

EMPLOYER TECHNICAL UPDATE

CONTENTS

GP Locum Forms A & B	1
2010/11 Providers <u>Limited Company</u> Certificate of Pensionable Income	2
Updated Ill Health Retirement Application	3
AW171 - Post Award Revised Details (amended)	4
Fixed Protection Benefit Accrual Declaration	5
Auto-Enrolment - Information provided by NHS Employers	6
Assistant Medical Practitioners - Self-assessment Form 2010/11	7
GP Practices - Payment on Account Forms	8
Out of Hours Providers - Employers Guide	9
Direction Employers - Potential Suspension/Abatement of HSC Pension Scheme Benefits	10
Future Pension Projections	11
Changes to the Scheme Opt-Out Process	12
Reminder - Annual Allowance Information Requirements	13
Reminder - Strike Action and deductions of pay - guidance for Employers	14
Important Updates	15

1. GP Locum Forms A & B

HSC Pension Service has updated the GP Locum forms A and B to take account of the new tiered contributions rates from April 2012.

Tiered contributions for GPs (including freelance GP Locums) are based on their total GP (Practitioner) HSC Pensionable earnings in the current year. More information about the new rates can be found on the [Costs and Contributions factsheet](#) on our website.

If, at March 2013, it is found that a GP Locum has paid the wrong rate of tiered contributions they will be responsible for making any corrections. If the tiered rate was understated the GP Locum must pay arrears of contributions to the Business Services Organisation immediately. If they have overpaid contributions then a local refund is payable from the Business Services Organisation.

Forms A & B can be found on the [scheme forms](#) section of the website.

OOHs, PEC, GPwSI, or Clinical Commissioning Group income must not be recorded on forms A and B. GP Locums are not required to complete the GP Provider end of year certificate (or the Salaried GP self assessment form) unless they are also a GP Provider (or a Salaried GP).

2. 2010/11 Providers Limited Company Certificate of Pensionable Income

The 2010/11 limited company version of the annual Certificate, that both GP and non-GP Providers must complete, is now available on the [scheme forms](#) section of the website.

The Certificate has been developed in collaboration with the Association of Independent Specialist Medical Accountants (AISMA).

This Certificate must be completed by shareholders in an Employing Authority that is a company limited by shares.

A GP Provider is legally required to complete a Certificate in respect of every Practice (or Centre) where they are a Provider; i.e. partner, shareholder, or single-hander.

The Certificate is available in Excel which users can download to their own computer to use. Also on the website is comprehensive guidance in respect of completing each requirement of the Certificate and a list of FAQs. The deadline for completion of this Certificate has been extended to 4 October 2012 to provide sufficient time for completion.

3. Updated Ill Health Retirement Application (AW33)

Changes have been made to the Ill Health Retirement Application form AW33 to enable the HSC Pension Service to carry out an additional HMRC test which may help to confirm the annual allowance tax position for affected scheme members. As a result any old stocks should be destroyed. The new form should be used with immediate effect and is available within the [scheme forms](#) section of our website.

Please note that if the new form is not used this may have adverse tax consequences for the member.

4. AW171 - Post Award Revised Details - (amended)

Employers should use this form to notify HSC Pension Service of a change which affects an award of Age, Incapacity, Premature or Death in Service Benefits. Please note that this form has been amended to highlight any change that may cause an overpayment.

5. Fixed Protection Benefit Accrual Declaration

When a member retires they must provide a copy of their fixed protection certificate to their employer to forward to the HSC Pension Service. They will also be required to declare they have not had benefit accrual up to and including the date of retirement. The AW6 form has been changed to take account of this new type of protection which is available within the [scheme forms](#) section of our website.

Before the HSC Pension Service can use the fixed protection in relation to the payment of a member's HSC pension benefits we require confirmation that the member has tested for and has not had benefit accrual. This includes benefit accrual with any other pension provider.

Any delay by an employer in forwarding a copy of the fixed protection certificate to the HSC Pension Service may delay the payment of pension benefits.

Further information about Fixed Protection and Benefit Accrual can be found on our website.

