

EMPLOYER

newsletter



Pensions

March 2009

Contact : Tel : 0845 610 1119 Fax : 01253 774412 www.nhsbsa.nhs.uk/pensions www.nhsbsa.nhs.uk/injury

1. Form AW8 – Printed March 2009

Form AW8 printed March 2009 has been stapled out of order at the printers. The centre page has been reversed putting Part 7 before the instructions. If you have any of these forms please can you make the member aware of this printing error before they complete the form.

Contents

1. Form AW8 printed 03/2009
2. Changes to Member Contributions from 1 April 2009

2. Changes to Member Contributions from 1 April 2009

Employer Newsletter - TN26-2008 informed you of the changes to member contributions from 1 April 2009. Since this newsletter was published the new Agenda for Change pay rates have been advised changing to the amounts we previously quoted in Annex A and Annex B of the Newsletter. The detailed information within these Annexes is still valid and only the tiered contribution tables require the updated amounts.

The new tiers including the AfC pay rates are detailed below in the Factsheets that has been designed for members to follow. The new factsheets have been posted on the website www.nhsbsa.nhs.uk/Pensions as detailed below;

- About the NHS Pension Scheme - What does it Cost – Contribution Rate 2009/10
- Employer Library - Scheme Contributions – 2009/10 Tiered Contributions
- Poster – Changes to member contribution rates from 1 April 2009 for all Scheme members (excluding Practitioners and non-GP Providers)
- Poster – Changes to member contribution rates from 1 April 2009 for Practitioner and non-GP Providers

Factsheet 1 – For All NHS Pension Scheme members (excluding Practitioners and non-GP Providers)

What pension contributions will I pay in 2009/10?

From 1 April 2009 until 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 factsheet is relevant to you if you were in NHS pensionable employment on 31 March 2009 and continue to be so in the same employment.

Part B is relevant if, on or after, 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 factsheet 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 1 April 2009 to 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.

Tier	Annual Pensionable Pay (*full time equivalent) - 2009/10	Contribution Rate 2009/10
1	Up to £20,224	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 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 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 factsheet 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 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 does not fall under the tiered contribution 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 contribution rate remains at 14%.

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

Tier	Annual Pensionable Pay (*full time equivalent) - 2009/10	Contribution Rate 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, 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 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 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 does not fall under the tiered contribution 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 contribution rate remains at 14%.
- This factsheet does not apply to non-GP Providers.

Factsheet 2 for all Practitioner and non-GP Providers

What pension contributions will I pay in 2009/10?

All Practitioner and non-GP Providers NHS Pension Scheme members will have their employee contribution rates reassessed for the Scheme year 1 April 2009 to 31 March 2010. The table below shows the tiered rates taking account of the 2009/10 AfC pay award.

Tier	Annual Pensionable Pay (*full time equivalent) - 2009/10	Contribution Rate 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 For Practitioner and non-GP Provider Scheme Members

- The basic rule is if you are a Practitioner or non-GP Provider your 2009/10 tiered contribution rate is based upon your actual 2009/10 certified NHS pensionable pay.
- When referring to 'year 2009/10' it is the pension year not the calendar year. It is from 1 April 2009 to 31 March 2010.
- Pennies are ignored for the purposes of setting a tier.
- A Practitioner is a GP Provider (i.e. GP partner (including a fixed salary partner), GP shareholder, single-handed GP), Salaried GP, freelance GP Locum, Ophthalmic Medical Practitioner, GDS or PDS General Dental Practitioner, or a General Dental Practitioner employed by a PCT or LHB to perform GDS/PDS. A non-GP Provider is a partner (including a fixed salary partner), shareholder, or single-hander who is not a GP.
- As a GP Registrar is classed as an Officer Scheme member these rules do not apply to them.
- Before the start of the pension year every GMS or PMS Practice (and every APMS contractor that qualifies as an Employing Authority) must complete a form declaring a best estimate of projected pensionable earnings in respect of the GP Providers, non-GP Providers, and Salaried GPs. This form (or a similar version) should be sent to every Practice by the PCT/LHB and can be downloaded at '<http://www.nhs-bsa.nhs.uk/MemberForms.aspx>' under the heading of 'GP Forms'. It must be returned to the relevant PCT/LHB before the pension year starts; i.e. before April. If a Practice fails to complete the declaration the PCT/LHB may set a standard 8.5% rate. The tiered rate shall be revised (if they had been set at the wrong level) when the pensionable earnings are finalised on the end of year Certificate.
- The DSD (Dental Services Division) will arrange for the appropriate tiered contributions to be applied to General Dental Practitioners (GDPs).
- If you are a GP all your Practitioner income (i.e. GP Partner + GP Locum + OOHs + PEC + Bed Fund) is pensionable and must be added together in respect of allocating a tier. You cannot 'pick and mix' to avoid going into another tier band.
- Once a tier has been set it is applied to all of your aggregated Practitioner pensionable pay. For example a GP's total pensionable income is £130,000.00 comprising of Practice based income of £120,000.00, PEC income of £5,000.00, and OOHs income of £5,000.00. The GP would pay 8.5% on their Practice income, their OOHs income, and their PEC income.
- If you are a GP and hold a concurrent salaried Officer post (i.e. Clinical Assistant) that Officer income is kept separate and will be afforded it's own unique tier; i.e. it is ring fenced.
- If you are a GP Provider, Salaried GP, or non-GP Provider and change jobs in 2009/10 your tiered contributions are still based on your aggregated pensionable earnings.
- If you are a non-GP Provider you are regarded as a whole time Officer Scheme member the tiered rate can only apply to one post.
- If you are a freelance GP Locum your pension Locum forms A and B will provide guidance in respect of tiered contributions.
- Salaried GPs and GP Locums (as well as GP Providers and non-GP Providers) shall be required to certify their 2009/10 pensionable pay at the end of the year.

