

Direction Body Administration Guide

This guide is intended for Direction Bodies who are responsible for managing employees pension contributions and member records. The guide has been provided following requests from Direction Body Pension Administrators who do not have access to Pensions Online and may not have been aware of the entire range of obligations an employer has to perform regarding the NHS Pension Scheme for their staff.

What is a Direction?

A Direction is a legal document drawn up under the Miscellaneous Provisions Act in which the Secretary of State approves, subject to certain restrictions, the payment of contributions by people employed outside the National Health Service.

The facility for non-NHS employees to remain in the Scheme is not automatic and each application is considered on its own merits. A direction facility cannot be considered where the organisation treats patients from the private sector or where the company is a profit-making organisation.

As a general rule a direction will provide cover under the NHS (Superannuation) Regulations only and will not give cover under the NHS Injury Benefits Scheme or the NHS (Compensation for Premature Retirement) Regulations.

Access to the NHS Pension Scheme is only available to those members of staff who fully satisfy the criteria detailed in the relevant direction document. Any eligible employee who wishes to contribute to the NHS Pensions Scheme must complete form SD65 within three months of taking up the direction employment.

New Joiners

Joiner form **SS10** and the **SD65** application are to be completed and sent to NHS Pensions within 3 months of the direction employment starting. They can be found on the website at: <http://www.nhsbsa.nhs.uk/2518.aspx>.

NHS Pensions staff will assess the SD65 application and investigations will be made where necessary. All assessed applications are referred to Business Technical Support Quality Team for audit checking as appropriate.

An SM324 acceptance letter or a rejection memo will be sent back to you. If the application is accepted the SS10 joiner form will be submitted to NHS Pensions Computer Input Section and the membership records will be updated accordingly.

Scheme Guide

From 1 April 2008 a new 2008 Section of the scheme was introduced for members joining the Scheme for the first time on or after 1 April 2008 and amendments were made to the original 1995 Section of the Scheme. The decision tree in the **Scheme Guide** will assist you in determining which Section the employee has joined.

The **Scheme Guide** is an information booklet for all scheme members, which you should make your new employee aware of either by printing a copy, it is available from the website at: <http://www.nhsbsa.nhs.uk/2669.aspx>, or by sending them a link. You can also request hard copies from the **stationery order line** on 0300 123 1002. The guide provides a general overview of the scheme's rules and benefits for the member.

Contribution Rates

Employer

The employer contribution rate is 14% of the member's pensionable pay.

Employee

From April 2008 the employee's contribution rates changed to tiered rates based on their pensionable pay. There are four rates of member contribution ranging from 5% of pensionable pay for the lowest earners to 8.5% of pensionable pay for the highest. The thresholds at which the rates change are linked to nationally agreed pay rates at set levels on salaries equivalent to someone working full time. Details on the tiered rates and how to calculate part-time pay to full time can be found on the **Tiered Contributions factsheet** as well as the **Employer FAQs** and the **Employee FAQs** available from the website at: <http://www.nhsbsa.nhs.uk/Pensions/2520.aspx>.

Contributions payments and deadlines

Where a new joiner application has been accepted an email will be sent to you about setting up the monthly contribution payments. Payments will be due by the 19th of the month following deduction from payroll, eg. March 2008 contributions would have to be in our account by 19th April 2008.

Our preferred method of payment is via your bank directly into the NHS Pension Scheme account by BACS or similar method.

As it usually takes about 2 days for banks to process the payment, it is probably advisable to arrange your payments 2 working days before the 19th of the month. Once you have arranged a normal monthly payover there is a remittance form to complete, which will be attached to the email sent to you. The remittance form should be completed every month showing the details of the payment being made. Completed forms should be sent to eafinance@nhspa.gov.uk

You will also need to confirm what date the NHS pension contributions are **payable** from.

Records

Keep records of all contributions deducted from salaries and wages for each member, and update individual member pension records within 2 calendar months of the end of the financial year (31 March). Complete the [Annual Update](#) form on the website and send the completed Annual Update spreadsheet to datamanagement@nhspa.gov.uk. Please note that this is required in addition to the monthly remittance form.

