

NHS Pensions - Tiered pension contributions – Employer FAQs

Please note: Rules for Practitioner and Non-GP Provider members are different.

Q Has the employer's contribution rate changed?

A No the employers rate is still 14%

Q Is a tier applied to the whole amount or only to income over the threshold?

A Once a tiered rate has been determined it is applied to the whole amount. For example, someone with pensionable pay of £150,000 will pay contributions of 8.5% x 150,000.

Q Will all tiers have to be revised when a new table is issued?

A No, the updated table will be used for new starters who start after the new table is issued, or to a member who has an in-year pay change.

Q Why are the tiers not linked to pay scales?

A There are many members of the NHS Pension Scheme, for example staff in hospices and GP Surgeries who are not on NHS pay scales. The tables also apply to Practitioners who are not paid on pay scales.

Q Can a member appeal against a tier?

A There are no formal procedures for appeal. If a member believes they have been allocated an incorrect tier by an error in applying the regulations, they are told to contact their employer.

Q What is full year, full time pensionable pay?

A Full year, full time pensionable pay is all pensionable pay, scaled to the equivalent that would have been paid had the member been a full time employee, employed for a complete year.

Q Why are we scaling to full year, full time?

A We are scaling to full year, full time so that part time staff and full time staff are treated equally. Without scaling an employee with two part time jobs could be tiered at a lower rate than a full time employee even if they earn the same money.

Q What if someone changes jobs, but stays with the same employer?

A Both jobs should be included in the pensionable pay figure and scaled, where necessary, to a combined full year, full time equivalent.

Q What if someone has changed employers?

A Please refer to Technical Newsletter 26/2008, which advises of the changes made in this situation.

Q Do we include pensionable allowances and enhanced pay, or just basic pay?

A Pensionable pay should include all pensionable pay, including all pensionable allowances and enhanced pay etc. Pensionable allowances and enhanced pay should also be included in any scaling to full year and full time.

Q Do we adjust for disallowed days?

A Yes, pensionable pay should be adjusted for unpaid days in the same way that part years are scaled to full years.

Q What is pensionable pay for someone on sick pay or maternity pay etc?

A For members with maternity leave, sick leave etc., normal 'deeming' rules apply. Pensionable pay used to determine the tier should be based on their deemed (unreduced) rate of pay.

Q How do we calculate full time pensionable pay for bank posts (i.e. zero hours contract staff)?

A Bank staff should be allocated a tier in exactly the same way as other staff.

Q Do we have to recalculate a tier each time a bank employee starts work?

A No, provided they don't finish and commence employment with another employer, they will retain their tier for the whole of that employment.

Q Do we have to calculate a new tier each time a bank employee moves employer?

A Yes. A bank post will always be allocated a new tier if a member changes their employer and begins a new employment.

Q How do we calculate tiers for staff with more than one job?

A Each post should be treated separately and not aggregated. Each post should be scaled to its full year, full time equivalent, and set a tier independently of the other employments. This may result in different employments receiving a different tier.