6. Auto-Enrolment - Information provided by NHS Employers

Scheme Employers may be interested in new information recently posted to the [NHS Employers website](#) concerning Auto Enrolment. The [article](#) provides a overview of the current timeline and outlines seven key steps that Employers will need to undertake to prepare for the implementation.

7. Assistant Medical Practitioners - Self-assessment Form 2010/11

All Assistant Medical Practitioners must complete a Self– assessment Form 2010/11 if they were in HSC pensionable 'employment' in Northern Ireland from 01/04/2010 to 31/03/2011.

An Assistant Medical Practitioner is;

- A Salaried GP formally employed by a Practice, Trust or Board.
- A long-term fee based GP who works for a GP Practice, Trust or Board.
- A GP who solely performs OOHs work either on an employed or self-employed basis.

If it is found that an Assistant Medical Practitioner has paid the wrong rate of tiered contributions they will be responsible for making any corrections with each employer. For more information please see the Assistant Medical Practitioner Guidance Notes.

The Self-Assessment form and guidance notes on completion are both available on the [Scheme Forms](#) section of the website.

8. GP Practices: Payment on Account forms

All Practices are required to submit a Payment on Account form for the year 2012/13. If you have not already done so please return this form immediately to HSC Pensions.

The form, which in law, should have been completed by each practice and forwarded to HSC Pensions Branch prior to the start of the financial year to ensure that the correct (or at least best estimated) rate of tiered employee contributions can be collected 'on account'.

Failure to submit a form can result in a significant underpayment of contributions which can put severe financial strain on the practice accounts at the year end.

The form can be accessed from the [scheme forms](#) section of the website.

9. Out of Hours Providers - Employers Guide

HSC Pension Service has developed an Out Of Hours Employers Guide for all OOH Providers. The guide is available to view on the [Scheme Guides](#) section of the website .

10. Direction Employers - Potential Suspension /Abatement of HSC Pension Scheme Benefits

HSC Pension Service would like to remind employers of the policy surrounding direction employers. In summary, where a scheme pensioner returns to (or joins) a Direction Employer their HSC Pension Benefits may be suspended or abated (reduced) if any of the following occur:

- The employee would have potentially been eligible for scheme membership, under the terms of the Direction, had they not been in receipt of pension benefits.
- The re-employment (new employment) is in respect of the provision of HSC Services.
- The re-employment (new employment) is in respect of the delivery of HSC Funded Services.

Further related information is contained in the retirement booklet for members and the working after retirement factsheet; both of which are available on our [website](#).

11. Future Pension Projections

Due to the on-going review of Public Sector pension schemes as a result of the Hutton Report, HSC Pension Service are unable to project future benefits for any members whose Normal Pension Age (NPA) is after the 31st March 2015.

12. Changes to the Scheme Opt Out Process

Introduction

HSC Pension Service has introduced a revised scheme opt-out process, which will ensure that any member considering opting-out of the scheme is in a position to make an informed decision and fully understands the implications. HSC Pension Service no longer requires SD502 and J1 forms from trust employers as this information is received electronically. The paper forms should be retained by the employer for their records. GP Practices and Directional Employers should continue sending J2 and SD502 forms to HSC Pension Service.

The information outlined in this technical update should be followed as best practice. However, where this is not practicable, it is acceptable for individual employers to use other methods of ensuring their staff are fully informed of the implications of opting-out.