Further information about contributions and membership can be found in the **Annual Leave** factsheet, **Sick Leave** factsheet and **Maternity Leave** employer FAQs. available from the website at: <http://www.nhsbsa.nhs.uk/Pensions/2520.aspx>.

Pensionable Pay

You will be required to calculate pensionable pay figures during an employee's membership. This is usually on forms that you submit to the NHS Pensions or when we ask you to confirm deferred benefit details when a member leaves the Scheme before retirement. A factsheet called **How to calculate Total Pensionable Pay** is available from the website at: <http://www.nhsbsa.nhs.uk/Pensions/2520.aspx>.

Additional Pension (AP)

The amount of benefits at retirement can be increased if the member pays extra contributions. The buying of additional pension (AP) is done by the member electing to purchase a set amount of annual pension for an agreed amount of contributions. These can be paid either as a lump sum or as a regular payment for an agreed period of time. [Click here](#) for further information on AP.

Money Purchase Additional Voluntary Contributions (MPAVCs)

(This option relates to existing contracts for members in the 95 Section only)

Lump sums or regular amounts can be paid in to a fund chosen by the member and invested by one of the providers selected by the scheme managers. Contributions are invested in accordance with the member's selection and a separate fund is built up. When a member retires they can use this fund to provide an additional pension for the member, or the member and their dependants. The member could also take some of this fund as a lump sum. More information for members can be found in the **member's factsheet** and **member's FAQs**, for employers, see **Employer FAQs** available from the website at: <http://www.nhsbsa.nhs.uk/Pensions/2527.aspx>.

Added Years

Members of the 1995 section of the scheme who took out, or elected to take out an added years contract before 1st April 2008 may also be buying additional membership by lump sum or regular payments. These contracts may continue whilst members are in the 1995 section. This option is no longer available for new contracts in either 1995 or 2008 Sections. Further information on **added years** can be found on the website at: <http://www.nhsbsa.nhs.uk/Pensions/2527.aspx>.

Transferring benefits in to the NHS Pension Scheme

The NHS Pension Scheme allows the member to apply to transfer previous pension rights into the NHS Pension Scheme if the member wishes (subject to HMRC approval.) It is important to note that if the employee has been a member of the NHS Pension Scheme elsewhere in the UK (Scotland / Northern Ireland) that the benefits will not transfer automatically to the scheme, an application must be made for a transfer.

You can print and complete part 2 of the **Transfer Booklet** before giving it to the member. The transfer booklet tells the member how to proceed with the transfer and NHS Pensions will liaise directly with the member for the rest of the process, it is available to download from the website at: <http://www.nhsbsa.nhs.uk/2669.aspx>.

Transferring benefits out of the NHS Pension Scheme

If a member leaves the NHS or the Scheme they may be able to transfer their benefits to:

- another occupational pension scheme
- a personal pension scheme
- an insurance company to buy an annuity contract
- a self-employed pension arrangement
- an overseas pension scheme
- a combination of these.

More details on transferring benefits out of the Scheme are available from the website at: <http://www.nhsbsa.nhs.uk/Pensions/2523.aspx>.

Refunds

If a member leaves or opts out of the Scheme and has been in the Scheme for less than 2 years they may be eligible to have their contributions refunded. Tax and National Insurance deductions will be made before these are repaid to the member.

Further information on applying for a refund can be found on the website at: <http://www.nhsbsa.nhs.uk/Pensions/2522.aspx> and refund application **form RF12** is available from <http://www.nhsbsa.nhs.uk/2668.aspx>. The member will complete Part A and return the RF12 form for you to complete Part B. When the form is complete send it to NHS Pensions.

Ill health retirement

If the member has at least two years membership and is too ill to work in their present job they may be able to retire early and take their pension benefits on grounds of ill health. Information for ill health retirement can be found [here](#), and in the ill health retirement [FAQs](#).

