

NHS Pension Scheme: changes to member contributions from October 2022

29 June 2022

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Today's webinar

- Welcome and housekeeping
- Audience poll questions

Part One

- What is changing and why?
- Q&A

Part Two

- Member communications and employer briefing pack
- Information and resources to support employers
- Q&A

Poll questions

1. How much awareness do your staff generally have about the changes to member contributions from October? (1-5)
2. How would you rate your current understanding of the changes? (1-5)
3. As an organisation, have you done anything yet to engage with staff about the changes? (Yes/No)



What is changing and why?

Dale Walmsley, First Actuarial

Charlotte White, First Actuarial

Our actuarial advisors

A potted history of member contributions

Up to 2008

Just two rates

Manual workers: 5%

Non-manual: 6%

Average was very nearly 6%

2008 to 2012

New structure based on pay

Four tiers:

5.0%, 6.5%, 7.5%, 8.5%

Average was around 6.6%

2012 to 2015 (then fixed to 2022)

Further new structure

Seven tiers:

5.0%, 5.6%, 7.1%, 9.3%,

12.5%, 13.5%, 14.5%

Average is around 9.8%

(member rates across public service schemes increased by 3.2% by 2015)

Features and principles of the current structure

Features

1. Seven tiers with steep tiering: 5% to 14.5%
2. Tiers based on whole-time equivalent pay
3. Pay boundaries fixed since 2015

Principles

1. Include protections for the low paid.
2. Minimise the risk of opt-outs across the whole membership.
3. Ensure that the scheme remains sustainable, a valuable part remuneration, and affordable to all members.

Pay boundaries (WTE)	Member rate
Up to £15,431	5.0%
£15,432 to £21,477	5.6%
£21,478 to £26,823	7.1%
£26,824 to £47,845	9.3%
£47,846 to £70,630	12.5%
£70,631 to £111,376	13.5%
Above £111,377	14.5%

Changes from October 2022 (1) and (2)

(1) Tiers to be determined by actual pay

Everyone in the 2015 CARE Scheme from this year

Pension and contributions based on the same pay

(2) Pay boundaries linked to annual AfC pay awards

General pay award can move members into a higher tier

Linking pay boundaries to AfC pay awards will ease this



Changes from October 2022 (3) and (4)

(3) Flatter tiering

Higher earners tend to get more value from final salary pensions, now all in 2015 CARE Scheme

Structure will flatten (5.2% to 12.5%)

A big chunk will pay the average of 9.8%

Tiers reduce from seven to six

(4) Changes applied in two phases

Minimise impact on take-home pay (and opt-outs)

Gives time to adjust to the changes

Pay boundaries	Current rates (WTE pay)	Rate from 1 Oct 2022 (actual pay)	Second phase in 2023
Up to £13,231	5.0%	5.1%	5.2%
£13,232 to £15,431		5.7%	6.5%
£15,432 to £21,478	5.6%	6.1%	
£21,479 to £22,548	7.1%	6.8%	
£22,549 to £26,823		7.7%	8.3%
£26,834 to £27,779	9.3%	8.8%	
£27,780 to £42,120		9.8%	9.8%
£42,121 to £47,845		10.0%	10.7%
£47,846 to £54,763	12.5%	11.6%	
£57,764 to £70,630		12.5%	12.5%
£70,631 to £111,376	13.5%		
Above £111,377	14.5%	13.5%	

Broad impact on members (using 2022/23 income tax/NI)

Top of band 5

Full-time, £31,534: 9.3% → 9.8% → 9.8%

Monthly take-home pay reduces by £11.

Part-time, 60% WTE, £18,920: 9.3% → 6.1% → 6.5%

Monthly take-home pay rises by £35 (overall).

Threshold 7 consultant

Full-time, £107,721: 13.5% → 12.5% → 12.5%

Monthly take-home pay rises by £54.

Part-time, 60% WTE, £64,633: 13.5% → 12.5% → 12.5%

Monthly take-home pay rises by £32.



Any questions?



Member communications and employer briefing pack

NHS Pensions

Dale Anstey

Resources to support employers

On the next slides are extracts from the Member Contributions letter and some of the behavioural-science principles that have been used. There's also more about online support available and overview of the employer briefing pack.

- To help members understand the letter and reduce the questions they may have the member contributions letter is informed by behavioural-science.
- The letter has been shared with members in the NHSBSA who have limited knowledge of the pension contribution changes and their feedback has been positive.
- In January we sent a letter to members telling them about their transition into the 2015 Scheme and applied similar principles. The communication didn't have any impact on BAU activities or result in any increase in calls to the CCS.

