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Superannuation (Health Service) Circular No2/2009

<http://www.sppa.gov.uk>

GP Practices
NHS National Services Scotland- Practitioner Services Division
and Dental Payments
NHS Trades Unions and Staff Associations
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Your ref:
Our ref:

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Dear Colleague

Scottish NHS Pension Scheme

Allocation to contribution tiers for Practitioner and non GP partner members 2009/10 onwards

1. Background

This circular sets out how Practitioners and non-GP Providers (NGPPs) members should be allocated a contribution tier from 1 April 2009 onwards. This circular supersedes SPPA circular 2008/04.

2. ¹Principal Changes from allocation of tiers in 2008/2009

1. From 1st April 2009, tiered contributions in respect of a Practitioner or NGPP are based on their actual earnings during the relevant scheme year.

3. Tiered Member Contribution Rates

Contribution Rates Table

The initial tiered contribution table for 2009/10 will be at 2008/9 post Agenda for Change (AfC) pay award pay rates as below:

Tier	Annual Pensionable Earnings 2009/10	Contribution 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%

¹ All changes are subject to regulations being approved by Scottish Ministers and the Scottish Parliament

Updates to Contribution Rates Table

1. The table used to allocate tiered contributions will be updated by the Scottish Ministers from time to time.
2. An updated table will be issued each year once the AfC pay award is agreed.
3. The updated contributions table will replace the initial table and will be used for:
 - a. Setting an estimated tier for all new starters who start in year; and
 - b. Recalculating the final tier when pensionable earnings are finalised.

4. Allocation to Tiered Contribution Rates

Applicable to all Practitioners and Non GP Providers

1. Once a tiered rate has been determined it is applied to the whole amount. For example, someone with pensionable pay of £150,000 in 2009/10 will pay contributions of 8.5% x £150,000.
2. The new contribution rates are to be applied from the beginning of the scheme year.
3. Pence should be ignored when determining pensionable pay for the purpose of allocating members to tiers.
4. Practitioners must 'pension' all of their Practitioner NHS pensionable income.
5. Where an assistant or salaried GP is entitled to paid sick, maternity, or paternity leave the employer pays employer contributions based on the pay before it is reduced and the GP pays employee contributions based on their actual pay received. For these Practitioners, the full (pre-reduced) pensionable pay **is** included in pensionable pay for the purposes of calculating the contribution tier.

For principal Practitioners, sick or maternity pay is usually covered under the Partnership agreement. However, if a principal Practitioner's pensionable earnings actually reduce by reason of illness or injury they may be entitled to 'deemed pensionable sick pay'. If deemed pay is credited to the Practitioner then this **is** also included in pensionable pay for the purposes of calculating the contribution tier.

6. From 2009/10, tiered contributions will be based on a practitioner's aggregated pensionable NHS earnings. GP aggregated pensionable earnings include Practice, "Out of Hours" (paid as practitioner income), bed fund, and GP locum income. Salaried Officer (or Practice Staff) posts must be excluded from the Practitioner aggregation and should be allocated a contribution tier separately according to the rules governing Officer Service within the Scheme.
7. From 2009/10 the practitioner member's contribution tier will be reassessed based on aggregated finalised (i.e. certified) earnings for the year. Any errors in allocating the contribution tier will be corrected when earnings are finalised and will be adjusted for alongside any adjustments due to the level of earnings.



8. The contribution tier used to calculate deductions should be set to minimise any adjustments at the year-end. Contributions may be adjusted in year as necessary to achieve this goal.
9. When setting contribution tiers, Practitioners' and NGPP earnings should not be uprated to full time or full year.
10. Because certificated earnings are tied to tax returns, Practitioner's income for superannuation purposes is on the basis of income "earned" during the scheme year rather than income "received/paid". That is, recalculating tiers and level of earnings based on finalised income (which is on the basis of earned rather than paid income) will place superannuation payments on an earned basis, automatically generating any adjustments necessary.

Applicable to assistant and salaried GPs and to Locum practitioners who are not principal practitioners

11. Assistant and salaried GPs and Locum practitioners who are not also principal practitioners will be required to complete a certificate of estimated earnings from all practitioner employments for the coming year, one month before the start of the financial year. A copy should be given to each employer and also copied to SPPA or PSD as appropriate. (Further details about these forms will be sent at a later date). This form will be used to set a contribution tier and ensure that the correct tier is applied when the GP has more than one employer. A further certificate to confirm earnings will also need to be completed at the end of the financial year.

Applicable to Dentist practitioners

12. Dental Practitioners will also have their tier set on actual earnings by Practitioner Services Division.

Applicable to Locum Practitioners (who are also principal practitioners) and Out of Hours IOS based payroll payments

13. Locum principal practitioners paid by the Health Board will continue to have their tier provisionally set at 6.5% and this will be adjusted at the end of the financial year by PSD on receipt of final certified earnings. This will also be the case for principal practitioners who receive Out of Hours IOS based payroll payments.

5. Setting an In Year Contribution Tier

With the objective of minimising year end adjustments, Practitioner Services Division (for principal practitioners and dentists) or The Health Board or Practice Manger (in respect of assistant and salaried GPs) have discretion to base the in year superannuation deduction tier on:

- a. A rate agreed between PSD, or Employer as appropriate and the Practitioner or Non GP Provider; or
- b. The last available set of finalised earnings; or
- c. The estimated level of earnings for the current year.