Best Practice Process

The new process will work as follows:-

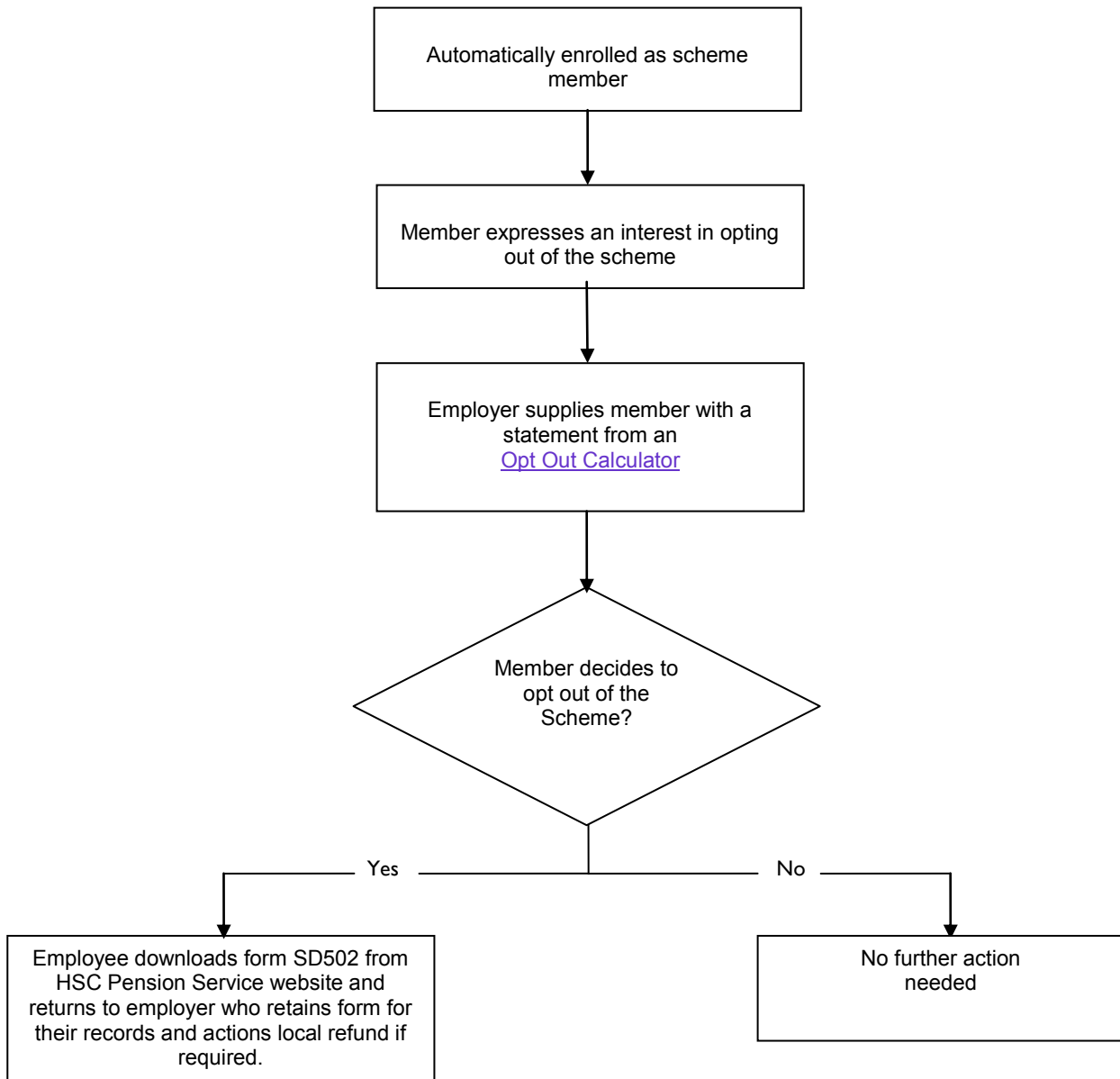
- Employee contacts their employer and states that they wish to opt-out.
- The employer supplies the employee with a statement from an [Opt Out Calculator](#) which is available from the HSC Pension Service website and a copy of the Scheme Guide if the employee hasn't already received one in the last 12 months.
- The statement illustrates the impact on the member's take home pay and contains some standard information outlining the benefits they would lose if they decide to opt-out. The member should be asked to read the content of the statement and reconsider whether scheme opt-out is still their wish.
- If the member decides not to opt out, no further action is necessary.
- If the member still wishes to opt out, the member should be directed to the HSC Pension Service website where they can download form SD502 and sign a declaration confirming they understand what they are giving up. They should then return it to their employer. Form SD502 has been revised to include an amended declaration. Copies of the new version of form SD502 can be downloaded from the [scheme forms](#) section of the website.
- The SD502 should then be actioned by the Salaries & Wages department as normal. **Nothing about this aspect of the opt-out process has changed.**
- Following completion of form SD502, a member is considered as having left pensionable employment on the date that the SD502 takes effect. Therefore the opt-out date is always tied to the pay period for the member (i.e. monthly or weekly) and the member continues to contribute to the scheme until the last day of the relevant pay period.