Private and Confidential

Enter name and address

NHS Pensions
PO Box 2269
Bolton
BL6 9JS

Website: nhsbsa.nhs.uk/nhs-pensions

Reference:

Date:

The amount members pay for the NHS Pension Scheme is changing

Dear

In October 2021, the Department of Health and Social Care (DHSC) launched a public consultation proposing changes to the amount members pay towards their NHS pension. In February, DHSC announced these changes will go ahead on **1 October 2022**.

In this letter, we've explained what this means for you. Please take some time to read it and if you have any questions, follow the directions to more support.

The key changes to your pension contributions

The value of your pension benefits won't be affected by the changes to contributions way contributions are calculated, and the amount members pay.

- The rate you pay will be based on your actual annual rate of pensionable pay, instead of your whole-time equivalent pay. This means if you work part-time, you may pay less because your contribution rate will be based on how much you're paid each year, rather than how much you would earn if you worked full time.
- The DHSC has updated the pensionable pay ranges used to decide how much you contribute to your pension, and the percentage of your pay you'll pay to be a member of the pension scheme – these are explained in the '*Understanding how much you'll pay*' section [later on](#) in this letter.
- The changes mean that some members will pay more each month, and to give members time to adjust the DHSC is phasing in the new contribution rates in two stages, starting on 1 October 2022 with further changes planned in 2023. The consultation for the further change, and outcome from it, will be published on www.gov.uk and we'll write to you before the second phase comes into effect.
- The salary ranges used to decide how much all members contribute will change in line with any annual increase to the Agenda for Change pay scales. This means that members who

Attention grabbing headline that encourages the member to read more

The opening paragraph explains quickly and clearly what is changing and when

The subhead works with the headline to tell a 'skim story'. The bullet points break the content down into easy to read and understand chunks

receive an increase in salary from a national pay award are less likely to move up a contribution tier and pay more in contributions.

You can read about these changes in full, and find answers to common questions, at nhsbsa.nhs.uk/nhs-pensions

Changes for practitioners or non-GP providers

If you're a practitioner, you already pay contributions based on your total annual practitioner pensionable pay. This won't change, but now you're a member of the 2015 Scheme your practitioner pay may be annualised and the updated salary ranges set out in this letter will apply to you. If you also work in an officer post, for example as a salaried hospital doctor, your rates will be calculated separately and may be different for your officer and practitioner pensionable pay.

If you're a non-GP provider, you already pay contributions on your profits from one contract. This won't change, but now you're a member of the 2015 Scheme your profits may be annualised and the updated salary ranges set out in this letter will apply to you.

You can find out more about annualising pay in 'Information for practitioners and non-GP providers' at nhsbsa.nhs.uk/nhs-pensions

Understanding how much you'll pay

Members of the Scheme will pay different contribution rates depending on their actual pay, but the changes reduce the gap between these rates. The new contribution rates are designed to help make the benefits of the Scheme fair and affordable for everyone, and it remains one of the best ways to save towards retirement for all members.

The table below explains how contribution rates will change for each salary range.

Pensionable salary range – If you we're a contributing member in 21/22 the below thresholds apply. If you joined in 22/23 then your thresholds will be slightly higher	Current contribution rates based on whole-time equivalent pay:	Contribution rates from 1 October 2022, based on actual pensionable pay:	Future planned contribution rates based on actual pensionable pay:
Up to £13,231	5%	5.1%	5.2%
£13,232 to £15,431	5%	5.7%	6.5%
£15,432 to £21,478	5.6%	6.1%	6.5%
£21,479 to £22,548	7.1%	6.8%	6.5%
£22,549 to £26,823	7.1%	7.7%	8.3%
£26,824 to £27,779	9.3%	8.8%	8.3%
£27,780 to £42,120	9.3%	9.8%	9.8%
£42,121 to £47,845	9.3%	10%	10.7%
£47,846 to £54,763	12.5%	11.6%	10.7%
£54,764 to £70,630	12.5%	12.5%	12.5%
£70,631 to £111,376	13.5%	13.5%	12.5%
£111,377 and above	14.5%	13.5%	12.5%

Over the page, you'll find examples in pounds and pence to help you see how these rates affect you. If you want to check exactly how much you'll pay each month, please ask your employer.

