

# **A Guide to Administering the NHS Pension Scheme for APMS Contractors**

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# Chapter 1: About the Guide and Contacting NHS Pensions

The purpose of this Guide is to provide an overview of 'day to day' pensions administration guidance for your organisation.

The Guide is divided into several chapters covering different aspects of NHS Pension Scheme administration.

There is more detailed information available for employers on NHS Pensions [website](#), which includes a general Guide for [GP Practices](#).

There is also a dedicated email address that NHS employers can use to contact NHS Pensions in respect of GPs pensions; [practitioners@nhspa.gov.uk](mailto:practitioners@nhspa.gov.uk). This contact email address should only be used for GP related enquiries.

NHS Pensions address is:

NHS Pensions  
Hesketh House  
200/220 Broadway  
Fleetwood  
Lancashire  
FY7 8LG

Telephone Numbers:

Employer Helpline, general enquiries 0845 610 1119.  
Opening times 8.00am to 6.00pm - Monday to Friday

Member helpline 0845 421 4000  
Opening times 8.00am to 6.00pm – Monday to Friday

Pensions Online, technical enquiries 0870 011 7108  
Further Information on how to contact NHS Pensions can be found by clicking on this [link](#).

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## Chapter 2: The NHS Pension Scheme (England & Wales) – An Overview

The NHS Pension Scheme (NHSPS) is administered by NHS Pensions based at Fleetwood, Lancashire.

There are 2 sections to the NHSPS; the 1995 section and the 2008 section. The 2008 section is sometimes referred to as the 'new Scheme'. The NHSPS is a statutory occupational pension scheme where benefits at retirement are based broadly on membership and pensionable pay (reckonable pay if a member of the 2008 section) during NHS employment. Every NHS employee is a member of the NHSPS, unless they proactively opt out.

The NHSPS is 'contracted' out of the Second State Pension (formally State Earnings Related Pension Scheme) which means that Scheme members pay reduced National Insurance contributions and that benefits meet or exceed those of the 'reference scheme' in the Pensions Act 1995. NHSPS benefits are re-tested against the reference scheme every 3 years.

The NHSPS Contracted out number (SCON) is: S2730000B  
The Employers Contracted out Number (ECON) is: E3900000M

The NHSPS offers a range of index-linked pension benefits at retirement and life assurance cover. Employer contributions are based on 14% of pensionable pay. Employee contributions range from 5% to 8.5% and attract tax relief.

NHSPS benefits are paid for by the contributions made by members and employers and are underwritten and guaranteed by the Government, (i.e. Treasury). The NHSPS 'fund' is not invested in stocks or shares and is, therefore, not subject to the vagaries of the Stock Market, unlike most private pension schemes.

The terms of the Scheme are set out in statutory regulations, which can be viewed on [NHS Pensions website](#).

The NHSPS offers: -

- An annual pension and tax-free lump sum at retirement.
- Life Assurance benefits including pensions and allowances for a member's spouse (or nominated partner) and dependent children in the event of the member's death.

Pension benefits are index linked to protect their value. Pensions awarded from age 50 do not attract cost of living increases until age 55 unless the member retires due to ill health.

The normal pension age under the 1995 section of the NHS Pension Scheme is 60; under the 2008 section it is 65.

NHSPS members may retire voluntarily before normal pension age; however, their benefits would be actuarially reduced.

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## Chapter 3: NHS Pensions Responsibilities

NHS Pensions operational functions are to:

- Maintain records of NHSPS members and pensioners
- Award pension benefits
- Ensure that Employing Authorities make timely and correct payments of employers' and employees' contributions and maintain and implement such information and other systems as may be necessary to fulfill these functions
- Preserve benefits for early leavers
- Provide basic estimates of benefit entitlement upon request
- Pay transfer values were members move out of the NHSPS and receive payments for people transferring into the Scheme
- Pay refunds of contributions
- Process applications to purchase additional benefits under the Scheme
- Publicise the Scheme and encourage awareness among NHS staff about the Scheme and the benefits available.
- Comply with all relevant pensions legislation include The NHSPS Regulations, The Pensions Act, The Data Protection Act, and The Occupational Pension Scheme (Disclosure of Information) Regulations.

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## Chapter 4: Employer (i.e. APMS Contractor) Responsibilities

All APMS Contractors (that are Employing Authorities) are legally bound to administer the NHSPS locally in accordance with pensions legislation. Employing Authorities are obliged to offer the NHSPS to all of their eligible employed staff, including those who work part-time and on 'the bank'.

