

A Guide to Administering the Health and Social Care Pension Scheme for GP Practices

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Chapter 1: About the Guide and Contacting HSC Pension Service (HSCPS)

The purpose of this Guide is to provide an overview of 'day to day' pensions administration guidance for your organisation.

The Guide is divided into several chapters covering different aspects of HSC Pension Scheme administration.

There is more detailed information available for employers on HSC Pensions website, which includes a general Guide for GP Practices.

HSC Pensions address is:

HSC Pension Service
Waterside House
75 Duke St
Derry
BT47 6FP

Telephone Numbers:

028 71319111

Website: www.dhsspsni.gov.uk/hsc-pensions.html

Chapter 2: The HSC Pension Scheme – An Overview

The HSC Pension Scheme (HSCPS) is administered by HSC Pension staff based at Waterside House, Derry.

There are 2 sections to the HSCPS; the 1995 section and the 2008 section.

The 2008 section is sometimes referred to as the 'new Scheme'. The HSCPS is a statutory occupational pension scheme where benefits at retirement are based broadly on membership and pensionable pay (reckonable pay if a member of the 2008 section) during HSC employment. Every HSC employee is a member of the HSCPS, unless they proactively opt out.

The HSCPS is 'contracted' out of the Second State Pension (formally State Earnings Related Pension Scheme) which means that Scheme members pay reduced National Insurance contributions and that benefits meet or exceed those of the 'reference scheme' in the Pensions Act 1995. HSCPS benefits are re-tested against the reference scheme every 3 years.

The HSCPS Contracted out number (SCON) is: S2731084A

The Employers Contracted out Number (ECON) is: E3900002R

The HSCPS offers a range of index-linked pension benefits at retirement and life assurance cover. Employer contributions are 13.3% of pensionable pay. Employee contributions range from 5% to 10.9% and attract tax relief.

HSCPS benefits are paid for by the contributions made by members and employers and are underwritten and guaranteed by the Government, (i.e. Treasury). The HSCPS 'fund' is not invested in stocks or shares and is, therefore, not subject to the vagaries of the Stock Market, unlike most private pension schemes.

The terms of the Scheme are set out in statutory regulations, which can be viewed on HSC Pensions website.

The HSCPS offers: -

An annual pension and tax-free lump sum at retirement.

Life Assurance benefits including pensions and allowances for a member's spouse (or nominated partner) and dependent children in the event of the member's death.

Pension benefits are index linked to protect their value. Pensions awarded from age 50 do not attract cost of living increases until age 55 unless the member retires due to ill health.

The normal pension age under the 1995 section of the HSC Pension Scheme is 60; under the 2008 section it is 65.

HSCPS members may retire voluntarily before normal pension age; however, their benefits would be actuarially reduced.

Chapter 3: HSC Pensions Responsibilities

HSC Pensions operational functions are to:

Maintain records of HSCPS members and pensioners

Award pension benefits

Ensure that Employing Authorities make timely and correct payments of employers' and employees' contributions and maintain and implement such information and other systems as may be necessary to fulfil these functions

Preserve benefits for early leavers

Provide basic illustrations of benefit entitlement upon request

Pay transfer values where members move out of the HSCPS and receive payments for people transferring into the Scheme

Pay refunds of contributions

Process applications to purchase additional benefits under the Scheme

Publicise the Scheme and encourage awareness among HSC staff about the Scheme and the benefits available.

Comply with all relevant pensions' legislation including The HSCPS Regulations, The Pensions Act, The Data Protection Act, and The Occupational Pension Scheme (Disclosure of Information) Regulations.

Chapter 4: Employer Responsibilities

All GP Practices (that are Employing Authorities) are legally bound to administer the HSCPS locally in accordance with pension's legislation. Employing Authorities are obliged to offer the HSCPS to all of their eligible employed staff, including those who work part-time and on 'the bank'.

A GP Practice that has access to the HSCPS is legally required to:

Maintain pension records

'Ring fence' each of its Practices/Centres where there are several owned by the same company.

