



# EMPLOYER TECHNICAL UPDATE

HSC Pension Service

## CONTENTS

Increase in Notional Earnings Cap 2013/14	1
Medical and Dental Practitioner Dynamising Factors for 2012/13	2
GPs and their SOLO ad hoc income	3
2013/14 Payment on Account Forms	4
Maternity Leave, Paternity Leave, Paternal Leave and Adoption Leave	5
Salary Sacrifice Scheme	6
Changes to the HSC Injury Benefits Scheme 31 May 2013	7

## 1. Increase in the Notional Earnings Cap 2013/14

As previously notified, the notional earnings cap was set at £137,400.00 for 2012/13. We can now advise that the notional earnings cap for the period from 6 April 2013 to 5 April 2014 will be £141,000.00.

## 2. Medical and Dental Practitioner Dynamising Factors for 2012-13

The 'dynamising factors' used to up rate the HSC pensionable earnings of all Practitioners (GPs, Ophthalmic Medical Practitioners, and General Dental Practitioners) is 3.7% for a full year, however Practitioners who retire from April to February are afforded a proportion.

The 'dynamising factors' are based on the September 2012 CPI rate plus 1.5%.

## 3. GPs and their SOLO ad hoc income

GPs who are partners, single-handers, or shareholders are Principal Practitioners/GP Providers in HSC Pension Scheme terms.

Salaried GPs or long term fee based GPs employed (or engaged) by a GP Practice, Trusts, HSCB, or an Out of Hours Provider (OOHP) are Assistant Practitioners in HSC Pension Scheme terms.

Where a Principal or Assistant Practitioner performs GP fee based ad hoc work such as appraisal work, out of hours, etc. for an organisation that is a Scheme Employing Authority this income must be pensioned/superannuated by using form SOLO.

There are now two SOLO forms on HSC Pensions website. One for work performed up to the 31 March 2013 and one for work performed from the 1 April 2013. The need to update the SOLO form is due to the change in employee tiered contribution rates that take effect from the 1 April 2013. The new rates are detailed on the new SOLO form and also on the HSC Pensions website.

The new (2013/14) SOLO form must be used for any ad hoc work performed from the 1 April 2013 otherwise incorrect tiered contributions will be paid.

A Principal or Assistant Practitioner who sets up a unique limited company and trades through that company when performing ad hoc work cannot pension/superannuate their income.

Employing Authorities **must not** use GP form SOLO if they agree with a Principal Practitioner to pay the monies directly to the Practice account. If the income is paid directly into the Practice account it must be uplifted to include the 13.3% employer contributions. This is because the Employing Authority is legally required to pay the employer contributions; not the GP.

Freelance GP Locums who perform regular OOHs work on a self-employed fee based arrangement, **must not** record this work on GP locum forms A and B. This work must be recorded on form SOLO and a separate Assistant Practitioner post created.

If in doubt contact, [hscpensions@hscni.net](mailto:hscpensions@hscni.net)

## 4. 2013/14 Payment on Account Forms

The submission date for annual Payment on Account forms which all Principal Practitioners/GP Providers are duty bound to complete and submit to HSC Pensions has now passed and unfortunately a number of GP Practices have failed to submit this important information. It is requested that these forms are completed and forwarded to HSC Pensions Branch immediately.

**Failure to submit the POA form can and has resulted in practices experiencing serious financial difficulties at the end of the financial year.**

The forms can be accessed at [www.hscpensions.hscni.net](http://www.hscpensions.hscni.net)

## 5. Maternity Leave, Paternity Leave, Parental Leave and Adoption Leave

A member can continue to be pensionable when taking maternity, paternity, parental or adoption leave.

Pension contributions can be paid regardless of whether a member's leave is paid or unpaid.

A member's normal pension contributions are deducted on the amount of pay actually received during the leave. If a member goes on to nil pay, then the contributions will be based on the amount of pay they were receiving immediately before nil pay commenced.

Added years contributions continue to be payable on the normal pensionable pay.

Additional pension purchases continue at the normal rate.

Under all circumstances, employer pension contributions are based on the normal pensionable pay, as though the member was not on leave.

If a member is part-time the 'deemed' hours (the member would have worked) will be credited to the member and must be supplied by the employer.

Pensionable/reckonable pay for benefit purposes will be based on the member's normal level of pensionable pay.