An APMS Contractor that has access to the NHSPS is legally required to:

- Maintain pension records (by way of Pensions Online (POL) or alternative arrangements).
- 'Ring fence' each of its Practices/Centres) where there are several owned by the same company.
- Deduct employee tiered contributions and forward these along with employer contributions directly to NHS Pensions by the 19th day of month-end. **Please note that different rules apply for GPs and non-GP Providers.**
- Deduct employee and employer contributions in respect of all types of GPs (except freelance GP Locums) and non-GP Providers and forward them to the relevant commissioning PCT/LHB at the correct rate and on time; i.e. by the 7th day of the month following payment.
- Countersign the relevant pensions forms as presented by freelance GP Locums.
- Inform NHS Pensions when a pensionable employee joins or leaves. **In the case of a GP (or a non-GP Provider) the PCT/LHB must be informed.**
- Provide form ([SD502](#)) on request only, to those employees who choose to opt out of the NHSPS; GPs cannot opt out of selective GP posts.
- Complete benefit claim [forms](#) such as the AW8 (pension benefits application) form.
- Notify NHS Pensions if the APMS Contractor wins any further contracts or if the constitution of the Contractor changes.
- Pay the initial widows/widowers and dependants pensions

**APMS contractors must never send in pension forms or contributions in respect of GPs (including GP Locums) or non-GP Providers directly to NHS Pensions.**

More information about GPs is provided in [Newsletter 8/2009](#)

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## Chapter 5: APMS (Practice) Staff - Joining the Scheme, Updating Records, Contributions and Pay

### Joining the NHSPS

All eligible staff must be put into the NHSPS on the first day of their employment. They are afforded 'Practice Staff' NHSPS rights. They also have the freedom to opt out and to either join the Second State Pension or a personal pension instead. APMS Contractors have a duty to make their staff aware of their pension rights. Anyone seeking advice should be referred to an independent financial advisor.

***The relevant pensions joiner form for 'Practice Staff' is the SS10 (GP) form; this must not be used for GPs or non-GP Providers.***

There is more detailed information available about joining and eligibility on [NHS Pensions website](#).

Many NHSPS Employing Authorities use Pensions Online (POL); more info at,

<http://www.nhsbsa.nhs.uk/PensionsOnline.aspx>

***POL can only be used for Practice Staff, not GPs.***

A unique pension record must be created in respect of every Practice Staff NHSPS member. This means that if a person works at more than one Practice/Centre they must have more than one pensionable (part-time) post set up. Creating one whole-time pensionable post under a 'host' Practice is illegal.

If an employee does not wish to join the NHSPS they must formally opt out on form [SD502](#).

### Updating Records

***The following instructions do not apply to GPs or non-GP Providers.***

Every year each APMS Practice/Centre must complete the annual SD55 update form covering the period 1 April to 31 March. The SD55 must include the following information.

- An annual exit code of '05' if the person remains employed.
- A record of part-time hours if the member is on a PT contract.
- A record of any changes during the period; i.e. PT to WT or vice-versa.
- A record of main (and any additional) Scheme contributions.
- Pensionable pay.

***The SD55 must be completed and sent to NHS Pensions within two months of year-end; i.e. no later than the 31st of May.***

There is no minimum number of hours that can be pensionable in the NHSPS. The maximum numbers of hours that can be pensionable are the normal (standard) whole-time hours for the relevant job. If a part-timer works additional hours they are pensionable up to the standard whole-time equivalent working week.

If an employee has 2 or more posts that together will exceed the whole-time hours, the aggregated hours in excess of whole-time are not pensionable. Where there are 2 or more posts follow these rules:

- Whole-time posts take priority;
- Then higher paid part-time posts or hours take priority;
- Then identical posts that are simpler to administrate take priority.

There are variations to the SD55 form as follows: -

- SD55T; to be used when the member retires, leaves employment, or opts out.
- SD55G; to be used for updating personal details; i.e. a change of address.
- SD55E; to be used for amending data already submitted on a SD55.
- AW171; to be used when pensionable pay, hours, or contributions have changed **after** pension benefits have been awarded.