Deduct employee tiered contributions and forward these along with employer contributions directly to HSC Pensions by the 19th day following month-end. ***Please note that different rules apply for GPs and non-GP Providers.***

Arrange for the deduction of employee and employer contributions in respect of all types of GPs (except freelance GP Locums) and non-GP Providers by completion of annual Payment on Account estimate form.

Countersign the relevant pension's forms as presented by freelance GP Locums.

Inform HSC Pensions when a pensionable employee joins or leaves. ***In the case of a GP (or a non-GP Provider) Pensions Service must also be informed.***

Provide form (SD502) on request only, to those employees who choose to opt out of the HSCPS; GPs cannot opt out of selective GP posts.

Complete benefit claim forms such as the AW6 (pension benefits application) form.

Pay the initial widows/widowers and dependants pensions. (This can be claimed back from HSC Pension Service).

Chapter 5: GP Practice Staff - Joining the Scheme, Updating Records, Contributions and Pay

Joining the HSCPS

All eligible staff must be put into the HSCPS on the first day of their employment. They are afforded 'Practice Staff' HSCPS rights. They also have the freedom to opt out and to either join the Second State Pension or a personal pension instead. GP Practices have a duty to make their staff aware of their pension rights. Anyone seeking advice should be referred to an independent financial advisor.

The relevant pensions joiner form for 'Practice Staff' is the J2 form; this must not be used for GPs or non-GP Providers.

There is more detailed information available about joining and eligibility on HSC Pensions website.

A unique pension record must be created in respect of every Practice Staff HSCPS member. This means that if a person works at more than one Practice/Centre they must have more than one pensionable (part-time) post set up. Creating one whole-time pensionable post under a 'host' Practice is illegal.

If an employee does not wish to join the HSCPS they must formally opt out using form SD502.

Updating Records

The following instructions do not apply to GPs or non-GP Providers.

Every year each GP Practice must complete the annual SD55A Spreadsheet update form covering the period 1 April to 31 March. The SD55A must include the following information.

A record of part-time hours if the member is on a part-time (pt) contract.

A record of any changes during the period; i.e. pt to whole time (wt) or vice-versa.

A record of main (and any additional) Scheme contributions.

Pensionable pay.

Unpaid leave.

The SD55A must be completed and sent to HSC Pensions within two months of year-end; i.e. no later than the 31st of May.

There is no minimum number of hours that can be pensionable in the HSCPS. The maximum numbers of hours that can be pensionable are the normal (standard) whole-time hours for the relevant job. If a part-timer works additional hours they are pensionable up to the standard whole-time equivalent working week.

If an employee has 2 or more posts that together will exceed the whole-time hours, the aggregated hours in excess of whole-time are not pensionable. Where there are 2 or more posts follow these rules:

Whole-time posts take priority;

Then higher paid part-time posts or hours take priority;

Then identical posts that are simpler to administrate take priority.

There are variations to the SD55A form as follows: -

SD55A Terminating (***signed Paper Copy only***); to be used when the member retires, leaves employment, or opts out.

An e-mail from a designated officer (i.e. practice manager) can be used for updating personal details; i.e. a change of address.

An e-mail from a designated officer (i.e. practice manager) can be used for amending data already submitted on a SD55A.

AW171; to be used when pensionable pay, hours, or contributions have changed after pension benefits have been awarded.

Contributions and Pay

The 2012/13 tiered employee contributions rules for Practice Staff are outlined in Circular 02/2012 and also the following link;
http://www.dhsspsni.gov.uk/employer_technical_update_0212-3.pdf

The tiered employee contribution rate for Practice Staff is broadly based on their whole time equivalent pensionable pay from the previous year; i.e. 2012/13 contributions will be based on 2011/12 whole time equivalent pensionable pay.

Employer contributions are 13.3% of pensionable pay.

Both employee and employer contributions must be sent to HSC Pensions (under direct debit arrangement) by the 19th day following month end.

