

## What pension contributions will I pay in 2009/10?

### A fact sheet for all NHS Pension Scheme members (excluding Practitioners and non-GP Providers)

From the 1 April 2009 until the 31 March 2010 Officer and Practice Staff NHS Pension Scheme members will have their employee tiered contributions based on one of two tables depending on their circumstances.

Part A of this fact sheet is relevant to you if you were in NHS pensionable employment on the 31 March 2009 and continue to be so in the same employment.

Part B is relevant if, on or after, the 1 April 2009 you;

- are a new starter,
- have returned to the NHS after a break,
- have changed jobs (including a promotion or demotion),
- have voluntarily 'stepped down',
- have received a significant (pensionable) pay rise; i.e. over and above an AfC pay rise.

If you have remained in the same job however your hours have changed Part A of this fact sheet refers to you as tiered contributions are always based on your whole time equivalent rate of pay.

When referring to 'year 2009/10' it is the pensions year not the calendar year. The 2009/10 pensions year is from the 1 April 2009 to the 31 March 2010.

The rules in respect of tiered contributions apply to members of both the 1995 section and the 2008 section of the Pension Scheme.

#### **PART A - Officer and Practice Staff Scheme members in NHS pensionable employment in the same post on and after the 31 March 2009.**

| <b>Tier</b> | <b>Annual Pensionable Pay (full time equivalent) in 2008/09</b> | <b>Contribution Rate in 2009/10</b> |
|-------------|---|-------------------------------------|
| 1           | Up to £20,224.00  | 5%                                  |
| 2           | £20,225 to £66,789  | 6.5%                                |
| 3           | £66,790 to £105,318   | 7.5%                                |
| 4           | £105,319 plus   | 8.5%                                |

#### Key Points

- Your tiered contribution rate from the 1 April 2009 will be based on your 2008/09 pensionable pay set against the above table assuming that you worked in the same employment on the 31 March 2009 and continue to do so.
- Your normal AfC related annual pay awards (or short term fluctuations in pay) should not change the tiered rate in place.
- If you work on a part time basis your tiered contributions are based on your whole time equivalent (WTE) rate of pay. For example a part timer who actually earned

£10,000.00 in 2008/09 but whose WTE rate of pay was £25,000.00 will be on tier 2 (6.5%) in 2009/10.

- Once the tier is set it will only change during 2009/10 if there is a real change in your circumstances such as a new job, promotion, special pay award (i.e. clinical excellence) or if you step down; Part B of this fact sheet will then apply. If your working hours fluctuate but your contract of employment does not this is not a change in your circumstances.
- If you have concurrent part time NHS pensionable posts each post is assessed individually (i.e. ring fenced) when setting the tiers.
- Once a tier has been set it is applied to all of the pensionable pay. For example, a consultant earning £130k will pay 8.5% on the full £130k.
- These rules apply to you if you have Mental Health Officer/Special Class status.
- If you are solely 'working on the bank' it is unlikely that you will have continuous pensionable employment throughout 2009/10 so you must therefore refer to Part B.
- If you are classed as a 'manual worker' you will no longer pay a standard rate of 5%. Your tiered contributions will be based on your 2008/09 NHS pensionable pay set against the above table.
- Any arrears of pay paid to you in 2008/09 (i.e. in respect of earlier years) must be taken account of. That is, your 2008/09 pensionable pay must be set against the above table to establish the 2009/10 tier even if it includes late pay awards from 2007/08 or earlier years.
- If you were in receipt of maternity, paternity, or sick pay in 2008/09 the full un-reduced (i.e. deemed) pensionable pay in 2008/09 is used to set the tier in 2009/10.
- Overtime in excess of whole time hours (i.e. 37.5) is not pensionable and therefore does not fall under the tiered contributions rules. Any income earned by a part timer in respect of additional hours worked up to whole time (i.e. 37.5 hours) is pensionable.
- Pennies are ignored for the purposes of setting a tier. For example if you earned £66,789.50 in 2008/09 you pay 6.5% employee contributions in 2009/10.
- The employer contributions rate remains at 14%.

**PART B - Officer and Practice Staff Scheme members who have had a change in circumstances on, or after, the 1 April 2009 or who are new starters.**

| Tier | Annual Pensionable Pay (full time equivalent) – 2009/10 | Contribution Rate in 2009/10 |
|------|---|------------------------------|
| 1    | Up to £20,709   | 5%                           |
| 2    | £20,710 to £68,392                                      | 6.5%                         |
| 3    | £68,393 to £107,846                                     | 7.5%                         |
| 4    | £107,847 plus   | 8.5%                         |

**Key Points**

- If you commenced NHS pensionable employment for the first time on, or after, the 1 April 2009 your pensionable pay is set against the above table to establish your tiered rate in 2009/10.
- If you commenced NHS pensionable employment on or after the 2 April 2009 your pay will be scaled up (i.e. pro-rata) to an annual (365 day) value to establish your tiered rate.

- If you are part time it is the whole time equivalent pay that is used to set the tier. For example, if you started work on 1 June 2009 (working 18.75 hours out of a possible 37.5) and your estimated actual pay from 1 June 2009 to 31 March 2010 is £8000.00 then your estimated WTE pay is £16000.00. Your annualised actual pay will be £9605.26 (£8000.00 divided by 304 days x 365 days). Your tiered rate in 2009/10 would be 5% as it would be based on WTE pay of £19210.52 (£9605.26 x 2).
- If you returned to NHS pensionable employment on, or after the 1 April 2009, after taking a break (of any length) your pensionable pay is set against the above table to establish your tiered rate. Your pay will be scaled up (i.e. pro-rata) to an annual value to establish your tiered rate. If you are part time it will be the whole time equivalent pay that is used.
- If you take up a new employment during pensions year 2009/10 your new pay will be set against the above Table to establish your tiered rate. Your pay will be scaled up (i.e. pro-rata) to an annual value to establish your tiered rate. If you are part time it will be the whole time equivalent pay that is used.
- If your working hours fluctuate but your contract of employment does not this is not a change in your circumstances and Part A refers.
- If you have a permanent change of shifts or receive an extra-ordinary pay award during 2009/10 your new pay will be set against the above Table to establish the correct tier. Your pay will be scaled up (i.e. pro-rata) to an annual value to establish your tiered rate. If you are part time it will be the whole time equivalent pay that is used. The revised tiered rate should commence from the start of the pay period. If the change occurs 'mid month' your employer will apply the new tier from the start of the next pay period.
- These rules apply to you if you have retained Mental Health Officer/Special Class Scheme status.
- If you are working solely 'on the bank' it is unlikely that you will have continuous pensionable employment throughout 2009/10 so your employer must use the above Table to set your 2009/10 tier. You may in fact hold several pensionable posts during the year.
- Overtime in excess of whole time hours (i.e. 37.5) is not pensionable and therefore does not fall under the tiered contributions rules. Any income earned by a part timer in respect of additional hours worked up to whole time (i.e. 37.5 hours) is pensionable. However, remember that your tiered rate is always based on your WTE pay.
- If you receive any special pay awards (i.e. clinical excellence/commitment change) in 2009/10 a new tier must be set using the above Table and based on the new annualised (WTE) pay.
- If you 'step down' into a lower paid new job in 2009/10 a new tier must be set for the new job based on the annualised (WTE) pay set against the above Table.
- The employer contributions rate remains at 14%.
- This fact sheet does not apply to non-GP Providers.