More detailed information can be found at,

<http://www.nhsbsa.nhs.uk/Pensions/2494.aspx>

and

<http://www.nhsbsa.nhs.uk/Pensions/2518.aspx>

## **Contributions and Pay**

The 2011/12 tiered employee contributions rules for Practice Staff are outlined in [Newsletter 3/2011](#) and also the following link;

[http://www.nhsbsa.nhs.uk/Documents/Pensions/Tiered\\_contributions\\_2011-12.pdf](http://www.nhsbsa.nhs.uk/Documents/Pensions/Tiered_contributions_2011-12.pdf)

The tiered employee contribution rate for Practice Staff is broadly based on their whole time equivalent pensionable pay from the previous year; i.e. 2011/12 contributions will be based on 2010/11 whole time equivalent pensionable pay.

Employer contributions are based on 14% of pensionable pay.

Both employee and employer contributions must be sent to NHS Pensions (under direct debit arrangement) by the 19<sup>th</sup> day of month end.

Pensionable pay excludes overtime (in excess of the whole-time working week), expenses, and bonuses.

***APMS Contractors must take note of Employer Newsletters and should refer to NHS Pensions website (the 'Employers' section) on a regular basis for updated guidance on tiered contributions.***

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# Chapter 6: GPs and non-GP Providers - Joining the Scheme, Updating Records, Contributions and Pay

## Joining the Scheme

The general rule is that the PCT/LHB is the NHSPS Employing Authority for all types of GPs and for non-GP Providers. This includes Salaried GPs employed by an APMS Practice/Centre.

An APMS Practice/Centre must ensure that every GP (except freelance GP Locums) joins the NHSPS (unless they proactively opt out) by liaising with the host (commissioning) PCT/LHB.

***An APMS Practice/Centre must never set up a GP or non-GP Provider pension record under it's own EA code.***

GPs are afforded 'Practitioner' status in NHS pension terms; there are three types.

**GP Providers:** GP shareholders, GP partners, and single-handed GPs are GP Provider/type 1 medical Practitioners in NHS pension terms. They must pension all of their GP pensionable income, unless they opt out of the NHSPS. GP Providers cannot opt out of pensioning certain GP work; it is all or nothing. It is the PCT/LHB that will submit a SS14 (Practitioner) joiner form to NHS Pensions.

**Salaried GPs:** A salaried GP (or long-term fee based GP) working at a Practice/Centre (that is an EA) is regarded as a type 2 medical Practitioner. Every Practice/Centre must inform the relevant PCT/LHB of their salaried/sessional GPs so the PCT/LHB can set up a (type 2 Practitioner) pension record by submitting form SS14 to NHS Pensions.

**Freelance GP Locums:** The PCT/LHB is responsible for setting up a pension record. When a GP Locum presents pension forms A and B they must be completed straightaway otherwise the GP Locum may not be able to pension this income.

***A fee based GP working on a long-term basis (i.e. 6 months or more) is regarded as a type 2 medical Practitioner (not a GP locum) under the NHSPS Regulations.***

## Non-GP Providers

Non-GP Providers (i.e. non-GP shareholders/partners) are afforded whole time Officer status in NHS pension terms and must elect to pension income from just one Practice only. The relevant PCT/LHB will submit a SS10 'WT Officer' joiner form to NHS Pensions followed by the SD55 pension update forms.

***Non-GP Providers who are involved in several Practices/Centres can only 'pension' income from one of them.***

## Updating Pension Records

It is the PCT's/LHB's responsibility to update pension records (by submitting SD55s to NHS Pensions) in respect of GPs and non-GP Providers. However, they can only do this with the co-operation of the APMS Practice/Centre.

## Contributions and Pay

Before the start of the pensions year every APMS Practice/Centre is legally required to inform its commissioning PCT/LHB of the estimated pensionable income of its GPs (excluding freelance GP locums) and non-GP Providers. There is a specific form for this purpose that can be downloaded at <http://www.nhsbsa.nhs.uk/2668.aspx>, under the heading of 'GP Forms'.

***If a Practice/Centre does not complete this mandatory form the PCT/LHB is at liberty to collect tiered contributions at the highest rate; currently 8.5%.***

The employer and (tiered) employee contributions are top sliced by the PCT/LHB 'on account' from each Practice/Centre. The tiered contribution rate for all GPs and non-GP Providers is based on their total pensionable income in the current year. [Newsletter 3/2011](#) provides further guidance. There are different arrangements for freelance GP locums.