Pensionable pay excludes overtime (in excess of the whole-time working week), expenses, and bonuses.

GP Practices must take note of Employer Circulars and should refer to HSC Pensions website (the 'Employers' section) on a regular basis for updated guidance on tiered contributions.

Chapter 6: GPs and non-GP Providers - Joining the Scheme, Updating Records, Contributions and Pay

Joining the Scheme

The general rule is that the Practice is the HSCPS Employing Authority for all types of GPs and for non-GP Providers. This includes Salaried GPs employed by a GP Practice. A GP Practice must ensure that every GP (except freelance GP Locums) joins the HSCPS (unless they proactively opt out).

GPs are afforded 'Practitioner' status in HSCPS terms; there are four types.

GP Providers: GP shareholders, GP partners, and single-handed GPs are Principal Medical Practitioners in HSC pension terms. They must pension all of their GP pensionable income, unless they opt out of the HSCPS. Principal Medical Practitioners cannot opt out of pensioning certain GP work; it is all or nothing. GP Payments Office, Ballymena is responsible for the submission of an SS14 (Practitioner) joiner form to HSC Pensions.

Salaried GPs: A salaried GP (or long-term fee based GP) working at a Practice/Centre (that is an EA) is regarded as an Assistant Medical Practitioner. Every Practice/Centre must inform HSC Pensions of their salaried/sessional GPs so Pensions Branch can set up a (Assistant Practitioner) pension record. Form SR1 should be submitted to HSC Pensions for any new Salaried/Sessional GP's to ensure pension records are created. Form SR2 should be submitted to HSC Pensions within two months of year-end; i.e. no later than the 31st of May to maintain an accurate pension record for Salaried/Sessional GP's.

Retainee GPs: Retainee GP's should be treated in exactly the same way as a salaried GP for superannuation purposes.

Freelance GP Locums: GP Payments, BSO is responsible for setting up a pension record. When a GP Locum presents pension forms A and B to the employing authority they must be completed straightaway otherwise the GP Locum may not be able to pension this income.

A fee based GP working on a long-term basis (i.e. 6 months or more) is regarded as an Assistant Medical Practitioner (not a GP locum) under the HSCPS Regulations.

Non-GP Providers

Non-GP Providers (i.e. non-GP shareholders/partners) are afforded whole time Officer Status in HSC pension terms and must elect to pension income from just one Practice only. The relevant GP Practice will submit a J1 'WT Officer' joiner form to HSC Pensions followed by the SD55A pension update forms.

Non-GP Providers who are involved in several Practices/Centres can only 'pension' income from one of them.

Updating Pension Records

It is the responsibility of HSC Pension Service to update pension records in respect of GPs and non-GP Providers. However, this can only be done with the co-operation of the GP Practice.

Contributions and Pay

Before the start of the pension's year every GP Practice is legally required to inform HSC Pensions Branch of the estimated pensionable income of its GPs (excluding freelance GP locums) and non-GP Providers. There is a specific form for this purpose that can be downloaded at, www.dhsspsni.gov.uk/hsc-pensions.html under the heading of 'GP Forms'.

If a Practice/Centre does not complete this mandatory form HSC Pension Service is at liberty to collect tiered contributions at the highest rate; currently 10.9%.

The employer and (tiered) employee contributions are top sliced by the BSO 'on account' from each Practice/Centre. The tiered contribution rate for all GPs and non-GP Providers is based on their total pensionable income in the current year. Circular 2/2012 provides further guidance. There are different arrangements for freelance GP locums.

The pensionable income for a GP Provider is their 'profits' as declared on their annual end of year Certificates plus any HSC 'ad hoc' income. They must declare their HSC pensionable income on a separate Certificate in respect of **each** GMS/PMS/APMS contract (i.e. every Practice) that they are involved in. If the GP Provider is also a director, the director income must be declared on the Certificate.