12. Changes to the Scheme Opt Out Process

The SD502 takes effect from -

- i) the first day of the pay period immediately following receipt of the SD502 by the Employer or
- ii) where a later date is specified in the SD502, from the first day of the pay period following the pay period in which the specified date falls.

The flowchart below details the process:



12. Changes to the Scheme Opt Out Process

How to use the Opt Out Calculator

The Calculator has been developed in excel format and consists of two pages. The first page is called 'Input' and this is where we ask you to complete the fields highlighted in yellow. The annual pensionable earnings field has to be completed in all cases and if the member is part-time the Whole-time equivalent pensionable pay field also needs to be completed. The contribution rate and tax code will be automatically calculated if left blank, however it is recommended that you insert the pension contribution rate the member is currently paying. The [Opt Out Calculator](#) is available on our website under scheme forms.

Below is an example of fields that have been input for a part-time member:

Annual salary

Actual pensionable earnings

£19,500.00

Whole-time equivalent pensionable pay

(Complete field if different to your Actual pensionable earnings above.)

Pension contribution rate

(If this is left blank, the calculator will look up the contribution rate based on the salary details provided above.)

Tax code

(If this is left blank, the calculator will assume a standard tax code (ie 810L).)

Notes:

- The calculator only allows for tax codes L, K, BR, D0, D1 and NT.
- The calculator assumes that the tax code put in will allow for the income-related reduction to the Personal Allowance for earnings over £100,000.
- The calculator does not allow for people aged 65 or over who are eligible for a Personal Allowance above the basic level.

When you have completed these fields click on the 'Results' tab and you will be presented with the calculations for the member as shown on the next page:

12. Changes to the Scheme Opt Out Process

Payments		Deductions		As a member of the HSC Pension Scheme	After opting out
	£				
Monthly salary	1,625.00	Tax		173.67	189.92
		N.I. Contribution		102.82	119.08
		Pension contribution		81.25	0.00
Total payments	1,625.00	Total deductions		357.74	309.00
		Net pay		1,267.26	1,316.00

£48.74

Benefits you will be giving up by opting out of the HSC Pension Scheme

- Annual contribution paid by employer worth £2,594
- An annual pension payable for life after retirement
- Tax free cash lump sum on retirement (optional for those who have 2008 section membership only)
- Death in service life assurance lump sum
- Pension benefits payable to dependents (including children)
- Ill health retirement benefits
- Reduced rate of National Insurance contributions
- Tax relief on pension contributions

More information about the benefits that the Scheme provides can be found in the HSC Pension Scheme guide available on the website under [‘scheme guides’](#).

Although this calculator is aimed at salaried Scheme members (i.e. Officers and Practice Staff) some Practitioner Scheme members (i.e. GPs and General Dental Practitioners) may also find it useful where they may be in an employed (PAYE) HSC post.

Please note that the calculator above is for illustrative purposes only.

Please provide a copy of this statement to the member and a copy of the Scheme Guide if the employee hasn't already received one in the last 12 months.

Please begin to use the new version of the SD502 form and dispose of older versions. The new version is available to download from the website under [‘scheme forms’](#).

13. Reminder - Annual Allowance Information Requirements

In the Technical Update issued in December 2011 an article was published to inform you about the Annual Allowance information requirements. This article is to give you a reminder of a key point relating to the provision of information.

In addition to the submission of the annual return of service and salary details no later than 2 months after the end of the pension year, HMRC legislation also requires member records to be updated by 6 July, following the end of the pension year.

This is to allow HSC Pension Service to calculate the growth in benefits for members and where appropriate to provide those members who breach the Annual Allowance with a Pensions Savings Statement by 6 October that year. The information provided by employers must be sufficient to allow HSC Pension Service to be able to accurately calculate the member's benefits at 31 March each year. HMRC have advised that employers will need to be able to provide evidence to satisfy both HSC Pension Service and HMRC that they have complied with the requirements.