If a member does not intend to return to work, for example after maternity or adoption leave, they are still entitled to pay pension contributions during the period of statutory leave.

If a member has annual leave after a period of statutory leave and does not return to work for example after maternity or adoption leave, the date of leaving should be the last day of pensionable work plus any annual leave entitlement.

If a member intended returning to work and has already paid some contributions during their leave, then decides that they are not returning to work, HSC Pension Service can accept the last day of membership as the last day that they paid contributions.

Employers need to ensure that all members, whether they opt out of the Scheme or leave, are aware that pensionable membership will not be extended unless contributions are paid. Entitlement to benefits can be affected dependent on length of Scheme membership. It is important that employers make certain that all Scheme members receive the necessary information about pension arrangements before they take Maternity leave, Paternity leave, Parental leave or Adoption leave.

## **Arrears of contributions**

Arrears of pension contributions accrued during a period of maternity leave can be collected when the member returns to work provided they are collected within a reasonable amount of time.

## **Flexibilities**

For example where an employee has 6 months paid and 6 months unpaid leave, but the pay is averaged out over a 12-month period, contributions to be deducted based on the underlying entitlement.

## **Summary**

Member is receiving:

### Full Pay

1. Deduct employer's contributions on the member's normal pensionable pay
2. Deduct employee's contributions on pay actually received

### Half Pay

1. Deduct employer's contributions on the member's normal pensionable pay
2. Deduct employee's contributions on pay actually received

### Statutory Pay (e.g. Statutory Maternity Pay, Statutory Adoption Pay)

1. Deduct employer's contributions on the member's normal pensionable pay
2. Deduct employee's contributions on SMP

### Unpaid Leave

1. Deduct employer's contributions on the member's normal pensionable pay
2. Deduct employee's contributions based on the rate of pay immediately before any period of unpaid leave begins

## **6. Salary Sacrifice Scheme**

A salary sacrifice scheme permits an employee to give up part of the 'cash benefit' due under his or her contract of employment, usually in return for some form of 'non-cash benefit', typically childcare vouchers or home computers. The sacrifice is achieved by varying the employee's terms and conditions of employment relating to pay and results in savings on national insurance contributions and income tax. Employers are reminded that the value of the non-cash benefit is not pensionable in the Scheme.

Employers offering 'salary sacrifice schemes' are advised to ensure that employees are made aware that their Scheme contributions will only be based on the reduced salary. This means that benefits (including those payable following death in service) may be significantly reduced if claimed during a period when salary is sacrificed or within twelve months of the resumption of full cash pay.

## 7. Changes to the HSC Injury Benefits Scheme 31 May 2013

Consultation on changes to the Injury Benefit Scheme Regulations ended on 4 March 2013. The changes will come into operation on 31 May 2013 and reflect those introduced for the HSC staff in England, Wales and Scotland.

These changes bring about the closure of the HPSS Injury Benefit Scheme in respect of injuries or diseases occurring on or after 31 May 2013, introduce transitional arrangements to cover injuries or diseases occurring before that date and launch a new Injury Allowance as part of HSC Staff Terms and Conditions of Service.

More information is available in [appendix 1](#) of this Technical Update.

Further guidance for employers and staff, including how the transitional arrangements will work will shortly be available on the HSC Pension Scheme Website at

[www.hscpensions.hscni.net](http://www.hscpensions.hscni.net)

## Distribution List:

The Chief Executive of the HSC Board & HSC Trusts  
The Director of Finance and Director of Human Resources of the:  
HSC Board;  
The Business Services Organisation;  
The Patient and Client Council;  
The Public Health Agency;  
HSC Trusts;  
Each Special Agency;  
GP Practices;  
Dental Practitioners;  
Out of Hours Providers;  
Directional Bodies; and Staff Representative Bodies.

## How to Contact Us:

### By writing to us at:-

HSC Pension Service  
Waterside House  
75 Duke Street  
Londonderry  
BT47 6FP

Via e- mail at:- [hscpensions@hscni.net](mailto:hscpensions@hscni.net)

By Fax:- 028 71 319144

By Telephone: 028 7131 9111

9.00am to 5.00pm – Monday to Thursday; 9.00am to 12.00pm Friday

If you have any suggestions for the newsletter or would like a particular topic covered in future publications please do not hesitate in contacting us by emailing: [hscpensions@hscni.net](mailto:hscpensions@hscni.net)