The Certificate(s) must be sent to HSC Pensions and can be downloaded from here. www.dhsspsni.gov.uk/hsc-pensions.html

Where a GP Provider is involved in several Practices/Centres they must complete a Certificate in respect of each; they cannot complete one global Certificate even if one company own several Practices/Centres.

The pensionable income for an assistant medical Practitioner is their basic Practice/Centre income plus any HSC 'ad hoc' income i.e. OOHs. All assistant medical Practitioners (i.e. salaried and long term fee based GPs) must, in law, complete an end of year self-assessment form to ensure that they have paid the correct rate of tiered contributions. This new self-assessment form is available on HSC Pensions website.

Practices/Centres must liaise with the BSO to ensure that the BSO is kept informed of a long-term fee based GP's pensionable income during the pension's year.

The pensionable income for a GP Locum is as declared on their forms A and B. These forms serve a dual purpose as an annual GP Locum Certificate.

A non-GP Provider must declare their HSC pensionable income from the one selected Practice/Centre on the Provider Certificate and send it to HSC Pensions Branch. If for example, the non-GP Provider is also a director (or a nurse); the director (or nurse) income must be declared on the Certificate.

Chapter 7: Frequently Asked Questions

Q. We have salaried (non-GP) staff who are already members of the HSCPS at another Practice/Centre; can I use the same EA code for pension purposes?

A. No. Each Practice/Centre must apply to be an Employing Authority and a new record must be set up for each individual member under the new EA code. If a person works at more than one Practice/Centre they must have more than one pensionable (part-time) post set up. Creating one whole-time pensionable post is illegal.

Q. We have hired the services of a GP Locum on a long-term basis; what are their HSCPS rights?

A. If a Practice/Centre hires a freelance GP Locum on a short-term temporary (deputising) basis they are a GP Locum in HSC pension terms and the HSC Board pays the 13.3% employer contributions. The GP Locum must complete pension forms A and B to validate their work, which must not be more than 10 weeks old.

However, if the work evolves into a period of more than 6 months the GP becomes an assistant medical Practitioner in HSC pension terms as soon as the 6-month period has elapsed. If it is clear from the outset that the GP will be working on a regular basis for more than 6 months they are an assistant medical Practitioner from the outset. This means that they will be afforded the same (assistant medical practitioner) pension rights as a Salaried GP and also be covered by the HSC Injury Benefits Scheme.

The Practice/Centre pays the 13.3% employer contributions for assistant Practitioners.

Q. If the structure of the GP Practice changes (i.e. new shareholders); do we need to notify HSC Pensions?

A. Yes. Whilst you may still be recognised as a GP Practice by law, it may affect your status as an Employing Authority under the statutory HSCPS Regulations.

Q. One of the Partners/Shareholders is a GP Provider in two or more separate Practices, do they need to complete separate Annual Certificates?

A. Yes. GPs must pension all their HSC GP income therefore GP Providers must complete a separate Certificate for each Practice/Centre, For example if the GP is a Provider at 6 Practices/Centres they must complete 6 Certificates.

Q. One of the shareholders is a not a GP, how does this affect their HSC pension?

A. A non-GP shareholder is known, in pension terms, as a non-GP Provider. They are afforded whole-time Officer HSCPS status regardless of the hours they work. If they are a non-GP Provider in more than one Practice/Centre (or have any other HSC posts) they must decide which post is to be their HSC pensionable post; they can only pension one. This situation may occur when a limited company runs many Practices/Centres.

Chapter 8: Other Pensions Issues

Added Years

The option to take out a new added year's contract no longer exists however an Employing Authority must ensure that existing contracts are honoured.

Added years contributions are deducted at a fixed percentage rate from the member's pensionable salary (in addition to the mainstream contributions) from a chosen birthday until the end of the added years contract which is either their 55th, 60th, or 65th birthday. When the contract has ended the member will be credited with the amount of membership bought. New staff must be asked if they have an existing added year's contract. Many GPs have added year's contracts. If the person was previously subject to the HMRC pensionable earnings cap this may affect the level of their added year's contributions.

