

## **Using multiple contracts of employment**

Employees with multiple part-time contracts of employment can opt out of the NHS Pension Scheme for one or more of their employments to reduce the value of pension benefits built up over the year. For full-time employees, employers have the option to split the full-time contract into two part-time contracts.

The distribution of pensionable and non-pensionable pay across both contracts can be varied to manage pension growth. Both the ESR payroll system and the scheme regulations are already set up to deal with employees with multiple part-time employments.

Unlike the approach of opting out of the scheme for part of the year, this option has the advantage of retaining the death in service and ill-health retirement cover provided by the NHS Pension Scheme for the whole scheme year, as the employee will still be a member of the scheme in at least one of their contracts. However, any benefits would be at a lower level, based on the part-time salary.

## Key considerations for employers

### **Contract management**

Employers should be aware of the potential practical issues of having to manage different contracts. The employer may need to close the existing contract of employment and issue two or more new separate contracts of employment. The potential impact that termination of one contract may have on the other contract should also be considered (for example, due to redundancy or disciplinary purposes).

### **Opting out of the scheme**

The process of opting out is still required under the regulations as contracts of employment are always pensionable. Employers will also need to follow ongoing automatic re-enrolment requirements

## **Income tax**

Members should be aware that they will pay more income tax on their salary due to paying lower pension contributions. This may be offset by a reduction in an annual allowance tax charge.

## **Final pay controls**

Employers may wish to seek guidance from NHS Pensions about whether a final pay control charge will be incurred if the employee reverts to their original contract before retirement