

This guide is aimed at employers who have recently been accepted as Employing Authorities of the NHS Pension Scheme and as a broad overview for new pension professionals responsible for the administration of the NHS Pension Scheme.

More information about all the areas covered in this guide can be found on
[the NHS Pensions website](http://www.nhsbsa.nhs.uk/Pensions.aspx). This includes factsheets providing more technical information for employers that require this level of detail.

Please email stakeholderengagement@nhsbsa.nhs.uk with any suggestions you may have in respect to further information to assist Employing Authorities with the administration of the NHS Pension Scheme.

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# Eligibility

Every employer in the UK has a legal duty to ensure that its employees are afforded their legal pension rights, whether that is the NHS Pension Scheme or other pension arrangements.

New starters must be put into the NHS Pension Scheme on the first day of their employment, subject to them meeting the eligibility criteria to join the NHS Pension Scheme.

To be eligible to join the Scheme, the new starter must be:

* aged between 16 and 75
* directly employed by the NHS
* a Medical, Dental, or Ophthalmic practitioner or trainee
* General Practice (GP) practice staff
* eligible staff who work for an NHS Pension Scheme approved employer e.g. a Direction / Determination employer or Independent Provider
* non-GP providers
* freelance Locum GPs
* bank shift worker

A new starter is not eligible if they are:

* aged over 75
* holders of an honorary post in the NHS
* employed by a General Dental Services or Personal Dental Services contractor who is not a qualified Dentist.

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# New joiner

If an employer has access to Pensions Online (POL) they will be able to submit the joiner information via this portal. POL can be accessed from the [NHS Pensions website](http://www.nhsbsa.nhs.uk/nhs-pensions).

If an employer does not have access to POL, the appropriate documentation listed below will need to be manually submitted to NHS Pensions.

|  |  |
| --- | --- |
| **Form** | **Employer type** |
| **SS10**  | Available to NHS employers, Direction / Determination employers and Independent Providers. |
| **SS10GP** | Available to GP Practices and out of hours providers (for non-medical employees). |

Additionally, NHS Pensions has a separate spreadsheet for an employer to complete if they want to enrol multiple new joiners.

POL, and the relevant spreadsheets can be found on the [NHS Pensions website](http://www.nhsbsa.nhs.uk/nhs-pensions).

Completed documentation should be sent to directionbodies@nhsbsa.nhs.uk.

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# Auto enrolment

An employer, from the relevant staging date, must arrange for all of its salaried employees to be auto enrolled into a qualifying pension scheme. The NHS Pension Scheme is a qualifying pension scheme and is the default scheme for all NHS employees. However, not all staff are eligible to join the NHS Pension Scheme. Employers will need to take action to identify these employees and auto enrol them into alternative pension arrangements.

# Record keeping

A member’s NHS pension benefits are based on their reckonable NHS Pension Scheme membership and pensionable pay.

Employers must provide accurate pension information in respect to all contributions, actual and whole time equivalent pensionable pay, hours or sessions worked for part time contracts, paid and unpaid absences, joining and leaving dates, and reasons for leaving. This information is provided on either an annual basis or at the point that a pension event occurs.

# Year-end processing

Employing Authorities must, in law, provide accurate pension data in respect of every Officer or Practice Staff member to NHS Pensions within two calendar months of 31 March, which is the Scheme year end. In respect of Practitioners and non-GP Providers the deadline is 13 months after Scheme year end.

HMRC require all the necessary information to allow the members Annual Allowance position to be calculated by 6 July after the end of the Scheme year.

If an employer does not have access to POL, documentation will need to be manually submitted via an annual update spreadsheet (SD55) to NHS Pensions.

|  |  |
| --- | --- |
| **Form** | **Employer type** |
| **SD55 (annual update)** | Available to all NHS employers, GP Practices, Direction / Determination employers and Independent Providers who do not have access to Pensions Online. |

Please note that submission via the manual spreadsheet will only be accepted for organisations that are unable to access POL. NHS Pensions will publish articles in the monthly Employer Newsletter to remind employers of the requirement to submit this information. NHS Pensions will send the relevant guide and spreadsheets directly to each named EA contact.

It is therefore imperative that employers ensure that the contact information NHS Pensions hold is kept up to date; an annual review is suggested.

Organisations that have the ability to complete via POL but outsource this function to a third-party provider will still be expected to input the information electronically. We will not accept the manual submission direct from the third party.

# Estimates

NHS Pensions aim to provide active and deferred members with either an Annual Benefit Statement (ABS) or a Total Reward Statement (TRS). These can be accessed in one of two ways.

