

Cost & Contributions

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 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 signalled a clear intention to introduce changes to public sector pension arrangements based on Lord Hutton's recommendations. These changes are expected in 2015.

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.

The costs of the Scheme are determined by the UK Government and also the Scheme actuary who performs periodic valuations of the Scheme to determine how much needs to be paid in to provide the benefits paid out. These costs are shared between the HSC employers and the Scheme members.

As a Scheme member, you pay a contribution towards your pension based upon your pensionable pay; the money you earn, the higher your contribution rate may be. The HSC employers pay the rest.

There are now seven proposed rates of member contribution, ranging from 5% of pensionable pay for the lowest earners to 10.9% of pensionable pay for the highest. The thresholds at which the rates change are linked to nationally agreed pay rates at set levels and are based on salaries equivalent to someone working full-time. If the overall cost of the Scheme increases, the amount you pay may also increase.

Contributions are taken from pay before tax so members receive tax relief on any amount they pay. Members may also pay a lower rate of National Insurance. This can reduce the actual amount that they pay to between approximately 4.0% and 6.5%, depending on your contribution rate, earnings level and personal rate of tax. You will find factsheets on the link below for the year 2012/13.

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

2012/13 Factsheets and contribution rates:

[Costs and Contribution Factsheet 2012-13 \(Officer\)](#)

[Costs and Contribution Factsheet 2012-13 \(Practitioner\)](#)

[Costs and Contribution Pay slip Leaflet](#) – If you are a HSC employee you should receive a copy of this leaflet from your employer before April 2012.

Below is a link to a NHS Pension Scheme contributions calculator for 2012-13 employee contributions on the Department of Health website. The employee contributions calculator enables HSC Pension Scheme members to calculate how much their contributions will increase, if at all, on a monthly basis, on both a gross and net of tax relief basis.

[NHS Pension Scheme contributions calculator for 2012-13 employee contributions](#)