

## 2015 Scheme GP tiered contributions: Guidance notes for use of the annualisation calculator for year 2019/20

### Background

A 2015 Scheme GP's tiered employee contribution rate in year 2019/20 (1 April 2019 to 31 March 2020) is based on their total annualised GP pensionable income. All breaks in pensionable service in year 2019/20 must be accounted for irrespective of the type of GP or length of the break. That is, a GP is no longer regarded as being in continuous pensionable service during a break.

To assist 2015 Scheme GPs, NHS Pensions has developed a 2019/20 annualisation calculator, in which the GP enters details of their GP work and income to determine the correct tiered rate of contribution. Once determined the GP must apply the rate to all their actual GP pensionable income. 2015 Scheme GPs are advised to regularly use the calculator throughout year 2019/20, not just at the end. This will assist in paying the correct tiered rate and therefore reduce the risk of underpaying or overpaying contributions.

Whereas the 2015 to 2019 calculator includes two separate tabs the 2019/20 calculator just has one based on the 'add then annualise' method. Officer income must be excluded from the calculator.

The new GP Member Pension Guide (and the revised GP Tiered Employee Contributions Guide) located in the Practitioner section of the website provides more detailed information about annualising. 2015 Scheme GPs must read the guidance before using the calculator.

A fully protected 1995 Section or 2008 Section GP member must not use the calculator because they are not subject to annualising. A tapered GP member who was allowed to stay in the 1995 or 2008 Section temporarily may have their GP income annualised. Please refer to the separate guidance at page 4 below.

### General guidance for using the 2019/20 calculator

When using the calculator it is important to enter the type of GP work undertaken. The calculator recognises three different types of work, which each contribute to the total GP income used to set the tiered employee contribution rate.

The new GP Member Pension Guide (and the GP Tiered Employee Contributions Guide) provides some examples of how to annualise GP pensionable income.

## Type 1 GP

Please enter the dates and income for each period of work as a Type 1 GP. A Type 1 GP is a GP who is partner, shareholder, or single-hander.

## Type 2 GP

Please enter the dates and income for each period of work as a Type 2 GP. A Type 2 GP is:

- A salaried GP formally employed by a GP practice, APMS contractor or a LHB;
- a long term fee based/self-employed GP who works for a GP practice, APMS contractor, or LHB, for a period of, generally, six months or more and elects to be a Type 2;
- a GP who works solely on a self-employed basis for an Out of Hours Provider that is an NHS Pension Scheme Employing Authority.

## Self-employed freelance Locum GP

Only enter the actual dates worked and income as declared on the 2019/20 GP locum forms. Non-working days must not be declared on the forms or the calculator.

Remember that a freelance GP locum has up to 10 weeks to pension their income.

## GP SOLO (e.g. ad hoc) income

Where a 2015 Scheme Type 1 or 2 GP also performs SOLO work (e.g. self-employed OOHs, appraisals, etc) it must not be entered in the calculator as a separate post.

The SOLO income is not annualised separately, even if the SOLO work is irregular. Instead the SOLO income is added to the surgery income before annualising occurs. This means that if the GP did not work a full 365 days in the year the SOLO income will form part of the annualised income. The new GP Member Pension Guide and the revised GP Tiered Employee Contributions Guide provides some examples.

## CCG work

Although a CCG may put a self-employed GP 'on the payroll' so that tax and NI is paid at source they are still a Practitioner in NHS Pension Scheme terms and the SOLO form must be used. The CCG must not create an Officer post.

A GP who is formally employed by a CCG under a contract of service (i.e. contract of employment) is not a Practitioner in NHS Pension Scheme terms; they are an Officer. Officer work must not be entered on the calculator because the tiered rate is determined separately.

## Breaks in service

From 1 April 2019 all breaks, irrespective of their length, must be accounted for when annualising pensionable income. That is, a GP is no longer regarded as being in continuous pensionable service during a break. The new GP Member Pension Guide (and the revised GP Tiered Employee Contributions Guide) provides some examples of how to factor in breaks.

## Using the calculator to set the tiered contribution rate

Please take care when entering details in the calculator as errors may result in an incorrect tiered rate.

**Step 1:** Under the heading **type**, select the type of service from the dropdown menu.

**Step 2:** Enter the period of employment and pay for that post. (Freelance GP locums must only enter actual working days).

**Step 3:** Click on add an employment and repeat the above steps for any other employments.

**Step 4:** When all employments for the year have been entered click calculate. The calculator will display the total annualised pay and the tiered contribution rate.

**Step 5:** Apply the same tiered rate to all actual GP pensionable income when completing the annual certificate / self-assessment forms.

**Step 6:** If a copy of the results is required, click on the Print button.

**Step 7:** The form must be cleared before beginning any new or revised calculation.

## GPs with full or tapered protection

A fully protected GP member who was allowed to stay in the 1995 or 2008 Section of the NHS Pension Scheme until retirement will not have their GP income annualised. The tiered rate is based on their total actual GP pensionable income in the relevant scheme year regardless of any breaks. As annualising does not apply they must not use the calculator. The new GP Member Pension Guide and the Annualising Guide located in the Practitioner webpage of the website provides more detailed information.

A tapered GP member who was allowed to stay in the 1995 or 2008 Section temporarily, may have their GP income annualised in the scheme year in which they transition / switch to the 2015 Scheme. Where applicable, annualisation only applies to the income from the date of moving to the 2015 Scheme. Transition dates occur in each scheme year from 2015 to 2022, on 1 June, 1 August, 1 October, 1 December, and 1 February. Tapered GPs are affected as follows:

**Annualisation does not apply** - if the transition was 'seamless' i.e. 2015 Scheme GP membership was continuous from the transition / switch date to the end of the scheme year. In the year they move the GP is subject to one tiered rate based on their total actual GP pensionable income in the relevant scheme year

**Annualisation does apply** - if 2015 Scheme GP membership was not continuous from the transition / switch date to the end of the scheme year. The 2015 Scheme GP income is annualised and the calculator should be used to determine the correct tiered rate for the 2015 Scheme income only. Please note that the rate may not be the same as the rate that applied in the first part of the year whilst a member of the 1995 or 2008 Section.