1. Members whose employer has access to Electronic Staff Records (ESR) will be able to access their Total Reward Statement via ESR self-serve.
2. Members whose employer does not have access to ESR will be able to access their Annual Benefit Statement through the My NHS Pension portal.

The My NHS Pension portal is a free of charge service provided by NHS Business Services Authority and is a fast and convenient way for members to obtain information about their NHS pension benefits.

Members will still be provided with the same information regardless of whether they access their ABS/TRS via ESR or via the My NHS Pension portal.

Subsequent estimates from NHS Pensions are available and may be chargeable.

Some members who have complex NHS Pension records may not automatically receive a statement each year and can request one from NHS Pensions free of charge.

# Part-time contracts

A member who works in a part-time capacity, and also has other part-time NHS pensionable posts will have multiple (part-time) Officer pensionable posts recorded on their centralised pension record held by NHS Pensions. Although a person could choose to work in excess of whole time per week, their aggregated pensionable hours **must not** exceed whole time (i.e. 37.5) for NHS Pension purposes.

Where there are two or more pensionable posts follow these rules:

* whole time posts take priority
* then higher paid part time posts or hours take priority
* then identical posts that are similar to administer take priority.

It is advisable to ask a part-time employee if they have other NHS pensionable posts.

Where an NHS Pension Scheme member is part-time, their tiered employee contribution rate is based on their actual pensionable pay.

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# Leavers

If an employer has access to POL, they will be able to submit any leaver information via this portal. Further information on how to utilise POL is available via the [NHS Pensions website.](https://www.nhsbsa.nhs.uk/employer-hub/pensions-online)

If an employer does not have access to POL, documentation will need to be manually submitted via a leaver Excel spreadsheet to NHS Pensions.

|  |  |
| --- | --- |
| **Form** | **Employer type** |
| **SD55 (leaver)** | Available to all NHS employers, GP Practices, Direction / Determination employers and Independent Providers who do not have access to Pensions Online. |

These forms alongside the accompanying guidance notes are all available on the website.

# Pensionable pay

There is a difference between pay and pensionable pay. Pay may include overtime, (in excess of whole-time hours) one off bonuses, and expenses. However, NHS pensionable pay, which is used to calculate pension benefits (i.e. what contributions are based and paid on) may be less than actual (taxable) pay. This is because pensionable pay does not include one off (irregular) bonuses and expenses. Pensionable pay should however include regular payments such as unsocial hours allowance and London weighting.

There is no minimum number of hours that can be pensionable in the NHS Pension Scheme. The maximumnumber of hours that can be pensionable are the normal (standard) whole-time hours for the relevant job.

Overtime, in relation to the NHS Pension Scheme, is hours worked in excess of the whole-time standard working week. Therefore, a part-time member’s pensionable pay must include any additional hours worked up to the whole-time working week. Any hours worked over the whole-time working week are not pensionable. For example, if the standard working week is 37.5 hours, a part-time member normally working 20 hours a week may pay pension contributions on up to 17.5 additional hours per week. Any additional hours worked up to whole-time are pensionable at the standard rate of pay for the role.

Salaried GPs employed by a GP practice must pension all of their hours including overtime.

Where there is an excessive pay increase in the final year’s pensionable pay (best of the last three years), for a member of the 1995 Section, the employer will be charged under the rules of ‘Final Pay Controls’. There is more information about this provided below under the heading ‘Excessive Pay Increases’. Exceptionally for the 1995 and 2008 sections, NHS Pensions may be required to impose a pensionable pay figure upon which pension benefits are based.

Where a Scheme member has service in the 1995/2008 Scheme and has more than one part-time pensionable post at retirement, a composite/aggregate whole time equivalent pensionable pay figure is used for benefit purposes.

Tiered contribution rates for Officers and practice staff are broadly based on the previous year’s whole time equivalent pensionable pay unless the person is a new starter in which case their actual pay must be annualised to set the tiered rate. Mid-year changes to pay should instigate a tiered contribution rate review which may change their contribution rate for the pay period after the change: for example, a pay increase in April will mean their May pay has a new contribution rate. Different rules apply to Practitioners and non-GP Providers.

# Employer contributions

Employer contributions are payable each month and must credit the NHS Pensions bank account no later than day 19 of each month, after the month in which the relevant earnings were paid. For employers that have access to POL, submission of form GP1 / RFT1 must be made each month electronically using this method. This process initiates the setting up of a Direct Debit.

