

# HSC Pension Scheme Earnings Cap FAQs

## Q When did the Earnings Cap start?

A The Earnings Cap applies to any member of the 1995 section of the HSC Pension Scheme who joined the Scheme for the first time on or after 1 June 1989 or who had a break in membership of 12 months or more, after that date.

## Q Are members of the 2008 section of the HSC Pension Scheme subject to the Earnings Cap?

A No. Anyone joining the HSC Pension Scheme for the first time who is a member of the 2008 section of the HSC Pension Scheme is not subject to the Earnings Cap.

## Q Will a member's capped benefits up to 31 March 2008 be index linked?

A Yes, at retirement pension benefits for membership prior to 1 April 2008 will be calculated using the earnings cap uprated by the same percentage as the percentage increase in the retail index (RPI) or the nearest multiple of £600.00.

## Q Are added years' contributions subject to the earning cap?

A If a Scheme member, who was previously subject to the cap, has already bought added years or is still buying them under an agreement that started before 1 April 2008, those added years remain subject to the cap. Contributions in respect of the added years should be limited to the capped pay.

Any added years agreement starting on or after 1 April 2008, together with the member's basic tiered employee contributions are based on the actual pensionable pay.

**Q What is the earnings cap for each year?**

A An up to date list of the earning cap can be found on our website at [www.hscpensions.hscni.net](http://www.hscpensions.hscni.net)

**Q Should all GP HSC/NHS work be classed as pensionable?**

A Yes, all GPHSC/NHS work must be classed as pensionable and they cannot opt out of pensioning earnings types. However, if the member is subject to the earnings cap any HSC pension income over this cannot be pensionable.

**Q Does Schedule E income (i.e. salaried clinical assistant work) count towards the pensionable earning cap?**

A Yes. Remember that because schedule E income is generally automatically pensioned at source via payroll it will reduce the scope for pensioning other HSC income. i.e. if a member is a salaried clinical assistant for £10,000.00 in year 2006/07 they can only pension £98,600.00 of their GP income if they are subject to the earnings cap.

**Q If a GP provider is subject to the earnings cap, who decides what elements of a member's HSC income should be pensioned first?**

A Capped GP Providers must decide for themselves what income falls under the cap and what income is in excess of the cap. If they elect for their fringe (ie OOH) income to be over and above that cap they must inform the relevant OOHs employer so that Scheme contributions are not paid on those contributions. HSC Pension cannot offer financial advice on this matter.

**Q Are members that move between the HSC and Principal Civil Service Pension Scheme subject to the earnings cap?**

A From 1 April 1996 HSC and Principal Civil Service Pension Scheme (PCSPS), (Department of Health only), members who move between these bodies will no longer be regarded as 'new entrants'. This means that the earnings cap will not apply to them unless they were subject to it before the move.

**Q** If a GP works “cross border” is the cap unique to each country in the UK?

**A** A capped scheme member who also works in Scotland, or England is allowed to pension up to the capped earnings limit for each year, in each of these countries, because they would be members of both separate pension schemes.

**Q** Are dividends pensionable?

**A** Yes, from April 2006 onwards.

**Q** Is GP Locum work pensionable?

**A** Yes, if the work is Practice based GP Locum work. The member is responsible for recording the GP Locum work on forms GP Locum A and B: The HSC Board is responsible for paying the employer contributions in respect of practiced based GP Locum work.

**Q** Is medical school income pensionable?

**A** No. Any fees paid to the GP or practice by the medical school, are not pensionable. Only salaried employees of an open “Direction Body” may join the Scheme.

**Q** Is prison work pensionable?

**A** Yes, subject to the fees being paid directly to the GP/Practice by the HSC Board/Trust.

**Q** Is QOF income pensionable to the GP if it is passed on to some of their staff?

**A** If the QOF is passed on to the practice staff as a reward it counts as pensionable income for the practice staff, subject to it being a regular salaries payment.