

**NHS SCOTLAND PENSION SCHEME  
CIRCULAR 6/ 2010**

**WHO SHOULD READ:** NHS HR and Payroll Managers  
GP Practice Managers  
Direction Bodies  
HR Managers

**ACTION:** To update employee pension contribution tiers for scheme year 2010/11

**SUBJECT:** Employee Contribution tiers for 2010/11

**About circular 6/2010**

The main purpose of this circular is to provide information for allocating employee contribution tiers for the scheme year 2010/11.

For most Officer Members, tiers will be based on 2009/10 whole time equivalent pensionable pay and the table below applies:

| <i>Tier</i> | <b>Pensionable Pay (whole- time equivalent) in 2009/10</b> | <b>Contribution Rate in 2010/11</b> |
|-------------|--|-------------------------------------|
| 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%                                |

For more details on setting officer member tiers see sections B and C of this circular

Practitioners and non GP Providers tiers will be allocated based on their current year estimated certified earnings from all sources and the table below applies:

| <i>Tier</i> | <b>Pensionable Earnings in 2010/11</b> | <b>Contribution Rate in 2010/11</b> |
|-------------|--|-------------------------------------|
| 1           | Up to £21,175                          | 5%                                  |
| 2           | £21,176 to £69,931                     | 6.5%                                |
| 3           | £69,932 to £110,273                    | 7.5%                                |
| 4           | £110,274 plus                          | 8.5%                                |

For more details on setting practitioner tiers see section D of this circular

The circular also contains an updated form for assistant practitioners to complete in respect of estimated income from all sources in the 2010/11 scheme year.

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## **PART A**

### **Changes To Employee Contributions From 1 April 2010 - general information**

The 2010/11 tiered employee contribution rules outlined below are aligned to the revised Agenda for Change (AfC) pay rates but are applicable to all NHS pension members.

In general the rules for applying a contribution tier have not changed from circulars SPPA [2009/03](#) (applicable to officer members including Practice Staff) and SPPA [2009/02](#) (applicable to Practitioner and non-GP Provider Scheme members). The only difference for officer members is that if an employment commenced after 1 April 2009 then the whole time annualised pay in the employment current at 31 March/1 April 2010 is used for 2009/10 pay in the tiered contribution table rather than the actual previous year earnings. Some of the key points in applying a contribution tier are replicated in sections B, C and D below for ease of reference.

Officers or Practice Staff Scheme members are salaried employees of an NHS employing authority, Direction Body or GP Practice who are not \*GPs or non-GP Providers.

(\*A GP Registrar is an Officer Scheme member)

From the 1<sup>st</sup> of April 2010 until the 31<sup>st</sup> of March 2011 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 B refers to an officer member who was in NHS pensionable employment on the 31<sup>st</sup> of March 2010 and continues to be so in the same employment. That is, their tiered rate is broadly based on their 2009/10 pensionable pay.

Part C is relevant to an officer if on, or after, the 1<sup>st</sup> of April 2010 an employee;

- is a new starter
- has returned to the NHS after a break
- has changed jobs (including a promotion or demotion)
- has voluntarily 'stepped down'
- has had a significant change in their pensionable pay over and above AfC bands.

If an officer member has remained in the same job but their hours have changed their tiered contributions are unaffected (i.e. Part A refers).

Health Boards should note that Locum **principal practitioners paid by the Health Board will continue to have their tier provisionally set at 6.5% for "Out of Hours" (paid as practitioner income), bed fund, and GP locum income** and this will be adjusted at the end of the financial year by PSD on receipt of final certified earnings.

Part D is relevant to Practitioner and non GP providers.

The 2010/11 pensions year is from the 1<sup>st</sup> of April 2010 to the 31<sup>st</sup> of March 2011.



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The rules in respect of tiered contributions apply to members of both the 1995 section and the 2008 section of the Pension Scheme.

The employer contribution rate remains at 13.5%.

