

EMPLOYER Technical Update

Contents

1. Changes to Scheme Member Contributions from 1 April 2010
2. Employer Scheme Contribution Rate - 2008/2009 & 2009/2010
3. The Earnings Cap and Added Years – 2010/2011
4. Out of Hours Providers
5. Freelance GP Locums
6. Death Benefit and Survivor Benefits.

1. Changes to Scheme Member Contributions from 1 April 2010

The 2010/11 tiered employee contribution rules, outlined below, take account of the new Agenda for Change pay rates. More detailed information can be found on the HSC Pensions website.

The employer contributions rate remains at 13.3%.

The rules for Officer (including Practice Staff) Scheme members differ to the rules for Practitioner and non-GP Provider Scheme members.

Officers and Practice Staff

Officer or Practice Staff Scheme members are salaried employees of a HSC Trust, the HSC Board, Direction Body, GP Practice, or OOHP who are not *GPs or non-GP Providers.

*A GP Registrar is an Officer Scheme member.

From 1 April 2010 until 31 March 2011 Officer and Practice Staff HSC Pension Scheme members will have their employee tiered contributions based on one of two tables depending on their circumstances.

Part A refers to an employee who was in HSC pensionable employment on 31 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 B is relevant if on, or after, 1 April 2010 an employee;

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

If an employee has remained in the same job and their hours have changed, the tiered contributions are unaffected; ie Part A refers.

When referring to 'year 2010/11' it is the pensions year not the calendar year. The 2010/11 pensions year is from 1 April 2010 to 31 March 2011.

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

PART A

Officer and Practice Staff Scheme members who were in HSC pensionable employment on 31 March 2010 and remained in the same post thereafter.

Tier	Pensionable Pay (whole-time equivalent) in 2009/10	Contributions Rate in 2010/11
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 1 April 2010 will be based on 2009/10 pensionable pay set against the above table.
- Normal AfC related annual pay awards (or short term fluctuations in pay) 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 (ie clinical excellence) or a step down; Part B of this fact sheet will then apply.
- Concurrent part-time HSC pensionable posts are assessed individually (ie 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 B refers.
- Any arrears of pay paid in 2009/10 (ie in respect of earlier years) must be 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 (ie deemed), pensionable pay in 2009/10 is used to set the tier in 2010/11.
- Overtime in excess of whole-time hours (ie 37.5 or 39 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 (ie 37.5 or 39 hours) is pensionable. However, remember the tiered rate is always based on WTE pay.
- Pence are ignored for the purposes of setting a tier. For example if a person earned £68,392.50 in 2009/10 they pay 6.5% employee contributions in 2010/11.

PART B

Officer and Practice Staff Scheme members who have a change of pay, or a change of circumstances (ie new starters), on or after 1 April 2010.

Tier	Pensionable Pay (whole-time equivalent) in 2010/11	Contributions Rate in 2010/11
1	Up to £21,175	5%
2	£21,175 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 HSC pensionable employment for the first time on, or after, 1 April 2010 shall pay tiered contributions in 2010/11 as set against the above table.
- If a person commenced HSC pensionable employment on, or after, 2 April 2010 their pay will be scaled up (ie pro-rata) to an annual (365 day) value to establish their tiered rate.
- For part-timers it is their whole time equivalent (WTE) annualised pay that is used to set the tier.
- If, after following a break, a person returned to HSC pensionable employment on (or after) 1 April 2010 the table at Part B is used to set the tier.
- If a person's working hours fluctuate under the same contract of employment Part A refers.
- Anyone working solely 'on the bank' is unlikely to have continuous pensionable employment throughout 2010/11; therefore the above table at Part B applies.
- Overtime in excess of whole-time hours (ie 37.5 or 39 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 (ie 37.5 or 39 hours) is pensionable. However, remember the tiered rate is always based on WTE pay.
- If a person receives any special pay awards (ie clinical excellence/commitment change) in 2010/11 a new tier must be set using the above table at Part B and be based on the new 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 annualised (WTE) pay set against the above table at Part B.

The Officer and Practice Staff guidance outlined above does **not** apply to non-GP Providers, GP Providers (ie partners, shareholders, single-handers), Salaried GPs, long term fee based GPs, freelance locum GPs, Ophthalmic Practitioners, or General Dental Practitioners.

The guidance above **does** apply to GP Registrars.

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 'single-handers', partners (including a fixed salary partner), or shareholders in a GP Practice who are not qualified GPs.

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

Tier	Pensionable Pay in 2010/11	Contribution Rate in 2010/11
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 HSC 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 1 April 2010 to 31 March 2011.
- Pence are ignored for the purposes of setting a tier.
- The BSO will arrange for the appropriate tiered contributions to be applied to General Dental Practitioners (GDPs).
- A GP's total Practitioner pensionable income (ie GP Partner + GP Locum + OOHs + Bed Fund) **must** be added together in respect of allocating a tier. They cannot 'pick and mix' to avoid going into another tier band.
- Once a tier has been set it is applied to all Practitioner pensionable income.
- If a GP (or GDP) holds a concurrent salaried Officer post (ie Clinical Assistant) that Officer income is kept separate and will be afforded it's own unique tiered rate.
- If a GP Provider, Salaried GP, long-term fee based GP, or non-GP Provider changes jobs in 2010/11 their tiered contributions are still based on their aggregated pensionable earnings.
- A non-GP Provider can only pension income from one HSC post.
- There is guidance for freelance GP Locum on Locum forms A and B.
- All GP Providers, Salaried GPs, long-term fee based GPs, and non-GP Providers must certify their 2010/11 pensionable pay at the end of the year.
- Any Salaried GPs (or GDPs) should not be affected by a normal annual pay award.
- 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 HSC Pension Scheme.
- For a GP (or non-GP Provider) who starts after 1 April 2010 their aggregated pay is not annualised (ie it is not scaled to a full year) for the purposes of setting a tier.
- For a GDP their aggregated pensionable earnings are scaled to a full year (ie annualised) for the purposes of setting a tier if they started after 1 April 2010.
- For a part-time GP or GDP their actual pensionable pay **is not** converted to a whole time equivalent value for the purposes of setting a tier.
- Bed Fund Posts are regarded as Practitioner posts so the Bed Fund tiered rate must be the same mainstream Practice income.
- A salaried GP or GDP in receipt of sick, maternity, or paternity pay in 2010/11 must pay tiered contributions based on the full deemed pensionable pay (ie the unreduced pay).
- If a Practitioner or non-GP Provider is buying added years or the additional pension the extra contributions are not affected by their tiered contribution rate.

