Impact of the 2022/23 Pay Award and your HSC Pension Scheme Contributions

As a result of the 2022/23 AFC Pay Award, the following questions and answers have been created to assist those members of the HSC Pension Scheme understand what implications the pay award may have on the Pension Scheme Contribution rates and arrears of pay owing.

Whilst we have made a effort to ensure they cover the vast majority of member queries some individual circumstances may not be addressed.

If you have any queries relating to your own personal contribution rate payable or arrears owing etc. these should be directed to Payroll Shared Services. HSC Pension Service does not have access to your pay records

1. What are the contribution rates for my pension?

Both HSC employers and staff enrolled in the HSC Pension Scheme contribute to their pension. Employers pay a flat rate of 22.5% whereas an employee's contribution rate is dependent on their total pensionable earnings.

Therefore, the higher your pensionable pay the higher your contribution rate may be.

Following a change to HSC pension scheme regulations, the contribution rate paid by employees changed mid -year from 01 November 2022. The method for establishing a members pensionable pay also changed from 01 November 2022 and both calculations are laid out in Question 18

The tables below set out the contribution rates payable for the period of this pay award.

- Table 1 shows the contribution tiers for 01 April 2022 to 31 October 2022.
- Table 2 shows the contribution tiers for 01 November 2022 to 31 March 2023.

Table 1: 01 April 2022 – 31 October 2022

Tier	Pensionable earnings (based on full-time pay rates)	Contribution rate (before tax relief) (gross)
1	Up to £ 15,431.99	5.0%
2	£15,432.00 to £21,477.99	5.6%
3	£21, 478.00 to £26,823.99	7.1%
4	£26,824.00 to £47,845.99	9.3%
5	£47,846.00 to £70,630.99	12.5%
6	£70,631.00 to £111,376.99	13.5%
7	£111,377.00 and over	14.5%

Table 2: 01 November 2022 – ongoing

Tier	Pensionable earnings (based on actual salary)	Contribution rate (before tax relief) (gross)
1	Up to £13,246	5.1%
2	£13,247 to £16,831	5.7%
3	£16,832 to £22,878	6.1%
4	£22,879 to £23,948	6.8%
5	£23,949 to £28,223	7.7%
6	£28,224 to £29,179	8.8%
7	£29,180 to £43,805	9.8%
8	£43,806 to £49,245	10.0
9	£49,246 to £56,163	11.6%
10	£56,164 to £72,030	12.5%
11	£72,031 and above	13.5%

2. How are total pensionable earnings calculated?

In light of the change to the pension contribution rate methodology, effective from 1st November 2022, the retrospective pension rates will be calculated using two methodologies for each of the periods as outlined below and the relevant rates as per the contribution tiers applied.

In order to establish your total Pensionable Earnings for the period 01 April 2022 to 31 October 2022 the following calculation is used:

New Whole Time Equivalent (WTE) Basic Pay (from 01/04/2022)
+ Prior Year's pensionable Enhancements
– Salary Sacrifices
= Pensionable Earnings

In order to establish your total Pensionable Earnings for the period 01 November 2022 to 31 March 2023 the following calculation is used:

New Actual Basic Pay (from 01/04/2022)
+ Prior Year's pensionable Enhancements
– Salary Sacrifices
= Pensionable Earnings

3. What elements of pay form part of pensionable earnings?

Unsocial hours enhancements (evenings, weekends, bank holiday) are included in your pensionable earnings. PSC will use the enhancements paid to you last year i.e. 2021/22 to calculate your total pensionable earnings.

Not all payment types are pensionable and these will not form part of your pensionable pay eg. overtime payments, payment for work done on call. Further information can be found on HSC Pension Service website for further information. Section 5: Pensionable Pay and Contributions – HSC Pension Service (hscni.net)

4. Does my salary sacrifice affect pensionable earnings?

Yes, a salary sacrifice is deducted from your salary thus reducing your total pensionable earnings. Active salary sacrifice (i.e. childcare vouchers, cycle-to-work scheme, and lease car) from 01 April 2022 will be taken into consideration when calculating your total pensionable earnings.

5. Is there any impact on the amount of pension contributions I pay?

As a result of the pay award, the percentage you pay on your contributions may change following a change to your pensionable earnings. An assessment will be undertaken by Payroll on each individual employee to determine the correct contribution rate.

It is anticipated most staff will continue to pay the same rate.

6. If I have moved to a higher pension contribution tier, is money owed to my pension recouped from my pay award arrears?

Yes, if the increase to your pensionable earnings results in you moving to a higher pension contribution tier you will owe money on your pension which will be deducted from your arrears.

Example*

John works full-time as a Community Nurse Band 5. He does not claim unsocial hours payments. John's gross salary has increased by £1,400 from £25,655 to

£27,055 per annum; a 5.46% uplift. This has resulted in John's pension contributions increasing by 2.2% (from 7.1% to 9.3%) from 01 April 2022 – 31 October 2022.

On 01 November 2022 John moves to a new contribution rate of 7.7%

The money owed on John's pension will be taken from the £1,400 increase in his salary. Following deductions for tax, national insurance and pension, it is anticipated John will receive arrears of around £500 in his March salary.

Example*

Siobhan is a full-time Admin Assistant Band 3 who works 0900 – 1700 Monday – Friday. Their current gross salary is uplifted from £20,330 to £21,730 (£1,400/ 6.86% uplift), resulting in a pension contribution increase from 5.6% to 7.1% for the period 01 April 2022 – 31 October 2022.

On 01 November 2022 Siobhan moves to a new contribution rate of 6.1%

The money owed on Siobhan's pension will be taken from the £1,400 increase in their salary. Following deductions for tax, national insurance and pension, it is anticipated Siobhan will receive less than £700 arrears in their March salary.

7. Can the increase to my pay be less than the increase to the pension contributions I will pay?

Yes, on some occasions employees will receive a pay award where the percentage increase to their salary is less than the percentage increase in pension contribution.

Example*

Janice works full-time as an Assistant Clinical Service Manager Band 8a. She has worked in this post for 2 years so is on the entry pay point. Following the pay award her annual gross salary from 01 April 2022 has increased from £47,126 to £48,526. This is a 2.97% pay increase.

As a result, Janice's tiered pension contribution rate changes from 9.3% to 12.5% for the period 01 April 2022 – 31 October 2022 (an increase of 3.2%).
On 01 November 2022 Janice moved to a new contribution rate of 10%

This means Janice owes 3.2% on her pension for 7 months (April – October). From 01 November 2022, she has been paying 10% contributions which is unchanged. The money Janice owes to her pension will be paid out of her pay award arrears. Following all other deductions, it is likely Janice will receive less than £200 in arrears in her March 2023 pay.

*** Examples are for illustrative purposes only and actual amounts may differ.**

8. What happens if the amount of arrears owed to me is less than the pension contributions I owe?

Most staff affected by the pension band review will not owe monies in excess of arrears owed to them. However, it is expected that a small number of staff will not have sufficient arrears from the pay award to cover their underpaid pension contributions.

Recovery of this will be in line with the regional overpayment policy and will be specific for each individual employee affected.

If you find you are affected in this way by more than 10% of your net pay, an automatic salary advance will be paid to you to offset this. This means you will receive monies to cover what is owed by you and this will be repaid by you over a planned period of time rather than in one lump sum.

For those who owe less than 10% of your net pay, the amount owed will be recouped from your March salary.

You will not have to ask or apply for this. Individual arrangements will be communicated to you separately.

Should you be happy to pay the deficit without putting in place a repayment plan, you can make arrangements to do this by contacting PSC directly and the repayment plan will be cancelled.