In some circumstances, a person may terminate their added year contract before its normal end date.

Additional Pension

The additional pension was introduced in April 2008 and replaced added years. More information can be found by clicking on the link here.

www.dhsspsni.gov.uk/hsc-pensions.html

New staff must be asked if they have existing additional pension contract.

Certificate of Pensionable Income/Profits

Since April 2004 GP Providers and non-GP Providers have been legally required to complete an annual Certificate in respect of each GMS/PMS/APMS contract they are a party to.

Assistant medical Practitioners (i.e. Salaried GPs and long-term fee based GPs) must complete a self-assessment form at year-end. This is to ensure they have paid the correct rate of tiered contributions on all their GP pensionable income.

Death in Service

If an employee dies in service, and is a member of the HSCPS, HSC Pensions must be contacted straightaway.

Maternity and Paternity Pay

When a Practice Staff or a Salaried GP HSCPS member goes on maternity (or paternity) leave and intends to return to work they can pension the whole period of leave.

Their tiered employee contribution rate should not change as it is based on their **unreduced** pay and in the case of Practice Staff based on the previous year. However, they only pay contributions based on their actual (**reduced**) pensionable pay. In all cases the employer contributions are based on the actual pensionable pay before any reduction.

If the pay is suspended the employee contributions are based on their pay immediately before pay was suspended. The contributions should be collected during the absence or immediately upon a return to work.

If a person chooses not to pay pension contributions during unpaid maternity/paternity leave, HSCPS membership ceases on the day the person last paid contributions. The employer does not pay contributions.

If a person changes their mind and decides not to return to work or decided to opt out of the HSCPS then the last date of pensionable membership will be the date contributions were last paid.

Different rules apply to GP Providers and non-GP Providers.

Opting Out of the HSCPS

Anyone considering opting out should seek independent advice beforehand. A GP cannot opt out of selective GP posts.

Refunds of Employee Contributions

HSCPS members, who have less than 2 years total HSCPS calendar length membership when they leave HSC employment or opt out of the Scheme with less than 2 years total HSCPS calendar length, may claim a refund of Scheme employee contributions. Only the employee contributions are refunded and they are subject to deductions for tax (at approximately 20%) and National Insurance (to buy the member back into the Second State Pension).

Sick Pay

When a Practice Staff or a Salaried GP HSCPS member is on full pay sick leave then HSCPS contributions are payable on all the sick pay.

If they go onto reduced or half pay sick their employee contributions are payable on the on the **reduced** amount. The employers 13.3% contributions are based on the members 'normal' **unreduced** pay. When the member goes on to 'no-pay' then no contributions are payable by either the member or the employer.

If there is a possibility that the employment may be terminated on health grounds the employer must inform the member of their rights to apply for the HSC Ill Health

Pension. An employment being terminated on health grounds does not automatically qualify a person to the HSC ill health pension.

Tiered Contributions

The tiered contributions rules differ depending on if the person is a Practice Staff HSCPS member or a GP (or non-GP Provider). There is more detailed information available on HSC Pensions website. www.dhsspsni.gov.uk/hsc-pensions.html

Transfers In or Out of the HSCPS

The HSCPS can accept transfers from most pension schemes, although there are different types of transfer. A transfer value is treated as a single payment and converted into membership, which reckons for HSC pension benefits.

The HSCPS cannot accept a transfer from a personal pension policy taken out under Section 226 (also referred to in Sections 619-623 of the Income and Corporation Taxes Act 1988).

A member has 12 months from first joining the HSCPS to request a transfer, providing they are not 'over age'. HSC Pensions always recommends that the member seek independent financial advice, should they be in any doubt that a transfer is the best option for them. There is more detailed information available on HSC Pensions website.

Unauthorised Leave

Any period of time where contributions are not paid due to unauthorised absence, such as strike days, must be recorded as disallowed days on the SD55.