2. Employer Scheme Contribution Rate 2008/2009 & 2009/2010

The DHSSPS issued a circular HSC(S) 1/10 which stated the rate of employers' contributions has decreased to **13.3%** with retrospective effect from **1 April 2009**. This rate also applies for 2010/11.

The newly revised rate is due in part to the effect of scheme changes introduced on 1 April 2008 however the 2008/2009 employer rate remains 15.7%

As a result of this change all Employers are required to notify HSC Pension Service of the amount of employee/employer contributions overpaid for the 2009/2010 year.

This information is required by 16 April 2010 in order to meet faster closing for the Scheme Accounts.

GP Practices are also required to provide this information. A proforma is attached at Appendix A.

3. 2010/2011 The Earnings Cap and Added Years

Scheme membership accruing from 1 April 2008 is no longer subject to the pensionable earning cap. However, those who are subject to the cap in respect of some or all of their membership before that date, who are buying:

- Added Years; or
- Unreduced lump sum;

under an agreement starting before 1 April 2008, will have the additional contributions only (ie 'AVCs') assessed by reference to a notional earnings cap. Where it is relevant the notional cap must be applied even when actual HSC income did not exceed the cap before 1 April 2008.

For those affected* the notional cap is as follows:

Year 2008/09 £117,600.00
Year 2009/10 £123,600.00
Year 2010/11 £123,600.00

Agreements (ie contracts) that started on or after the 1 April 2008 are not subject to a cap.

Mainstream tiered employee contributions are based on actual pensionable pay and are not capped.

Contributions in respect of the Additional Pension are not subject to any cap.

*Affected members are in general, those who joined the HSC Pension Scheme for the first time on or after the 1 June 1989 or, who joined before then but have had a break in Scheme membership of 12 months or more that ended on or after that date.

4. Out of Hours Providers

Out of Hours Providers are reminded that they have to meet a strict criteria in order to qualify (and remain) as a HSC Pension Scheme Employing Authority.

Any changes to that qualifying criteria (as outlined under the statutory HSC Pension Scheme Regulations) may affect Employing Authority status.

Any Out of Hours Providers that have changed their structure (ie constitution) or who are considering doing so should contact HSC Pensions in writing for guidance as well as seeking their own legal advice. This includes entering into partnerships or agreements with organisations from the private sector.

5. Freelance GP Locums

Freelance GP Locums engaged by GP Practices have a '10 week window' in which to pension their HSC income.

GP Practices must ensure that freelance GP Locums are paid for their services as soon as possible, therefore, enabling the GP Locum to claim this on the relevant forms as pensionable income.

GP Practices are reminded that GP Locum work in HSC pension terms is short-term deputising work. Fee based GP work over a longer period is regarded (under the statutory HSC Pension Scheme Regulations) as Assistant Practitioner work with the Practice responsible for paying employer contributions.

More information can be found in HSC(P) 04/09

6. Death Nominations and Survivor Benefits

From the 1 April 2008 HSC Pension Scheme Service Members (who were not married or in a civil partnership) may formally nominate a partner to receive ongoing Survivor Benefits in the event of their death.

The Regulations in this area are clear and will not pay survivor benefits to member's partners unless the nomination form has been completed.

Employers are therefore advised to determine appropriate ways to bring this information to the attention of their members.

The conditions below apply for the nomination of partners for those who are not married, or in a civil partnership:

- The Member must have contributed to the HSC Pension Scheme on, or after 1 April 2008 (in the 1995 or 2008 Sections).
- The Member must have lived with their partner in a permanent, exclusive basis for at least 2 years.
- Both partners must be legally free to marry or enter into a civil partnership.
- Both partners are financially interdependent.

A Death Benefit nomination decision tree has been released onto the website for members to use to help them to identify which form they need to complete to keep their records updated. This can be found in the members area of the website at <http://www.dhsspsni.gov.uk/index/hsc-pensions/members-section>

Distribution List:

The Directors of Finance and HR of the HSC Board;
The Business Services Organisation;
The Patient and Client Council;
The Public Health Agency;
HSC Trusts;
Each Special Agency;
GP Practices;
Out of Hours Providers;
Directional Bodies
and
Staff Representative Bodies

DIS
Regional Payroll Liaison Offices
GP Payments (BSO)
Dental Payments (BSO)

How to contact us:

By writing to us at:-

HSC Pension Service
Waterside House
Londonderry
BT47 6FP

Via e-mail at:- superannbr@hscni.net

By Fax:- 028 71 319144

For urgent enquiries only, you can contact us by Telephone:

Switchboard - 028 71 319000 (9.00am to 5.00pm – Monday to Friday)

Scheme Administration (*estimates, retirements, membership etc*) 028 71 319120

Practitioners 028 71 319125

Pension Payroll 028 71 319110

Please note that the Choice Helpline is now closed.

If you have any comments about the content or format of this newsletter please email them to superannbr@hscni.net