## **PART B**

**Officer and Practice Staff Scheme members who were in NHS pensionable employment on the 31<sup>st</sup> of March 2010 and remained in the same post thereafter.**

| <b><i>Tier</i></b> | <b>Pensionable Pay (whole- time equivalent ) in 2009/10</b> | <b>Contribution Rate in 2010/11</b> |
|--------------------|---|-------------------------------------|
| 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

- The tiered employee contribution rate from the 1<sup>st</sup> of April 2010 will be based on 2009/10 pensionable pay set against the above table.
- From 2010/11 onwards, tiers at the start of a scheme year will be based on the previous year's pensionable pay for the part of the employment current as at 31st March / 1st April that falls after any change of contribution tier that occurred in the previous scheme year. That is, if a tier is changed part way through the previous year, then the pensionable pay after the change is uprated to full year / full time equivalent and the previous pay ignored (i.e. the earlier pre rate change pensionable pay is not used in the calculation.)
- Normal AfC related annual pay awards (or short term fluctuations in pay e.g. unsocial hours payments) should not change the tiered rate in place.
- A part-timer's tiered contributions are based on their whole time equivalent (WTE) rate of pay. For example a part-timer who actually earned £10,000.00 in 2009/10 but whose WTE rate of pay was £25,000.00 will be on tier 2 (6.5%) in 2010/11.
- Once the tier is set it will only change during 2010/11 if there is a real change in the rate of pensionable pay resulting from a new job, promotion, special pay award (i.e. clinical excellence) or a step down; Part C of this circular will then apply.
- Concurrent part-time NHS pensionable posts are 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.
- A person 'on the bank' is likely to have several 'stop/start' pensionable posts in 2010/11; therefore Part C refers.
- Any arrears of pay paid in 2009/10 (i.e. in respect of earlier years) must be allocated to the year in which it was due and not regarded as 2009/10 pay when establishing the relevant tiered rate for 2010/11.

- Where an employee has been in receipt of maternity, paternity, or sick pay in 2009/10 the full, unreduced (i.e. deemed), pensionable pay in 2009/10 is used to set the tier in 2010/11.
- Overtime in excess of whole-time hours is not pensionable and therefore does not fall under the tiered contributions rules. However, any income earned by a part-timer in respect of additional hours worked up to whole-time is pensionable.
- Pence are ignored for the purposes of setting a tier. For example if a person earned £68,391.50 in 2009/10 they pay 6.5% employee contributions in 2010/11.

## **PART C**

**Officer and Practice Staff Scheme members who have had a change of pay, or a change of circumstances (i.e. new starters), on or after the 1<sup>st</sup> of April 2010.**

| <b><i>Tier</i></b> | <b>Pensionable Pay (whole- time equivalent) in 2010/11</b> | <b>Contribution Rate in 2010/11</b> |
|--------------------|--|-------------------------------------|
| 1                  | Up to £21,175  | 5%                                  |
| 2                  | £21,176 to £69,931   | 6.5%                                |
| 3                  | £69,932 to £110,273  | 7.5%                                |
| 4                  | £110,274 plus  | 8.5%                                |

### Key Points

- A person who commenced NHS pensionable employment for the first time on, or after, the 1<sup>st</sup> of April 2010 shall pay tiered contributions in 2010/11 on estimated pay as set against the above table.
- If a person commenced NHS pensionable employment on or after the 1<sup>st</sup> April 2010 their estimated pay will be scaled up to an annual (365 day) value to establish their tiered rate.
- For part-timers it is their WTE estimated annualised pay that is used to set the tier.
- If, after following a break, a person returned to NHS pensionable employment on (or after) the 1<sup>st</sup> of April 2010 the table at Part C is used to set the tier.
- If a person's working hours fluctuate under the same contract of employment Part B refers.
- Anyone working solely 'on the bank' is unlikely to have continuous pensionable employment throughout 2010/11; therefore the above table at Part C applies.
- Overtime in excess of whole-time hours is not pensionable and therefore does not fall under the tiered contributions rules. Any income earned by a part-timer in respect of additional hours worked up to whole-time is pensionable. However, remember the tiered rate is always based on WTE estimated annualised pay.



- If a person receives any special pay awards (i.e. clinical excellence/commitment change) in 2010/11 a new tier must be set using the above table at Part C and be based on the new estimated annualised (WTE) pay.
- If a person steps down into a lower paid new job in 2010/11 a new tier must be set based on the new estimated annualised (WTE) pay set against the above table at Part C.

## **PART D**

### **Practitioners and non-GP Providers**

Practitioners are GPs of any type (excluding GP Registrars), General Dental Practitioners, and Ophthalmic Medical Practitioners. Non-GP Providers are partners (including a fixed salary partner) or shareholders in a GP Practice.