# Member contributions

Member contributions in respect of Officers and practice staff are tiered depending on the member’s actual pay. The higher the actual pensionable pay, the higher the contribution rate.

The rate is usually based on the previous year’s annualised actual pay, unless there has been a change in circumstances during a Scheme year. Such changes can include a pay increase (other than due to an unexpected change in duties or one unlikely to persist for at least 12 months), the person changes NHS jobs, is a new starter, or has been promoted. In such circumstances the contribution rate will be based on their new estimated annualised pay.

The member contribution rates can be found under the Member Hub of the website under ‘Cost of being in the Scheme’.

# Additional Pension contributions

The Additional Pension (AP) was introduced in April 2008 to replace the full cost Added Years arrangement which is now closed to new applications. A person may elect to buy Additional Pension to increase their annual NHS pension in units of £250 up to a maximum of £6,500 in the 2015 Scheme.

If a member bought Additional Pension when they were a member of the 1995/2008 Scheme, they can normally buy up to an additional £6,500 annual pension after moving to the 2015 Scheme.

The Additional Pension can either be purchased in instalments or by a one-off payment. The employer is legally responsible for collecting the contributions and sending them to NHS Pensions at the same time as member and employer contributions.

Additional Pension contributions attract tax relief within limits set by HMRC.

# Added Years contributions

Prior to the Additional Pension being introduced in 2008 an NHS Pension Scheme member could increase their NHS pension benefits at retirement by buying Added Years. Under this method the member pays an additional contribution every month, which is set as a fixed percentage of their pensionable pay. The extra contribution is in addition to their basic tiered member contributions.

Although it is no longer possible to make a new application to buy full cost Added Years, an existing contract shall remain active until it is completed, which is either at age 55, 60, or 65. Therefore, all employers who take on a member of staff who is currently buying Added Years, must collect the additional contributions and forward them to NHS Pensions within the 19 day deadline.

Caution must be applied where the member’s Added Years contributions are capped because they were previously subject to the HMRC earnings cap. Additionally, if a member has a break in Scheme membership of 12 months or more, the Added Years contract ceases, and no further contributions can be made.

# NHS Pension Scheme Money Purchase Additional Voluntary Contributions (MPAVCs)

The NHS MPAVC scheme is an arrangement for making additional contributions to build up a separate pension fund. The additional contributions are invested and then used to buy an extra pension which is normally paid at the same time as the main NHS pension. Unlike Additional Pension and Added Years, contributions paid into the MPAVC are completely separate to NHS Pension Scheme benefits and do not affect the member’s NHS pension entitlement at retirement.

A person must be an active member of the NHS Pension Scheme to be eligible to contribute to a MPAVC arrangement.

There is no defined cost so individuals choose how much they would like to contribute and can usually change or stop their payments. Lump sum contributions can also be made at any time. NHS MPAVC arrangements are provided by chosen providers. The current chosen providers are Standard Life and Prudential.

Contributions are taken from pay and must be sent by the employer direct to the chosen provider. Any delay in paying the contributions could result in a loss of investment for which the employer could be held responsible.

Equitable Life is also a chosen provider. Although closed to new business, members who have previously contributed to the NHS MPAVC with Equitable Life can continue or restart making payments to them.

HMRC allow tax relief on pension contributions up to 100% of relevant UK earnings for the tax year.

Failure to pay any contributions on time will result in an employer being subject to statutory interest and/or administration charges, and this may also result in an employer being referred to regulatory bodies.

# Early Retirement Reduction Buy Out (ERRBO)

2015 Scheme members have the ability to buy out the reduction that would apply if retirement benefits were claimed before normal pension age, which in the 2015 Scheme is the same as the member’s state pension age, or age 65 if later. This may rise during membership of the Scheme if the state pension age rises.

# Death in Service

If a member dies in pensionable employment, the employer should send completed death benefit claim forms to NHS Pensions as soon as they can. This is so that life assurance benefits can be awarded as soon as possible.

If there are any queries the Bereavement Team’s email address is: bereavementreferrals@nhsbsa.nhs.uk.

# Data protection

Employers can exchange information with NHS Pensions in respect of their members but must apply caution in releasing confidential information to a third party.

# Disputes

If a member enters into a dispute with their employer, or lodges a complaint against their employer, in respect of their NHS pension entitlement, this must be handled by the employer in the first instance. If the member remains dissatisfied, they may refer their complaint to NHS Pensions.

If the member remains unhappy once the NHS Pensions Internal Dispute Resolution Procedure is exhausted, they may refer their complaint to The Pensions Ombudsman who has legal powers over NHS Pensions, employers, and Direction / Determination employers (that are Employing Authorities).