- If you are a salaried GP or GDP and receive a normal annual pay award it should not change your tier.
- If you are a fixed salary Partner and receive a pay increase, your tiered rate may be subject to change when your pensionable earnings are finalised.
- The rules in respect of tiered contributions apply to members of both the 1995 and the 2008 sections of the NHS Pension Scheme.
- If you are a GP or non-GP Providers who starts after 01/04/2009 your aggregated pay is not annualised (i.e. it is not scaled to a full year) for the purposes of setting a tier.
- If you are a GDP your aggregated pensionable earnings are scaled to a full year (i.e. annualised) for the purposes of setting a tier if you started after 1 April 2009.
- If you are a part time GP or GDP your actual pensionable pay is not converted to a whole time equivalent value for the purposes of setting a tier.
- If you are a GP Provider or Salaried GP and sit on the PEC the tiered rate in respect of your PEC income is based on your total Practitioner pensionable income. There is more information about PECs in Technical Newsletter 13/2007.
- If you are an APMS (Alternative Provider of Medical Services) the same tiered rate contribution rules apply as if you were GMS or PMS.
- If you are GP with Special Interests (i.e. a GPsWSI) and have no other Practitioner posts you are classed as a type 2 medical Practitioner and must complete the relevant Certificate at the end of pension year 2009/10.
- If you are a GP who is solely an OOHs GP (i.e. has no other Practitioner posts) you are also classed as a type 2 medical Practitioner and must complete the relevant Certificate at year-end.
- Bed Fund Posts are regarded as Practitioner posts so your Bed Fund tiered rate must be based on your total GP aggregated earnings, not solely on your Bed Fund income.
- If you are a salaried GP or GDP and in receipt of maternity/paternity pay in 2009/10 the full deemed pensionable pay (i.e. the unreduced pay) must be used to set the tiered rate.
- If you are a salaried GP or GDP and in receipt of sick pay in 2009/10 the full deemed pensionable pay (i.e. the unreduced pay) must be used to set the tiered rate.
- If you are buying added years or the additional pension the extra contributions are not affected by your tiered contribution rate. Please refer to Technical Newsletter 17/2008 if you were subject to the pensionable earnings cap and are buying added years. The added years pensionable pay cap, if relevant, is £123,600.00 in 2009/10.

How to contact us:

By Telephone:

Employer helpline, general enquiries 0845 610 1119

Opening times;

8.30am to 5.00pm – Monday, Tuesday, Thursday

10.30am to 5.00pm – Wednesday

8.30am to 4.30pm - Friday

Pensions Online, technical enquiries 0870 011 7108

Member helpline 01253 774774

Opening times;

8.30am to 5.00pm – Monday to Thursday

8.30am to 4.30pm - Friday

Stationery Order line (Forms and Booklets) 0300 123 1002

Fax:

01253 774412

Website addresses;

www.nhsbsa.nhs.uk/pensions

www.nhsbsa.nhs.uk/injury

By email:

- Datamanagement@nhspa.gov.uk - For your general data queries
- Datacleanse@nhspa.gov.uk - For your data cleanse queries
- ESR@nhspa.gov.uk - For your ESR queries
- Employers@nhspa.gov.uk - For your general enquires

If you have any comments about the content or format of this newsletter please email them to communicationsteam@nhspa.gov.uk