

## **NHS Pensions – Changes to Members Contributions from 1<sup>st</sup> October 2022:**

### **Background:**

Following a consultation, from 1<sup>st</sup> October 2022 NHS Pension member contributions (i.e. what staff pay from their salaries) are changing. From 1 April 2022, all active members of the NHS Pension Scheme, regardless of their age, are now members of the 2015 NHS Pension Scheme. The 1995/2008 Scheme closed on 31 March 2022 and all future accruals from 1 April 2022 are now within the 2015 Scheme.

Members will keep the pension benefits they have accrued in the 1995/2008 Scheme before 1 April 2022 and will be able to access these benefits in the same way and at the same time as they can now.

With all members building up benefits in the career average revalued earnings (CARE) model of the 2015 Scheme from 1 April 2022, the Department of Health and Social Care (DHSC) felt it was an appropriate time to review member contributions.

### **What's going to happen:**

These changes will be implemented in phases:

- the first phase, including initial changes to the tiers and contribution rates and a move to using actual annual rates of earnings (instead of whole time equivalent) will come into force on the 1 October 2022
- the second phase introducing further amendments to the contribution tiers and rates will take place on a date to be confirmed in 2023
- a final phase could include the aggregation of earnings for multiple part time posts and the removal of a limit on pensionable earnings to whole time hours. This is not expected before April 2024.

### **First change – changes to tiers and contribution rates from 1<sup>st</sup> October 2022:**

*What is changing* – the contribution rate is changing also instead of the contribution rate being applied to full-time equivalent it will be applied to the actual salary. Many part-time employees will pay a lower contribution rate as a result of this change.

*What will the new contribution rates be:*

Current rates can be found: [Cost of being in the Scheme | NHSBSA](#)

*New rates from 1<sup>st</sup> October are:*

Tier	Pensionable Earnings	Contribution rate from 1 October 2022 until introduction of phase 2
1	£0.00 - £13,231.99	5.1%
2	£13,232.00 to £15,431.99	5.7%
3	£15,432.00 to £21,478.99	6.1%
4	£21,479.00 to £22,548.99	6.8%
5	£22,549.00 to £26,823.99	7.7%
6	£26,824.00 to £27,779.99	8.8%
7	£27,780.00 to £42,120.99	9.8%
8	£42,121.00 to £47,845.99	10.0%
9	£47,846.00 to £54,763.99	11.6%
10	£54,764.00 to £70,630.99	12.5%
11	£70,631.00 and over	13.5%

The earnings bands listed in this table will be updated following announcement of the AfC pay award. Increase tier boundaries each year in line with Agenda for Change (AfC) pay award – this means every year the pensionable earnings brackets will increase in line with the Agenda for Change (AfC) pay award. This will reduce the likelihood of a member moving to a higher contribution tier as a direct result of a national pay award, which has previously led to a net-reduction in the individual's take home pay.

Information on pensionable pay can be found: [NHS Pensions factsheet template V1 \(nhsbsa.nhs.uk\)](https://nhs.uk/works-for-us/pensions-factsheet-template)

#### Some examples:

- 1) Member with previous pensionable earnings - A member is in full-time employment and was employed between 1 April 2021 and 31 March 2022 by a single employer with pensionable earnings of £35,000. The member's rate for the scheme year 2022/23 is based on their pensionable earnings received in 2021/22, and therefore their rate will be 9.8% from 1 October 2022 to the end of the scheme year.
- 2) Member with previous pensionable earnings - A bank staff member works three days a week during the 2021/22 scheme year, on an annual salary of £20,000. They continue within this role into the 2022/23 scheme year and continue with the same working pattern. The member's rate for the scheme year 2022/23 is based on their pensionable earnings received in 2021/22, and therefore their rate from 1 October 2022 will be 6.1%.
- 3) Member without full pensionable earnings in the previous year - A member starts a new employment on 1 January 2022, with an annual salary of £18,250. In the 2021/2022 the member earns £4,500. The member continues in the same role into the new scheme year. As the member does not have a full year of pensionable earnings on which to base their contribution rate, the employer must base the contribution on the member's annualised earnings from the previous year (£18,250). As the member is continuing in their current role, the employer bases the member's contribution rate on their annualised salary of £18,250 and therefore, assigns a contribution rate of 6.1% to the member's earnings from 1 October 2022.
- 4) New employment within the scheme year - member joins the scheme for the first time on 1 May 2023, with a full-time post based on an annual salary of £45,000. Their contribution rate will be based on their estimated annualised pensionable earnings for the year. In this

instance the estimate is £45,000 and therefore, the member's contribution rate will be 10.0%

- 5) *Member with significant change in earnings* - A member was in full-time employment in the previous scheme year on a salary of £50,000. On 1 March 2022, they received a pay rise of £5,000, taking their salary to £55,000 per annum. The member continued with this role into the new scheme year. Their contribution rate for the current scheme year will be based on the member's annualised pensionable earnings following the material change that occurred on 1 March 2022, rather than the previous year's pensionable earnings. Their contribution rate is therefore based on the salary of £55,000 and will be 12.5%.
- 6) *Member with significant change in earnings* - A member is in part-time employment and earns £30,000 in the first 9 months of the year. The member's annualised salary is £40,000 and their contribution rate for the first 9 months of the year is therefore 9.8%. However, after reducing hours, in the final 3 months of the year the member earns only £6,000, and therefore pays contributions based on the rate of 7.7% (as the member's annualised earnings now equal £24,000).
- 7) *Member with multiple, concurrent, part-time employments* - A member has two pensionable employments each with an annual salary of £20,000. Both employments are with the same employer and run concurrently at the end of the scheme year for 2020/21. For the 2022/23 scheme year, the member continues with these employments and elects to pension both employments. Each employment should be treated separately; the correct contribution rates for the member is 6.1% for each position from the implementation of phase 1 changes.

Part-Time employee examples – this is based on annual salary being the only pensionable income (unsocial hours is all pensionable and is added to your pensionable pay):

**Band 6 working 25 hours per week:**

Salary	Hours	Full Time Salary	Current Pension Contribution Rate	Pension Contribution
22,781	25	34,172	9.30%	2,119
22,781	25	34,172	7.70%	1,754
<b>Saving p.a. Gross</b>				<b>364</b>

**Band 5 working 22.5 hours per week:**

Salary	Hours	Full Time Salary	Current Pension Contribution Rate	Pension Contribution
16,668	22.5	27,780	9.30%	1,550
16,668	22.5	27,780	6.10%	1,017
<b>Saving p.a. Gross</b>				<b>533</b>

**Band 4 working 25 hours per week:**

Salary	Hours	Full Time Salary	Current Pension Contribution Rate	Pension Contribution
16,588	25	24,882	7.10%	1,178
16,588	25	24,882	6.10%	1,012
<b>Saving p.a. Gross</b>				<b>166</b>

**Band 3 working 16 hours per week**

Salary	Hours	Full Time Salary	Current Pension Contribution Rate	Pension Contribution
9,292	16	21,777	7.10%	660
9,292	16	21,777	5.10%	474
Saving p.a. Gross				186

**Band 2 working 16 hours per week**

Salary	Hours	Full Time Salary	Current Pension Contribution Rate	Pension Contribution
8,051	16	18,870	5.60%	451
8,051	16	18,870	5.10%	411
Saving p.a. Gross				40

**Contact Details:**

For further information please contact NHS Pensions on:

Member helpline: 0300 330 1346

Opening times: 8.00am to 6.00pm - Monday to Friday

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Benefits in the NHS Pension Schemes can be found under the Member Hub: [Member hub | NHSBSA](#)