

## NHS Pensions - Cost and contributions from 1 April 2015 to 31 March 2021

(Excluding: Practitioners and Non-GP Providers)

### Introduction

This factsheet is for Officer Scheme members who are salaried employees of a Trust, Foundation Trust, NHS Commissioning Board (NHS England), Local Health Board, Direction organisations (including those set up under Fair Deal), or an Independent Provider with access to the NHS Pension Scheme.

It is also for Practice Staff Scheme members who are (non GP) salaried employees of a GP Practice, Out of Hours Provider, or APMS Contractor who are not GPs or non GP Providers.

GP Registrars are regarded as Officer Scheme members.

### Background

The rates shown below were implemented from 1 April 2015 and set out the member contribution rates in both the 1995 and 2008 Sections as well as the 2015 Scheme. The rates were originally set for four Scheme years, however they will remain until 31 March 2021.

The general basic rule is that members of the NHS Pension Scheme (other than Practitioners and non-GP Providers) would have had their contribution rate for the following Scheme year based on previous years' pensionable earnings (whole time equivalent if part-time) unless their circumstances changed during the Scheme year or change going forward. **Contribution rates before tax relief (gross)**

Tier	Full time pensionable pay used to determine contribution rate	Contribution rate (before tax relief) (gross) from 1 April 2015
1	Up to £15,431.99	5%
2	£15,432.00 to £21,477.99	5.6%
3	£21, 478.00 to £26,823.99	7.1%
4	£26,824.00 to £47,845.99	9.3%
5	£47,846.00 to £70,630.99	12.5%
6	£70,631.00 to £111,376.99	13.5%
7	£111,377.00 and over	14.5%

The rules on the application of contribution rates remain unchanged. Please remember it is the whole time equivalent pay that is used for members working part-time.

The table should also be used for new joiners and staff who have a change in their circumstances. Please note that it is their **annualised** whole time equivalent pensionable pay that must be used when assessing their contribution rate.

## Employer contributions

The underlying employer's contribution rate will change from 14.38% to 20.68% from 1 April 2019 in respect of all Scheme members. This rate includes a scheme administration charge of 0.08%. For year 2019/2020 however the employers contribution rate will remain at 14.38% with HM Treasury making up the balance.

**Important** – The employee tiered contribution rates shown in this factsheet are the latest rates provided by the Department of Health and Social Care. NHS Pensions will inform all stakeholders of any changes and details will be shown on the NHS Pension Scheme website at:

[www.nhsbsa.nhs.uk/nhs-pensions](http://www.nhsbsa.nhs.uk/nhs-pensions)

## Contributions and tax relief

NHS Pension Scheme employee contributions are deducted from gross pay before income tax. Therefore, they normally benefit from significant tax relief so the real cost to a member is less than the headline figures.

**The following table outlines the employee tiered contribution rate net of tax for year 2015/16 only**

### Contributions after tax relief (net)

Whole time pensionable pay used to calculate contribution rate	Contribution rate net of tax relief (net)
£10,000	4.00%
£15,000	4.00%
£20,000	4.48%
£25,000	5.68%
£30,000	7.44%
£40,000	7.44%
£60,000	7.50%
£80,000	8.10%
£130,000	8.70%

## Key Points for members

- The general basis rule is that your contribution rate at the start of each Scheme year will be based on your whole time equivalent rate of pensionable pay received during the previous Scheme year unless your circumstances (including annual pay increases) have changed or change during the Scheme year.
- If you only started to contribute to the Scheme part way through a year your pay will be scaled up (i.e. pro-rata) to a full year to establish your tiered rate. If you are part time it will be the whole time equivalent pay that will be used. Please remember this affects people who started a new pensionable employment or re-employment, who joined the Scheme for the first time, or re-joined the Scheme after a break in membership, part way through a Scheme year.
- If you change employers, receive a promotion, receive a pay increase etc on or after 1 April; your contribution rate will be reassessed based on the remainder of your estimated annualised whole time equivalent pensionable pay for the Scheme year.
- Once your rate is set it is generally 'fixed' unless you are promoted, you receive a pay increase, take on extra duties, or are permanently moving from night to day duty. Fluctuations in part time hours will not change your contribution rate as the rate is always set on a full year, whole time equivalent pay basis.
- In circumstances where your pensionable pay or pensionable allowances change in year, your rate of contributions should be reassessed by your employer using your new estimated annualised pay. If you work part-time, there is only a need to reassess your contribution rate if your notional whole time rate of pay also changes. Therefore, if you receive an annual pay increase during a Scheme year **on or after 1 April** your employers should re-assess the tiered contribution rate and apply a new rate if this is appropriate.
- There are two exceptions. There is no requirement to reassess your contribution tier if your pensionable pay or pensionable allowances change as a result of unplanned changes to your duties or as a result of changes to your duties that are short term (likely to continue for less than twelve months).
- It is important to remember that if you work part time then the whole time equivalent pay for your job will be used to assign you to the correct contribution rate. For example, if you earn £18,000 working half the standard time then the whole time equivalent 'pensionable pay' would be £36,000. You will pay 9.3% contributions on your actual pensionable pay of £18,000.
- The contribution rate is applied to all of your pensionable pay. For example, if you are a consultant earning £130,000 you will pay 14.5% on the full £130,000.

- If you have multiple employment contracts a separate contribution rate will be set for each contract based on the full time equivalent pensionable pay for each job.

## Right to Appeal

If you think you are paying the wrong rate of contribution, for example because a change in unsocial hours is temporary rather than permanent, please write stating your reasons to your employer's payroll department who will then consider your position and correct the rate where this is appropriate.