# Excessive pay increases (Final Pay Controls)

Where a member of the 1995 Section receives an excessive pay increase after 1 April 2014 that has a bearing upon their NHS pension benefits, the employer will be subject to a statutory surcharge, i.e. levy.

The employer must pay this surcharge in a one-off payment within one calendar month of being invoiced. Failure to pay the surcharge on time will result in statutory interest and administration charges.

# Late payment of contributions

If an employer fails to pay any contributions on time, it will be subject to a statutory interest charge.

If NHS Pensions has to write to an employer in respect of late contributions, it will be subject to a statutory administration charge.

# Maternity, paternity, shared parental, and adoption leave

When a member goes on maternity, paternity, shared parental, or adoption leave and intends to return to work, they can pay pension contributions on the whole period of leave.

Their tiered employee contribution rate may change as it is based on their annualised actual pay. The member will pay contributions based on their actual (reduced) pensionable pay. In all cases the employer contributions plus the administration charge are based on the actual pensionable pay before any reduction.

If a member’s pay is suspended, the member’s contributions are based on their pay immediately before pay was suspended. The contributions should be collected during the absence or immediately upon a return to work.

If a person chooses not to pay pension contributions during a period of unpaid leave, NHS Pension Scheme membership ceases on the day the person last paid contributions. The employer does not pay contributions for this period.

If a member decides not to return to work or to opt out of the NHS Pension Scheme whilst still on maternity, paternity, shared parental, or adoption leave, their last day of pensionable membership will be the date contributions were last paid.

For more detailed information contact: nhsbsa.pensionsemployers@nhsbsa.nhs.uk.

# Redundancy

If a member is made redundant, they may be entitled to claim their pension early, subject to meeting certain criteria. Redundancy may result in an employer NHS Pension charge which must be paid prior to any pension benefit being awarded.

For more detailed information contact: nhsbsa.pensionsemployers@nhsbsa.nhs.uk.

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# Refunds of member contributions

Members who have less than two years **total** NHS Pension Scheme calendar length membership when they leave NHS employment (or opt out of the Scheme with less than two years **total** NHS Pension Scheme calendar length), may claim a refund.

Member contributions only are refunded, employer contributions are not refunded, and the returned member contributions will be subject to certain deductions such as tax (at the member’s marginal rate) and National Insurance (to buy the member back into the Second State Pension).

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# Sick leave

When a member is on full pay sick leave, NHS Pension Scheme contributions are payable on all of the sick pay.

If the member goes onto reduced or half pay sick, the member contributions are payable on the reduced amount. However, the employer contributions plus the scheme administration charge are based on the member’s ‘normal’ unreduced pay.

When the member goes on to ‘no pay sick leave’ then no contributions are payable by either the member or the employer and instead, the member starts to accrue disallowed days.

# Ill health

If a member’s contract of employment is to be terminated on capability due to ill health grounds, an employer must inform the member of their rights to apply for (in membership) ill health retirement whilst they are still employed.

If an employer terminates a member’s contract of employment on the grounds of capability due to ill health, this does not mean that the person will necessarily qualify for ill health retirement benefits. Entitlement to ill health retirement benefits is determined solely by NHS Pensions and its medical advisers.

# Tax

Members who pay NHS Pension Scheme contributions are entitled to tax relief. This means that they pay income tax on their salary after their NHS Pension Scheme contributions have been deducted.

Members who are high earners may be subject to the HMRC Annual Allowance or the Lifetime Allowance.

# Transfers in or out of the NHS Pension Scheme

**Transfers In**

A member may apply to transfer previous pension benefits to the NHS Pension Scheme providing the member’s previous pension scheme has the relevant Inland Revenue approval. A member must make an application to transfer in within 12 months of becoming eligible to join the Scheme.

NHS Pensions always recommends that the member seeks independent financial advice, should they be in any doubt that a transfer is the best option for them.

More information can be found in the Transfer in Guide and Application Pack on our website.

**Transfers Out**

If a member leaves pensionable employment before reaching their normal pension age and they become a member of a new pension scheme, they may apply to transfer their accrued pension benefits to their new pension provider.

There may be certain conditions and time limits for an application, therefore members should check the website where more information can be found in the Transfer Out Guide and Application Pack.

NHS Pensions always recommends that a member seeks independent financial advice, should they be in any doubt that a transfer is the best option for them.

# Unauthorised leave

Any period of time where contributions are not paid due to unauthorised absence, such as strike days, must be recorded as disallowed days on the SD55 pension return.