

Superannuation (Health Service) Circular No. 3/2009

NHS and other participating employers
GP Practice Managers

NHS Trades Unions and Staff Associations

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10 February 2009

Dear colleague

NHS Pension Scheme

Allocation to contribution tiers for officer members 2009/10 onwards.

1. SPPA circulars No's 4 and 4a 2008 informed employers and employees of changes to the member contribution rates from 1 April 2008 to 31 March 2009 and set out how members should be allocated a contribution tier for that year only. ¹This circular now explains how tiers should be allocated from 1 April 2009 onwards. **Guidance on setting tiers for Practitioners and Non GP Providers is issued separately. (see circular SPPA2009/ 2)**The changes apply to members of both the 1995 and 2008 sections of the scheme and to current members and to deferred members who rejoin the scheme.

2. Principal Changes For 2009/10 Onwards

2.1. From 1 April 2009 the interim measure that allowed some manual workers to pay contributions at a rate of 5% regardless of earnings is no longer applicable. From 1 April 2009 all Officer Scheme members will be allocated to a contribution tier based on their 2008/09 pensionable pay or 2009/10 pensionable pay*.

2.2 Tiered contribution rates are no longer carried between employments.

2.3 A member's contribution tier is reassessed in-year if:

- the member starts a new employment. That is, a change of employer or a new additional concurrent employment or a new job with their current employer; or
- the member's pensionable pay* changes in year for an existing employment. This excludes the effect of changes to pensionable allowances that are due to changes in duties that are not planned or are unlikely to persist for at least 12 months. Unplanned and short-term fluctuations in allowances such as unsocial hours payments will not lead to a tier being reassessed.

¹ These changes are set out in draft Regulations currently subject to consultation required by statute and to Scottish Parliamentary/Ministerial approval.

* Pensionable pay* means the full time equivalent annual salary plus full time equivalent (where applicable) pensionable allowances

2.4 2009/10

An officer member's tiered employee contributions in 2009/10 will be based on their 2008/09 pensionable pay subject to being in the same employment on the 31st March 2009 and 1st April 2009.

If the member started work after the 1st of April 2008 their 2008/09 pensionable pay is uprated to a full year. If they are part time, a full time pensionable pay equivalent figure must be used.

If the member starts work on or after the 1st of April 2009 or has their tier reassessed in-year their tier will be based on estimated 2009/10 pensionable pay* uprated to full year and full time equivalent.

2.5 2010/11 onwards

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.)

In other respects, 2010/11 will operate the same as 2009/10.

3. General principles

The general principles for the allocation of tiers from 1 April 2009 are detailed in Annex A to this circular. Illustrative examples and more detailed information can be obtained on the SPPA website under the NHS employer's section entitled "[Tiered Contributions](#)".

4. Tiered Employee Contribution Rates

Contribution Rates Table

4.1 The table for allocation of contribution rates for 2009/10 is:

Tiered Contribution Rates (2008/09 pay rates)

| Tier | Annual Pensionable pay (Full time equivalent) | Contribution rate for 2009/10 |
|------|---|-------------------------------|
| 1 | Up to £20,224 | 5% |
| 2 | £20,225 - £66,789 | 6.5% |
| 3 | £66,790 - £105,318 | 7.5% |
| 4 | £105,319 plus | 8.5% |

4.2 Updates to the Contribution Rates Table

a. The table used to allocate staff to tiers will be updated by the Scottish Ministers from time to time.

b. An updated table will be issued during 2009/10 once the AfC pay award is agreed.

c. The updated table will be used for new starters who are allocated a contribution tier based on an estimate of 2009/10 earnings who start on or after the implementation date of the revised table. Other members will retain their tier based on the 2008/09 table until 2010/11. Employers will be notified of the date that the updated table is to be implemented when issued by the Scottish Ministers.

5. It will be the responsibility of employers to decide on what tier a member should be allocated but if a dispute arises which the employer is unable to resolve then they should seek advice from SPPA. The SPPA will make a decision based on the information available to them.

6. Any questions arising from this circular can be addressed to myself at the above address or alternatively to the Operations Branch at SPPA telephone 01896 893000.

Yours faithfully

Mrs Sharon Liptrott
Policy Manager, NHSSS

General Principles for allocating contribution tiers from 1 April 2009 onwards

1. Allocation to a contribution tier for employees who are employed on 31st March 2009 and 1st April 2009 will be based on full year, full time equivalent pensionable pay during the previous scheme year or, in some circumstances (see below), estimated full year, full time equivalent pensionable pay* for the current scheme year employment.
2. New starters who are joining the NHS pension scheme for the first time in 2009/10 will have their tiered contributions assessed based on estimated full year, full time pensionable pay* for that scheme year using the contribution rates table in force at the time they join the scheme. This will also apply to those rejoining the 1995 scheme after a break.
3. 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.
4. From 2009/10 onwards contributions are not affected by whether employees are in manual or professional grades; pensionable pay alone is used to determine the contribution tier.
5. Contribution rates are to be applied from Week 1 / Month 1 2009/10.
6. The 2008/09 pensionable pay used to allocate the member to the contribution tier should not include arrears of pay relating to the Agenda for Change assimilation to new pay scales or any other arrears not applicable to that year.
7. Pence should be ignored when determining pensionable pay for the purpose of allocating members to tiers.
8. Pensionable allowances for part-time workers should be uprated to the full year, full time equivalent where applicable.
9. Pensionable pay used to determine a contribution tier should include any deemed pay (i.e. the level of pensionable pay the member was receiving before moving to reduced or nil pay e.g. in the case of maternity leave or sick pay where the employer continues to pay contributions of the higher level earnings.) Any references to pay received, pay, earnings, income etc should be read as plus any deemed pay.
10. Any disallowed days should be adjusted for by uprating to a full year, full time equivalent pensionable pay.
11. For Officers with multiple contracts, the full year full time equivalent pensionable pay under each contract is considered separately and each contract is allocated a tier individually.
12. If the member changes employing authority during the current year then they will receive a new tier for the new employment based on the estimated full year, full time pensionable pay* related to the new employment.
13. A member may also receive a revised tier for an existing employment if the member's remuneration changes in year excluding:
 - a. The effect of pay awards.

- b. Changes to unsocial hours payments or other pensionable allowances which are due to changes in duties which are not planned or are unlikely to persist for at least 12 months. That is, unplanned and short-term fluctuations in unsocial hours payments etc will not lead to a tier being reassessed.

Circumstances where a new tier may be allocated 'in year' include:

- a. Changes to basic pay; promotions, step-downs etc.
- b. Changes to recruitment & retention allowances.
- c. Changes to clinical excellence award.
- d. Changes to discretionary points / commitment award for clinical staff.
- e. Where notified planned, long-term changes to unsocial hours payments such as those arising from moving from day to night duty and long term changes to shift patterns.
- f. Where notified permanent changes to Agenda for Change "on call" allowance

When reassessed the tier would be based on the estimated full year, full time pensionable pay* related to the new employment circumstances.

Changes to a member's contribution tier within an existing employment should be implemented from the start of the current pay period.

Tiers at the start of a scheme year from 2010/11 onwards 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. **However, as there was no revision of tiers during the interim 2008/2009 scheme year, 2009/10 will be based on the previous year's pensionable earnings for the whole of the employment current as at 31st March 2009 / 1st April 2009. In both cases, earnings are uprated to a full year, full time equivalent.**

15. More detailed information on allocating a tier from 2009/10 can be found on the SPPA Website under the NHS employers section for [tiered contributions](#).