The pensionable income for a GP Provider is their 'profits' as declared on their annual end of year Certificates plus any NHS 'ad hoc' income. They must declare their NHS pensionable income on a separate Certificate in respect of **each** GMS/PMS/APMS contract (i.e. every Practice/Centre) that they are involved in. If the GP Provider is also a director, the director income must be declared on the Certificate.

The Certificate(s) must be sent to the commissioning PCT/LHB and can be downloaded from [here](#).

***Where a GP Provider is involved in several Practices/Centres they must complete a Certificate in respect of each; they cannot complete one global Certificate even if one company own several Practices/Centres.***

The pensionable income for a type 2 medical Practitioner is their basic Practice/Centre income plus any NHS 'ad hoc' income recorded on form SOLO; i.e. OOHs. All type 2 medical Practitioners (i.e. salaried and long term fee based GPs) must, in law, complete an end of year self-assessment form to ensure that they have paid the correct rate of tiered contributions. This new self-assessment form is available on NHS Pensions website by clicking [here](#).

***Practices/Centres must liaise with the PCT/LHB to ensure that the PCT/LHB is kept informed of a long-term fee based GP's pensionable income during the pensions year. The [SOLO](#) form may be used as a method for this.***

The pensionable income for a GP Locum is as declared on their forms A and B. These forms serve a dual purpose as an annual GP Locum Certificate.

A non-GP Provider must declare their NHS pensionable income from the one selected Practice/Centre on the Provider Certificate and send it to the relevant commissioning PCT/LHB. If, for example, the non-GP Provider is also a director (or a nurse), the director (or nurse) income must be declared on the Certificate.

There is more detailed information on our [website](#), under the heading of 'GP Providers Certificates'.

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## Chapter 7: Frequently Asked Questions

**Q. We have salaried (non-GP) staff who are already members of the NHSPS at another Practice/Centre; can I use the same EA code for pension purposes?**

*A. No. Each Practice/Centre must apply to be an Employing Authority and a new record must be set up for each individual member under the new EA code. If a person works at more than one Practice/Centre they must have more than one pensionable (part-time) post set up. Creating one whole-time pensionable is illegal.*

**Q. We have hired the services of a GP Locum on a long-term basis; what are their NHSPS rights?**

*A. If a Practice/Centre hires a freelance GP Locum on a short-term temporary (deputising) basis they are a GP Locum in NHS pension terms and the PCT/LHB pays the 14% employer contributions. The GP Locum must complete pension forms A and B to validate their work, which must not be more than 10 weeks old.*

*However, if the work evolves into a period of more than 6 months the GP becomes a type 2 medical Practitioner in NHS pension terms as soon as the 6-month period has elapsed. If it is clear from the outset that the GP will be working on a regular basis for more than 6 months they are a type 2 medical Practitioner from the outset. This means that they will be afforded the same (type 2) pension rights as a Salaried GP and also be covered by the NHS Injury Benefits Scheme.*

*The Practice/Centre pays the 14% employer contributions for type 2 Practitioners.*

**Q. If the structure of the APMS Contractor changes (i.e. new shareholders), do we need to notify NHS Pensions?**

*A. Yes. Whilst you may still be recognised as an APMS Contractor by law, it may affect your status as an Employing Authority under the statutory NHSPS Regulations.*

**Q. One of the Partners/Shareholders is a GP Provider in two or more separate Practices/Centres; do they need to complete separate Annual Certificates?**

*A. Yes. GPs must pension all their NHS GP income therefore GP Providers must complete a separate Certificate for each Practice/Centre, even if these are located within the same PCT/LHB boundary or owned by the same company. For example if the GP is a Provider at 6 Practices/Centres they must complete 6 Certificates.*

**Q. One of the shareholders is not a GP, how does this affect their NHS pension?**

*A. A non-GP shareholder is known, in pension terms, as a non-GP Provider. They are afforded whole-time Officer NHSPS status regardless of the hours they work. If they are a non-GP Provider in more than one Practice/Centre (or have any other NHS posts) they must decide which post is to be their NHS pensionable post; they can only pension one. This situation may occur when a limited company runs many Practices/Centres.*

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## Chapter 8: Other Pensions Issues

### Added Years

The option to take out a new added years contract no longer exists however an Employing Authority must ensure that existing contracts are honoured.

