

Costs and Contributions Factsheet 2014/15 HSC Pension Scheme members (Excluding: Practitioners and Non-GP Providers)

Introduction

By way of general background information, the UK Government has given a commitment to review the long-term affordability and sustainability of public service pensions. In a recent review of Public Service Pension Schemes, The Independent Public Service Pensions Commission, chaired by Lord Hutton, concluded that reform is needed. The UK Government accepted Lord Hutton's recommendations as a basis for consultation in due course with public sector workers and trade unions on long-term reform of pension arrangements. The UK Government has signaled a clear intention to introduce changes to public sector pension arrangements based on Lord Hutton's recommendations. These changes are expected in 2015. Once further information becomes available about potential changes to the HSC Pension Scheme, a further communication will be issued.

Ahead of this longer-term reform, the Commission made clear that there is a rationale for increasing pension scheme member contributions to ensure a fairer distribution of costs between taxpayers and members. From 1 April 2012 seven tiers for contribution rates were introduced.

This factsheet therefore sets out details of the planned contribution rates for members of the HSC Pension Scheme for the Scheme year 1 April 2014 to 31 March 2015. The rates shown are in respect of the third year of a three year review period. **Please note that the 2014/2015 tiered contribution rates will be subject to normal legislative processes.**

Important – The contribution rates shown in this factsheet are the latest rates provided by the DHSSPS and may be subject to change following further consultation. The table shown in this factsheet may be adjusted for those new to post from April 2014 to reflect any pay uplift that is applied. In the event of any change, you will be informed by your employer and details will be shown on the HSC Pension website at www.hscpensions@hscni.net.

The majority of members of the HSC Pension Scheme (other than Practitioners and non-GP Providers) will have their 2014/2015 contribution rate based on previous years' earnings (2013/2014) unless their circumstances have changed.

The following table must be used until further notice.

Tier	Pensionable Pay	Contribution Rate in 2014/15
1	Up to £15,431.99	5.0%
2	£15,432.00 to £21,387.99	5.6%
3	£21,388.00 to £26,823.99	7.1%
4	£26,824.00 to £49,472.99	9.3%
5	£49,473.00 to £70,630.99	12.5%
6	£70,631.00 to £111,376.99	13.5%
7	£111,377.00 and over	14.5%

(The contribution rate paid by employers remains at 13.3%).

Contributions and tax relief

HSC Pensions Scheme employee contributions are deducted from gross pay before income tax. Therefore, they normally benefit from significant tax relief so the real cost to a member is less than the headline figures.

2014/2015 Contributions after tax relief (net)

Full-time pay	2013/14	2014/15		
	Contribution rate after tax relief (net)	Contribution rate net of tax relief (net)	Net rise in contribution rate (percentage points)	Additional cost (£ per month)
£10,000	4.00%	4.00%	0.00	0
£15,000	4.00%	4.00%	0.00	0
£20,000	4.24%	4.48%	0.24	4
£25,000	5.44%	5.68%	0.24	5
£30,000	7.20%	7.44%	0.24	6
£40,000	7.20%	7.44%	0.24	8
£60,000	6.78%	7.50%	0.72	36
£80,000	7.38%	8.10%	0.72	48
£130,000	7.98%	8.70%	0.72	78

Key Points for members

- For the majority of members your contribution rate at the start of 2014/15 will be based on your (whole-time equivalent (WTE) rate) of pensionable pay received during the 2013/14 Scheme year unless your circumstances have changed.
- If you only started to contribute to the Scheme part way through 2013/14, the pensionable pay used to set your rate in 2014/15 will be based upon the pensionable pay you received in 2013/14 scaled to an annual WTE equivalent length. Please remember this only affects people who started a new pensionable employment/re-employment, who joined the Scheme for the first time, or re-joined the Scheme after a break in membership, part way through 2013/14.
- If you change employers, receive a promotion etc on or after 1 April 2014; your contribution rate will be reassessed based on the remainder of your 2014/15 annualised WTE pensionable pay.
- Once your rate is set for 2014/15 it is generally 'fixed' unless you are promoted, take on extra duties, or are permanently moving from night to day duty. Fluctuations in part time hours will not change your contribution rate as the rate is always set on a full year, full time equivalent pay basis.
- It is important to remember that if you work part-time then the full time equivalent pay for your job will be used to assign you to the correct contribution rate. For example, if you earn £18,000 working half the standard time then the full time equivalent 'pensionable pay' would be £36,000. You will pay 9.0% contributions on your actual pensionable pay of £18,000.
- The pensionable pay that your rate is based upon will include all pensionable allowances. If you work part-time both your pensionable allowances and your basic pensionable pay will be scaled to the full time equivalent.
- The contribution rate is applied to all of your pay. For example, if you are a consultant earning £130,000.00 you will pay 13.3% on the full £130,000.00.
- If you have multiple employment contracts a separate contribution rate will be set for each contract based on the full time equivalent pensionable pay for each job.

Right to Appeal

If you think you are paying the wrong rate of contribution, for example because a change in unsocial hours is temporary rather than permanent, please write stating your reasons, to your employer's payroll department who will then consider your position and correct the rate where this is appropriate.