If employers do not meet HMRC's requirement to supply information, then HMRC may impose fines on that employer of:

- Up to £300 for each member where the information has not been provided; and
- An additional fine of up to £60 a day for each day the information is late.

For 2011/12 **only** HMRC have allowed an extension until 6 October 2013.

Further Information

Further information is available at:

- www.hmrc.gov.uk/pensionschemes/annual-allowance/index.htm
- <http://www.hmrc.gov.uk/manuals/rpsmmanual/RPSM06105000.htm>
- <http://www.dhsspsni.gov.uk/index/hsc-pensions/employers/emp-material/emp-material-fs>
- <http://www.nhsemployers.org/PayAndContracts/NHSPensionSchemeReview/Changestopensioncontributiontaxrelief/Pages/Taxreliefforpensions.aspx>

14. Reminder - Strike action and deduction of pay - guidance for employers

NHS Employers have published guidance on the deduction of pay for strike action which can be found using this link: <http://www.nhsemployers.org/SiteCollectionDocuments/Strike%20action%20and%20deduction%20of%20pay%20guidance.pdf>.

The pensions section in the guidance states:

- *A day on which a member of the HSC Pension Scheme is absent on strike is a 'disallowed day' for pension purposes therefore no pension contributions can be collected and the period can not count as pensionable membership for benefit purposes.*
- *There is no facility for the employee to make up the lost pension contributions in such circumstances.*
- *Organisations will need to make a note of all pension scheme members who have participated in the strike so that any disallowed days can be taken into account in their individual member records. Employers will need to ensure that this information is captured in their annual returns to HSC Pension Service via electronic interface or by completing form SD55A.*

Please note: Where a member takes 1 hour of industrial action the hour will be non-pensionable but will not count as a disallowed day. Where there are multiple days where a member takes 1 hour of industrial action we would only record a disallowed day where the total number of hours equated to a days work for the member.

15. Important Updates

1. 2012/13 Employee Contribution Rates

The basic rule is that the tier for existing Officers and Practice staff Scheme members in 2012/13 is based on their 2011/12 full year whole time equivalent (WTE) pensionable pay using the table below, **it is not the pay point on the NHS/HSC pay scale.**

Tier	Pensionable Pay in 2011/12	Contribution Rate in 2012/13
1	Up to £15,000.99	5.0%
2	£15,001.00 to £21,175.99	5.0%
3	£21,176.00 to £26,557.99	6.5%
4	£26,558.00 to £48,982.99	8.0%
5	£48,983.00 to £69,931.99	8.9%
6	£69,932.00 to £110,273.99	9.9%
7	£110,274.00 and over	10.9%

2. Pensions and GMP

HSC Pension Service require GMP (Guaranteed Minimum Pension) figures from HMRC before processing pension applications from scheme members, these details can sometimes take HMRC 6 weeks to provide, therefore we require pension applications **3 months** in advance to ensure payment is made the month the scheme member retires.

3. Pension Estimates

When providing an unreduced basic estimate before NRA it is important that members are aware that the quoted figures are not payable until NRA. Benefits claimed after minimum pensionable age (50 or 55) and before NRA will be reduced.

The HSC Pension Service is currently reviewing disclosure requirements on all estimate outputs.

4. GP End of Year forms - Electronic GP55a

Please note that completed 55a spreadsheets for the year end 2011/12 should have been returned by 31st July 2012. This date has now been extended until 31 August 2012 as not all returns have been received. These returns are only relevant to GP Practice staff.

5. Increase in the Notional Earnings Cap 2012/13

We can now advise that the notional earnings cap for the period from 6 April 2012 to 5 April 2013 will be £137,400.00.

6. 55Bs and SS14s

Practitioner joining forms (SS14s) and Practitioner 55B forms have now been uploaded to the Scheme Website and are available to download from the [Forms section](#).

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.

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For urgent enquiries only, you can contact us by Telephone: 028 7131 9111

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

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