Added years contributions are deducted at a fixed percentage rate from the member's pensionable salary (in addition to the mainstream contributions) from a chosen birthday until the end of the added years contract which is either their 55<sup>th</sup>, 60<sup>th</sup>, or 65<sup>th</sup> birthday. When the contract has ended the member will be credited with the amount of membership bought.

New staff must be asked if they have an existing added years contract. Many GPs have added year's contracts. If the person was previously subject to the HMRC pensionable earnings cap this may affect the level of their added years contributions.

A person may terminate their added year contract before its normal end date.

### Additional Pension

The additional pension was introduced in April 2008 and replaced added years. More information can be found by clicking on the link [here](#).

New staff must be asked if they have existing additional pension contract.

### Certificate of Pensionable Income/Profits

Since April 2004 GP Providers and non-GP Providers have been legally required to complete an annual Certificate in respect of each GMS/PMS/APMS contract they are a party to.

Type 2 medical Practitioners (i.e. Salaried GPs and long-term fee based GPs) must complete a self-assessment form at year-end. This is to ensure they have paid the correct rate of tiered contributions on all their GP pensionable income.

### Death in Service

If an employee dies in service, and is a member of the NHSPS, NHS Pensions bereavement team must be contacted straightaway.

### Maternity and Paternity Pay

When a Practice Staff or a Salaried GP NHSPS member goes on maternity (or paternity) leave and intends to return to work they can pension the whole period of leave.

Their tiered employee contribution rate should not change as it is based on their **unreduced** pay and in the case of Practice Staff based on the previous year. However, they only pay contributions based on their actual (**reduced**) pensionable pay. In all cases the employer contributions are based on the actual pensionable pay before any reduction.

If the pay is suspended the employee 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 unpaid maternity/paternity leave, NHSPS membership ceases on the day the person last paid contributions. The employer does not pay contributions.

If a person changes their mind and decides not to return to work or decided to opt out of the NHSPS then the last date of pensionable membership will be the date contributions were last paid.

Different rules apply to GP Providers and non-GP Providers.

## Opting Out of the NHSPS

Anyone considering opting out should seek independent advice beforehand. A GP cannot opt out of selective GP posts.

## Refunds of Employee Contributions

NHSPS members who have less than 2 years total NHSPS calendar length membership when they leave NHS employment or opt out of the Scheme with less than 2 years total NHSPS calendar length, may claim a refund of Scheme employee contributions. Only the employee contributions are refunded and they are subject to deductions for tax (at approximately 20%) and National Insurance (to buy the member back into the Second State Pension).

## Sick Pay

When a Practice Staff or a Salaried GP NHSPS member is on full pay sick leave then NHSPS contributions are payable on all the sick pay.

If they go onto reduced or half pay sick their employee contributions are payable on the on the **reduced** amount. The employers 14% contributions are based on the members 'normal' **unreduced** pay. When the member goes on to 'no-pay' then no contributions are payable by either the member or the employer.

If there is a possibility that the employment may be terminated on health grounds the employer must inform the member of their rights to apply for the NHS ill health

pension. An employment being terminated on health grounds does not automatically qualify a person to the NHS ill health pension.

## SOLO Form

The SOLO form was born out of the 2004 GP Contract and records GP NHS 'fringe/ ad hoc' work (such as OOHs) that the GP wants as a personal pensions credit. It can be downloaded at,

[http://www.nhsbsa.nhs.uk/Documents/Pensions/GP\\_SOLO\\_\(V4\)\\_-03.2011.dot](http://www.nhsbsa.nhs.uk/Documents/Pensions/GP_SOLO_(V4)_-03.2011.dot)

## Tiered Contributions

The tiered contributions rules differ depending on if the person is a Practice Staff NHSPS member or a GP (or non-GP Provider). There is more detailed information available on [NHS Pensions website](#).

## Transfers In or Out of the NHSPS

The NHSPS can accept transfers from most pension schemes, although there are different types of transfer. A transfer value is treated as a single payment and converted into membership, which reckons for NHS pension benefits.

The NHSPS cannot accept a transfer from a personal pension policy taken out under Section 226 (also referred to in Sections 619-623 of the Income and Corporation Taxes Act 1988).

A member has 12 months from first joining the NHSPS to request a transfer, providing they are not 'over age'. NHS Pensions always recommends that the member seek independent financial advice, should they be in any doubt that a transfer is the best option for them.

There is more detailed information available on [NHS Pensions website](#).

## 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.

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