must still be declared on the 13/14 SD55, SD55e, or AW171

These 'late pay rules' do not apply to GPs, GDPs, OMPs, or non-GP Providers.

Long term fee based GPs

Long term fee based GPs are classed as type 2 medical Practitioners. Therefore they are treated the same as a Salaried GP for tiered contribution purposes. They must complete an annual end of year Certificate.

Maternity pay

If an Officer or Practice Staff Scheme member received maternity pay in 2013/14 and year 2013/14 is used to set the 2014/15 tier, the full (unreduced) pensionable pay in 2013/14 (i.e. the deemed pay) must be used to set the 2014/15 tier.

MHOs and Special Classes

Mental Health Officers or Special Classes are regarded as Officers/Practice Staff for tiered contribution purposes.

New Employments/Posts

If an Officer or Practice Staff Scheme member starts a new job (with their current employer or another employer) they are given a new tier based on the estimated future pay that will be at a full year's value; i.e. annualised. If they are part-time a whole-time equivalent annualised pensionable pay figure must be used.

These rules do not apply to GPs, GDPs, OMPs, or non-GP Providers.

New Starters

An Officer or Practice Staff new starter in 2014/15 has their tiered rate based on their pay scaled pro-rata to a full year (i.e. 'annualised'). If they are part-time the pay used to calculate the tier must be the whole-time equivalent rate.

For example, a part-time Officer (who works 18.75 hours out of a possible 37.5) started work on 01/06/2014 and their estimated actual pay from 01/06/14 to 31/03/15 is £8000.00. Their estimated WTE pay is £16000.00. Their annualised actual pay would be £9605.26

(£8000.00 divided by 304 days x 365 days). Their tier in 2014/15 would be tier 2 (5.6%) as it would be based on WTE pay of £19210.52 (£9605.26 x 2).

These rules do not apply to GPs, GDPs, OMPs, or non-GP Providers.

Ophthalmic Medical Practitioners (OMPs)

The OMP tiered contribution rules are broadly the same as for GPs however they are not required to complete an end of year Certificate.

Out Of Hours Providers (OOHPs)

OOHPs must ensure that they take into account a GP's global GP income when setting the tiered contributions rate. They must not base the rate solely on the OOHs income unless the GP has no other GP posts.

Career OOHs GPs are regarded as type 2 medical Practitioners and must complete the relevant self assessment form at year-end.

Overtime

In respect of an Officer or Practice Staff Scheme member, overtime in excess of whole-time hours (i.e. 37.5 or 39 hours) is not pensionable and therefore does not fall under tiered contributions. Any income earned by a part-timer in respect of additional hours up to whole time (i.e. 37.5 or 39 hours) is pensionable.

Different rules apply to GPs, GDPs, OMPs, or non-GP Providers in Practices or Centres

Part time Officers / Practice staff

Tiered contributions for part-time Officers/Practice Staff are based on their whole-time equivalent (WTE) rate of pay. For example a part-timer who actually earned £10k in 2013/14 but whose WTE rate of pay was £25k will be on tier 3 (7.1%) in 2014/15.

Paternity pay

If an Officer or Practice Staff Scheme member received paternity pay in 2013/14 and year 2013/14 is used to set the 2014/15 tiered rate, the full unreduced pensionable pay in 2013/14 (i.e. the deemed pay) must be used to set the 2014/15 tier.

Promotion

If an Officer/Practice Staff Scheme member is promoted they are allocated a new tier based on their new annualised pay rate. If they are part-time the tier is based on their whole-time (annualised) rate of pay.

These rules do not apply to GPs, GDPs, OMPs, or non-GP Providers.

Returnees

Anyone returning to NHS pensionable employment after a break in 2014/15 should be treated in the same way as a new starter.

Salaried General Dental Practitioners (GDPs)/Associates

Their tiered contributions in 2014/15 are based on their Dental Practice pensionable pay and any other 'fringe' GDP/Associate income. An annualised (i.e. April to March) pay figure is used to set the tier if only a part year is worked.

Salaried GPs

Their tiered contributions in 2014/15 are based on their Practice pensionable pay and any other 'fringe' GP income. They must complete a self-assessment form declaring their pensionable income at the end of every pension year.

Salaried Partners/Shareholders in GMS/PMS/APMS

Their tiered contributions in 2014/15 are based on their Practice pensionable pay (i.e. their pre-agreed fixed salary) and any other 'fringe' GP income. They must complete a Certificate of pensionable income at the end of every pension year.

Salary Protection

If salary protection ends in 2014/15 a new tier must be set based on the new annualised (WTE) pay.

These rules do not apply to GPs, GDPs, OMPs, or non-GP Providers.

Salary Sacrifice

In circumstances where a member commences a salary sacrifice scheme their contribution rate should be assessed in the same way as a new starter with the tier based on their estimated annualised pay (WTE if they are part-time) for that year after deducting the salary sacrifice amount.

The pay sacrificed should not be 'deemed-in' when calculating the WTE as it is not classed as pensionable pay.

Sick Pay

If an Officer/Practice Staff Scheme member received half sick pay in 2013/14, and year 2013/14 is used to set the 2014/15 tier the full unreduced pensionable pay (in 2013/14) must be used to set the tier.

These rules do not apply to GPs, GDPs, OMPs, or non-GP Providers.

Step Downs

Where an Officer or Practice Staff Scheme member steps down into a lower paid new job in 2014/15 a new tier must be set for the new job based on the annualised (WTE) pay.

This does not affect part-timers whose hours may be flexible in the same job, by virtue that their WTE rate of pay will not change.

The 'step down' rules do not apply to GPs, GDPs, OMPs, or non-GP Providers because they are mainly self-employed.

Unsocial hours payments (Officers/Practice Staff)

If there are short-term fluctuations in unsocial hours allowances in 2014/15 this will not change the tier subject to the revised allowances being paid promptly; i.e. within the next two monthly payslips.

However if the changes are long term (i.e. moving permanently from night shifts to days) a new tier must be set using the new annualised (WTE) pay.

If the unsocial hours allowance refers to a previous pension year and exceeds £150.00 the pay must be credited to the year it relates to for the purposes of tiered contributions. Further guidance is at 'Late Pay Awards' above.

These rules do not apply to GPs, GDPs, OMPs, or non-GP Providers.