All Practitioners and non-GP Providers will have their 2010/11 employee tiered contributions based on the one table below.

| <b><i>Tier</i></b> | <b>Pensionable Earnings in 2010/11</b> | <b>Contribution Rate in 2010/11</b> |
|--------------------|--|-------------------------------------|
| 1                  | Up to £21,175                          | 5%                                  |
| 2                  | £21,176 to £69,931                     | 6.5%                                |
| 3                  | £69,932 to £110,273                    | 7.5%                                |
| 4                  | £110,274 plus                          | 8.5%                                |

### **Key Points**

- The basic rule is that the tiered rate for Practitioners or non-GP Providers is based on their 2010/11 certified NHS pensionable income as a Practitioner or non-GP Provider.
- When referring to 'year 2010/11' it is the pension year not the calendar year. That is, it is from the 1st of April 2010 to the 31<sup>st</sup> of March 2011.
- Pence are ignored for the purposes of setting a tier.
- In the case of principal medical practitioners, non GP providers and locum practitioners (who are also principal practitioners), at the start of the pensions year Practitioner Services Division (PSD) will set a contribution rate set on a best estimate of projected pensionable earnings. With the objective of minimising year end adjustments, this will normally be based on a rate agreed either between PSD and the Practitioner or Non GP Provider; the last available set of finalised earnings or the estimated level of earnings for the current year.
- Salaried practitioners are reminded that they are required to complete a certificate of estimated earnings from all practitioner employments (attached at annex) for the coming year, before the start of the financial year. A copy should be given to each employer and also copied to SPPA or PSD as appropriate. This form will be used to set a contribution tier and ensure that the correct tier is applied when the GP has



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more than one employer. The tier may be adjusted once SPPA is in receipt of the actual earnings at the end of the scheme year. Salaried GPs should not be affected by a normal annual pay award.

- GP aggregated pensionable earnings include Practice, “Out of Hours” (paid as practitioner income), bed fund, and GP locum income.
- Locum principal practitioners paid by the Health Board will continue to have their tier provisionally set at 6.5% for “Out of Hours” (paid as practitioner income), bed fund, and GP locum income and this will be adjusted at the end of the financial year by PSD on receipt of final certified earnings.
- Dentists will have their tier set by Dental Payments Division
- Once a tier has been set it is applied to all Practitioner pensionable income.
- The rate may be adjusted during the year If it becomes apparent that income will exceed that used to base the deduction tier on.
- If a GP holds a concurrent salaried Officer post (i.e. Clinical Assistant) that Officer income is kept separate and will be afforded its own unique tiered rate.
- A non-GP Provider can only pension income from one NHS post.
- Fixed salary partners (or shareholders) who receive a pay increase will have to review their tiered rate.
- The rules in respect of tiered contributions apply to members of both the 1995 and the 2008 sections of the NHS Pension Scheme.
- For a GP (or non-GP Provider) who starts after 1st April 2010 their aggregated pay is not annualised (i.e. it is not scaled to a full year) for the purposes of setting a tier.
- For a part-time GP their actual pensionable pay is not converted to a whole time equivalent value for the purposes of setting a tier.
- A salaried GP or dentist in receipt of sick, maternity, or paternity pay in 2010/11 must pay tiered contributions based on the full deemed pensionable pay (i.e. the unreduced pay).

**Sharon Liptrott**  
**Policy Manager**  
**30 March 2010**

**Contact Information:**

Should you have any enquiries about this circular, or require further information, please contact:

[Sharon.liptrott@Scotland.gsi.gov.uk](mailto:Sharon.liptrott@Scotland.gsi.gov.uk)



**Agency**  
**7 Tweedside Park**  
**Tweedbank**  
**GALASHIELS**  
**TD1 3TE**

**Telephone: 01896 893000**  
**Fax: 01896 893230**



INVESTOR IN PEOPLE





**Pension Scheme Ref: SB**

Member's estimated salary details for the purpose of setting level of pension scheme contribution - 2010/2011

**Assistant and Salaried GP Practitioners including Locums who are not principal GP's** are required to ensure that earnings from all NHS employment are taken into account when setting the level of contributions which will be payable to the NHS Superannuation (Scotland) Scheme. This form must be given to all employers (in respect of assistant and salaried GP employments) for completion and a copy returned to the Agency by 1 May 2010. This form does not apply to GP Providers, GP Registrars, or freelance GP Locums. A copy should also be retained by the employer (including PSD for locums)