Nominations

From 1 April 2008 Scheme members may nominate a partner to receive survivor benefits on their death. A member, who is not married or in a civil partnership, may make a nomination if they fulfill the conditions stated in the declaration section of the non married partner nomination form **PN1**. The member will need to complete and send us form PN1 available from the website at: <http://www.nhsbsa.nhs.uk/2668.aspx>.

If a member does not have a spouse, registered civil partner or qualifying partner the lump sum will be paid to their estate.

A lump sum is not payable if the member has had a refund of their contributions or transferred their pension rights to another pension arrangement.

Since 1 April 2008 members now have the option to nomination one organisation or to make multiple nominations to individuals for the death in service lump sum benefit. Either;

- Equal to one of more individuals or,
- specific proportions to more than one individual parties.

Members can change their nomination instructions at any time on form **DB2**.

The **Nominations Decision Tree**, available from the website at: <http://www.nhsbsa.nhs.uk/Pensions/2526.aspx> will help you in deciding what type of nomination the member is entitled to and which nominations forms the member needs to complete.

Death benefits nomination forms below are available from the website at: <http://www.nhsbsa.nhs.uk/2668.aspx>.

DB1 - For members that left or retired from the Scheme before 1 April 2008,

DB2 - For members that are or were members of the Scheme on or after 1 April 2008,

PN1 - Non married partner Nomination

NOM1 - Cancelling a Death Benefits Nomination

More information on Nominations can be found in the Employer Toolkit:
<http://www.nhsbsa.nhs.uk/Pensions/2526.aspx> under **Family Benefits**.

Death in Service

If a member dies while in employment there may be death in service benefits payable. The benefits payable will depend on the circumstances at the time of the member's death.

If the member has less than two years membership and dies in service, their spouse, registered civil partner or qualifying partner will receive a lump sum payment and a short term pension is payable for six months. The member can nominate someone else to receive the benefit, See nominations section above.

If the member has two or more years membership, a lump sum, survivor pension and child allowance may be payable. Follow the **Death in Membership Decision Tree**, available from the website at: <http://www.nhsbsa.nhs.uk/Pensions/2526.aspx> to see which claim forms need to be submitted to NHS Pensions.

More information on Death in service, survivor's pensions and child allowances can be found on the **Family Benefits** page at:
<http://www.nhsbsa.nhs.uk/Pensions/2526.aspx>.

Retirement and applying for benefits

When a member is retiring they will need to apply for their benefits using form **AW8** available from the website at: <http://www.nhsbsa.nhs.uk/2518.aspx>. To ensure that the member receives their benefits on time it should be completed at least four months before their intended retirement date.

Booklet R, available from the website at: <http://www.nhsbsa.nhs.uk/2669.aspx>, should be given to the member along with the **AW8** form for **completion**. It contains important information regarding the benefits payable on retirement from the NHS Pension Scheme.

Should you need to make a change to an employees pensionable pay after they have retired, an **AW171** should be completed, this is available from the website at: <http://www.nhsbsa.nhs.uk/2518.aspx>.

Leaving the Scheme

When a member leaves the Scheme you must complete the [Annual Update](#) form on the website to inform NHS Pension of the final pension contributions and the last day of service. Send the completed Annual Update spreadsheet to datamanagement@nhspa.gov.uk. This form is completed when a member;

- Retires
- Leaves employment
- Opts-out of the Scheme, before retirement. The member must complete **form SD502** to opt out of the Scheme, this is available from the website at:
<http://www.nhsbsa.nhs.uk/2518.aspx>.

LEGAL OBLIGATIONS

Failure to remit contributions to the Scheme, complete relevant paperwork, update member pension records, or deny employees access to the Scheme constitutes a breach of the statutory NHS Pension Scheme Regulations and section 49 of the Pensions Act 1995. Section 48 of the Pensions Act 1995 and section 70 of the Pensions Act 2004 states that NHS Pensions has a legal duty to report any 'breaches of law' to the Pensions Regulator. If an individual is found guilty of a 'breach of law' they may be subject to a heavy fine, imprisonment, or both.

Contact Details

All our contact details for Employers can be found [here](#).

Useful links

[Pension Scheme Forms](#)
[Employers Contact Page](#)