

# Cost and Contributions Factsheet 2012/2013

## Practitioners & Non GP Providers

All Practitioner & Non-GP providers NHS Pension Scheme members should use this factsheet

### Introduction

By way of general background information, the Government has given a commitment to review the long-term affordability and sustainability of public service pensions. In a recent review of Public Service Pension Schemes, The Independent Public Service Pensions Commission, chaired by Lord Hutton, concluded that reform is needed. The Government accepted Lord Hutton's recommendations as a basis for consultation in due course with public sector workers and trade unions on long-term reform of pension arrangements. The Government has signaled a clear intention to introduce changes to public sector pension arrangements based on Lord Hutton's recommendations. These changes are expected in 2015. Once further information becomes available about potential changes to the NHS Pension Scheme, a further communication will be issued.

Ahead of this longer-term reform, the Commission made clear that there is a rationale for increasing pension scheme member contributions to ensure a fairer distribution of costs between taxpayers and members. As you will see from this factsheet from 1 April 2012 there will be seven tiers for contribution rates.

**Please note that the 2012/2013 will be subject to normal Parliamentary processes.**

Unlike other members of the NHS Pension Scheme the tiered contribution rates for Practitioners and non-GP Providers are not based on previous years' earnings. All Practitioners (and non-GP Providers) will continue to have their 2012/13 employee tiered contribution rate based on their total certified NHS pensionable income in 2012/13.

The following table shows the new-tiered contribution rates that should be applied for 2012/13. This table must be used until further notice.

**Important** – The contribution rates shown in this factsheet are the latest rates provided by the Department of Health and may be subject to change following further consultation. Should the rates change details will be shown on the NHS Pension website at: [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions)

## 2012/2013 Contribution Rates before tax relief (gross)

Tier	Pensionable Pay in 2012/13	Contribution Rate in 2012/13
1	Up to £15,000.99	5.0%
2	£15,001.00 to £21,175.99	5.0%
3	£21,176.00 to £26,557.99	6.5%
4	£26,558.00 to £48,982.99	8.0%
5	£48,983.00 to £69,931.99	8.9%
6	£69,932.00 to £110,273.99	9.9%
7	£110,274.00 and over	10.9%

(The employer contributions rate remains at 14%).

### Key Points for Practitioners and Non-GP Providers

- The tiered contribution rate for 2012/13 will be based upon your actual 2012/13 certified pensionable NHS earnings. As your actual earnings will not be known for some time your tiered contribution rate for 2012/13 will be estimated.
- For GPs and non-GP Providers, estimated tiered rates will be based on information contained in a new return that all Practices will be required to provide to their Primary
- Care Trust or Local Health Board (PCT/LHB). This will include an estimate of pensionable NHS income in respect of all their GP Providers, Salaried GPs, and non-GP Providers prior to the start of the 2012/13 Scheme year.
- If you are a General Dental Practitioner (GDP), Dental Services Division will arrange for the appropriate contribution tier to be applied.
- If you are a GP all your anticipated NHS GP income (i.e. Practice + GP Locum + OOHs + PEC + Bed Fund) must be added together. This total will then indicate the contribution rate that you must pay. When earnings for the year are finalised, your PCT/LHB will adjust for any over or under payment during the year. If you have any doubt about the figures to be reported your PCT/LHB will be able to help.
- For example, if your total GP pensionable income is £130k, comprising of Practice based income of £120k, PEC income of £5k, and OOHs income of also £5k, you will pay 10.9% on all of your Practice income, OOHs income and PEC income.

- If you have any Officer income (i.e. salaried Clinical Assistant) this will be classed as a separate pensionable employment and be allocated its own contribution tier based on the 'Officer ' rules.
- The earnings that are used to set contribution tiers for GP and non-GP Providers, who start after 1 April 2012, will not be annualised; (i.e. a half-year's earnings will not be scaled to a full-year amount). However, a GDP's earnings will be annualised.
- Part time GP and GDP earnings will not be converted to a whole-time equivalent value for the purposes of setting a tier.
- The table above is the latest available at the current time and will be used to set estimated contribution tiers for 2012/13. The tiered contribution thresholds are periodically updated to reflect any NHS pay rises under Agenda for Change. Any future changes will therefore be advertised and reflected in a revised table. The revised table would then be used to reassess contribution tiers when earnings for year are finalised.

### **Future Years**

There will be further consultation on employee contribution rises for 2013/14 and 2014/15. However, it is too early to say at this stage what changes will be made.