The rate may be adjusted during the year either:

- d. In agreement with the practitioner or NGPP; or
- e. If it becomes apparent that income will exceed that used to base the deduction tier on.

Any adjustments must be backdated to the start of the Scheme year and in the case of Dentists will be collected over the remainder of the scheme year.

6. Table of Practitioner income.

6.1 Attached at annex A is a table setting out the different sources of practitioner income and how it should be reported which you may find helpful.

Yours faithfully

Mrs Sharon Liptrott
Policy Manager, NHSSS



Table of Practitioner income

Pensionable Earnings source	Type of benefits	How reported	How tiered 2008/09	How tiered 2009/10	Tier allocated by.....
Principal Practitioner (Partner or in or single GP practice)	Practitioner	End of year certificate to PSD who forward to SPPA	Actual aggregated earnings (based on latest certified earnings and applicable table for that year)	Actual aggregated earnings for year earned as per final certified earnings	PSD
Non GP Partner	Officer	PSD to SPPA	Actual aggregated earnings (based on latest certified earnings and applicable table for that year)	Actual aggregated earnings for year earned as per final certified earnings	PSD
Principal practitioner acting as Locum	Practitioner	End of year certificate to PSD who forward to SPPA	Actual aggregated earnings (based on latest certified earnings and applicable table for that year)	Actual aggregated earnings for year earned as per final certified earnings	PSD Allocate provisional tier 6.5%. PSD to correct actual tier as part of processing annual certificate of pensionable earnings.
Assistant Practitioner or salaried GP employed by Practice	Practitioner	Practice manager reports direct to SPPA	Aggregated earnings based on previous year	Actual aggregated earnings for year earned as per final certified earnings	Practice Manager

Assistant Practitioner or salaried GP employed by Health Board	Practitioner	Health Board to SPPA	Aggregated earnings based on previous year	Actual aggregated earnings for year earned as per final certified earnings	Health Board may treat as officer if paid through pay roll however certificate will show final earnings and contribution tier to be adjusted if necessary at end of year
GP Retainer	Practitioner	Practice Manager to PSD	Aggregated earnings	Aggregated earnings for year earned	Practice Manager
Locum (other than principal practitioner)	Practitioner	member to PSD	Actual aggregated earnings (based on latest certified earnings and applicable table for that year)	Actual aggregated earnings for year earned as per final certified earnings	PSD
Dental Practitioner	Practitioner	PSD then to SPPA	Aggregated earnings for year based on previous years earnings	Actual aggregated net pensionable earnings for year earned as per final certified earnings	PSD
Out of Hours Provider (principal practitioner) (should be paid gross)	Practitioner	PSD to SPPA	Actual aggregated earnings (based on latest certified earnings and applicable table for that year)	Actual aggregated earnings for year earned as per final certified earnings	PSD



Out of Hours Provider (salaried GP/non principal Locum)	Practitioner	Health Board to SPPA	Actual aggregated earnings (based on latest certified earnings and applicable table for that year)	Aggregated earnings for year earned	Should be paid gross. If however the Health Board treats as officer and pays through payroll the certificate will show final earnings and contribution tier will need to be adjusted if necessary at the end of year
Out of Hours IOS based payroll payment - Principal Practitioner	Practitioner	Health Board to SPPA	Actual aggregated earnings (based on latest certified earnings and applicable table for that year)	Aggregated earnings for year earned	PSD Provisional tier 6.5% to adjust at end of year as part of processing annual certificate of pensionable earnings.
Out of Hours Provider IOS payroll (salaried GP non principal practitioner)	Practitioner	Health Board to SPPA	Actual aggregated earnings (based on latest certified earnings and applicable table for that year)	Aggregated earnings for year earned	If it is not possible for the Health Board payroll to deduct correct tier due to payroll limitations This should be highlighted and an adjustment will need to be made at the year end.



Bed funds	Practitioner	Health Board to PSD	Actual aggregated earnings (based on latest certified earnings and applicable table for that year	Actual aggregated earnings for year earned as per final certified earnings	Health Board to provisionally allocate 6.5% then PSD to adjust at end of year
Part Time Specialist	Officer	Health Board to SPPA	Whole time/full time equivalent based on previous years earnings	Whole time/full time equivalent based on previous years earnings unless a significant in year salary change which will trigger an in year tier change.	Health Board
GP Registrar (trainee)	Officer	NHS Education for Scotland to SPPA	Whole time/full time equivalent based on previous year's earnings	Whole time/full time equivalent based on previous years earnings unless a significant in year salary change which will trigger an in year tier change.	NHS Education for Scotland
Salaried Doctor within Hospital	Officer	Health Board to SPPA	Whole time/full time equivalent	Whole time/full time equivalent based on previous years earnings unless a significant in year salary change which will trigger an in year tier change.	Health Board
Salaried Dentist Within Hospital	Officer	Health Board to SPPA	Whole time/full time equivalent based on previous years earnings	Whole time/full time equivalent based on previous years earnings unless a significant in year salary change which will trigger an in year tier change.	Health Board



Out of Hours Provider- Officer	Officer	Health Board to SPPA	Whole time/full time equivalent based on previous years earnings	Whole time/full time equivalent based on previous years earnings unless a significant in year salary change which will trigger an in year tier change.	Health Board
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