**Part A To be completed by member**

Name

National Insurance Number

**Part B To be completed by employer**

| Name and address of each employer                                 | Estimate of Actual Earnings | Commencement date of employment(see notes for completion) | Termination of employment date if applicable (see notes for completion) |
|---|-----------------------------|---|---|
| 1.  |                             |   |   |
| 2.  |                             |   |   |
| 3.  |                             |   |   |
| 4.  |                             |   |   |
| Total aggregate of estimated earnings Columns 1-4                 |                             |   |   |
| Contribution tier applicable to member from all aggregated income |                             |   |   |



N.B. Each employer will continue to pay employer contributions on the individual employment and not the aggregated earnings

## Part C

### Declaration

I understand that the information provided on this form is, to the best of my knowledge accurate and that the information contained is only to be used for the purpose of setting the correct contribution tier in respect of the NHS pension scheme.

Signature of member ..... Date .....

### Notes For Completion

Note 1. The pay declared under “ estimate of actual earnings” is the actual salary paid taking account of any reduced (i.e. half) pay in respect of sick leave, maternity leave etc.

Note 2. Employers should enter date of commencement of employment if this takes place after 1 April 2010.

Note 3. Employers should enter date of termination of employment if this occurs before 31 March 2011

Note 5. Table of contribution rates for 2010/11

| <b>Tier</b> | <b>Pensionable Earnings in 2010/11</b> | <b>Contribution Rate in 2010/11</b> |
|-------------|--|-------------------------------------|
| 1           | Up to £21,175                          | 5%                                  |
| 2           | £21,176 to £69,931                     | 6.5%                                |
| 3           | £69,932 to £110,273                    | 7.5%                                |
| 4           | £110,274 plus                          | 8.5%                                |



## What pension contributions will I pay in 2010/11?

### A factsheet for all Assistant Practitioner & Salaried GPs in the NHS Pension Scheme Scotland

1. All NHS Pension Scheme Practitioner Members will have their pension contribution rates reassessed for the scheme year 2010/11. The table below shows the tiered contribution rates that will be applied to the pensionable earnings of all Practitioners in 2010/11.

#### Contribution Tier Pensionable Earnings Contribution Rate

| <i>Tier</i> | <b>Pensionable Earnings in 2010/11</b> | <b>Contribution Rate in 2010/11</b> |
|-------------|--|-------------------------------------|
| 1           | Up to £21,175                          | 5%                                  |
| 2           | £21,176 to £69,931                     | 6.5%                                |
| 3           | £69,932 to £110,273                    | 7.5%                                |
| 4           | £110,274 plus                          | 8.5%                                |

(The employer contribution rate will remain at 13.5% from 1 April 2010.)

2. There will be cases where the assistant practitioner/salaried GP has more than one employer and therefore the setting of the contribution tier will require the assistant practitioner/salaried GP to ensure that all his/her estimated earnings for the year are aggregated so that a correct tier can be set. To meet this requirement each assistant practitioner/salaried GP must complete a certificate with his estimated earnings from all sources at the beginning of each scheme year and present a copy of the completed form (attached) to each employer. This will allow each employer to be aware of the estimated aggregated earnings for the year ahead so that the correct contribution tier can be applied. A copy of this form should also be sent to SPPA by the assistant practitioner/salaried GP for the member's record.

3. If the assistant practitioner/salaried GP has a change in income part way through the year the contribution tier may be adjusted as necessary. If a tier is adjusted "in year" a new estimated income certificate must be completed by the assistant practitioner/salaried GP and presented to each employer. It will be the responsibility of the assistant practitioner/salaried GP to ensure that any underpayment at the end of the scheme year is paid to SPPA.

4. This tier may be adjusted at the end of the Scheme Year once final income is obtained by SPPA. If the assistant practitioner/salaried GP has also ticked the box on the form indicating that he undertakes locum work these earnings will also be taken into account at the end of the year. Failure to submit the correct information may mean that incorrect records are held and at retirement an incorrect pension may be paid as a result.



5. If you have any Officer income (i.e. Clinical Assistant) this will be classed as a separate pensionable employment and be allocated its own contribution tier. In these cases the employer will remit the correct contribution to SPPA for that employment.

6. If you require any further information please contact the practitioners team at SPPA by e-mail [NHSp3@Scotland.gsi.gov.uk](mailto:NHSp3@Scotland.gsi.gov.uk) or by phone 01896 893038