Because you're a member of the NHS Pension Scheme, you pay reduced income tax - so your actual contribution will cost less than the percentage shown in the table above. If you opt out of the pension scheme, you'll lose this tax relief, and you'll need to make alternative plans for when you

Clear subhead explaining what the changes mean for practitioners and non-GP providers. This allows members not affected by this to quickly see it's not relevant to them, and practitioners or non-GP providers to clearly see it's relevant to them

Use of a table to explain what the changes mean to members contributions based on their pensionable salary range

Signposting beneath table to examples included with the letter

Included a paragraph to address what happens if a member opts out of the scheme and explain that they won't get tax relief

retire. You also have enhanced ill health retirement, life assurance and family benefits cover, which may no longer be payable.

Where to find out more

You can see a full summary of what's changing at nhsbsa.nhs.uk/nhs-pensions along with helpful information and answers to common questions.

If you'd like to know more about how much you'll pay, please ask your employer. For more general support, call our automated phoneline on **0300 330 2081** and follow the prompts – it's available 24 hours a day.

Yours sincerely

NHS Pensions Team

What the changes to pension contributions mean for you

Examples to help you see how the changes will apply to you

The examples below show how the changes could affect the amount you pay. So you can check the value you're getting for your contributions, we've also included the income tax relief you get as a member of the scheme, and the amount employers contribute towards your pension.

You'll be able to see your new contribution rate and amount on your **first payslip after 1 October 2022**. If you access your payslips online using the Electronic Staff Record (ESR), you can view them by logging in at my.esr.nhs.uk/dashboard/web/esrweb.

All the figures used in these examples are based on some assumptions, which are explained over the page.

Examples for full-time pensionable salaries

Example 1: Annual full-time salary of £20,000

Today, a member working full-time with an annual pensionable pay of £20,000 will pay a contribution of £1,120 each year for their pension – that's £93.33 each month.

From 1 October 2022, this will go up by **£8.34** a month to £101.67. Once the further planned change happens, it will change to £108.33 a month – which works out as £1,300 a year. You'll get tax relief for being a member of the Scheme, which means, you'd pay £260 less income tax a year than if you weren't in the Scheme.

For your contribution of £1,300 a year, you'll pay £260 less in income tax than if you're not a member and your employer will pay another £4,120 towards your pension.

Example 2: Annual full-time salary of £40,000

Today, a member working full-time with an annual pensionable pay of £40,000 will pay a contribution of £3,720 each year for their pension – that's £310.00 each month.

From 1 October 2022, this will go up by **£16.67** a month to £326.67. Once the further planned change happens, it will stay the same – which works out as £3,920 a year. You'll get tax relief for being a member of the Scheme, which means you'd pay £784 less income tax a year than if you weren't in the Scheme.

For your contribution of £3,920 a year, you'll pay £784 less in income tax than if you're not a member and your employer will pay another £8,240 towards your pension.

This section offers reassurance to members and let's them know what they can do if they want to find out more – the telephone number is a dedicated line specifically for member contributions

Visual examples explaining in £'s and pence, what the changes mean for members based on 3 different full-time salaries. It includes more about the income tax savings and employer contributions to show the value the scheme still provides

Example 3: Annual full-time salary of £80,000

Today, a member working full-time with an annual pensionable pay of £80,000 will pay a contribution of £10,800 each year for their pension – that's **£900.00** each month.

From 1 October 2022, this amount will stay the same. Once the further planned change happens, it will go down to £833.33 a month – which works out as £10,000 a year. You'll get tax relief for being a member of the Scheme, which means you'd pay £4,000 less income tax a year than if you weren't in the Scheme.

For your contribution of £10,000 a year, you'll pay £4,000 less in income tax than if you're not a member and your employer will pay another £16,480 towards your pension.

Example for a part-time pensionable salary

A part-time member working 60% hours on an annual full-time equivalent salary of £30,000

Today, members working part-time have their contribution calculated based on the full-time equivalent of their annual pensionable pay. So, a member working 60% hours on a full-time equivalent pay of £30,000 pays a contribution of £1,674.00 each year for their pension – that's £139.50 a month.

From 1 October 2022, their contribution rate will be calculated based on actual pensionable pay each year – which is £18,000. It will go down by **£48** a month to £91.50, which works out as £1,098 a year. Once the further change happens, this will change to £1,170.00 a year, or £97.50 a month. You'll get tax relief for being a member of the scheme, which means you'd pay £234 less income tax a year than if you weren't in the scheme.

For your contribution of £1,170 a year, you'll pay £234 less in income tax than if you're not a member and your employer will pay another £3,708 towards your pension.

To see more examples, please visit www.nhsbsa.nhs.uk/member-hub/membership-nhs-pension-scheme

All the figures used in these examples are based on the following assumptions:

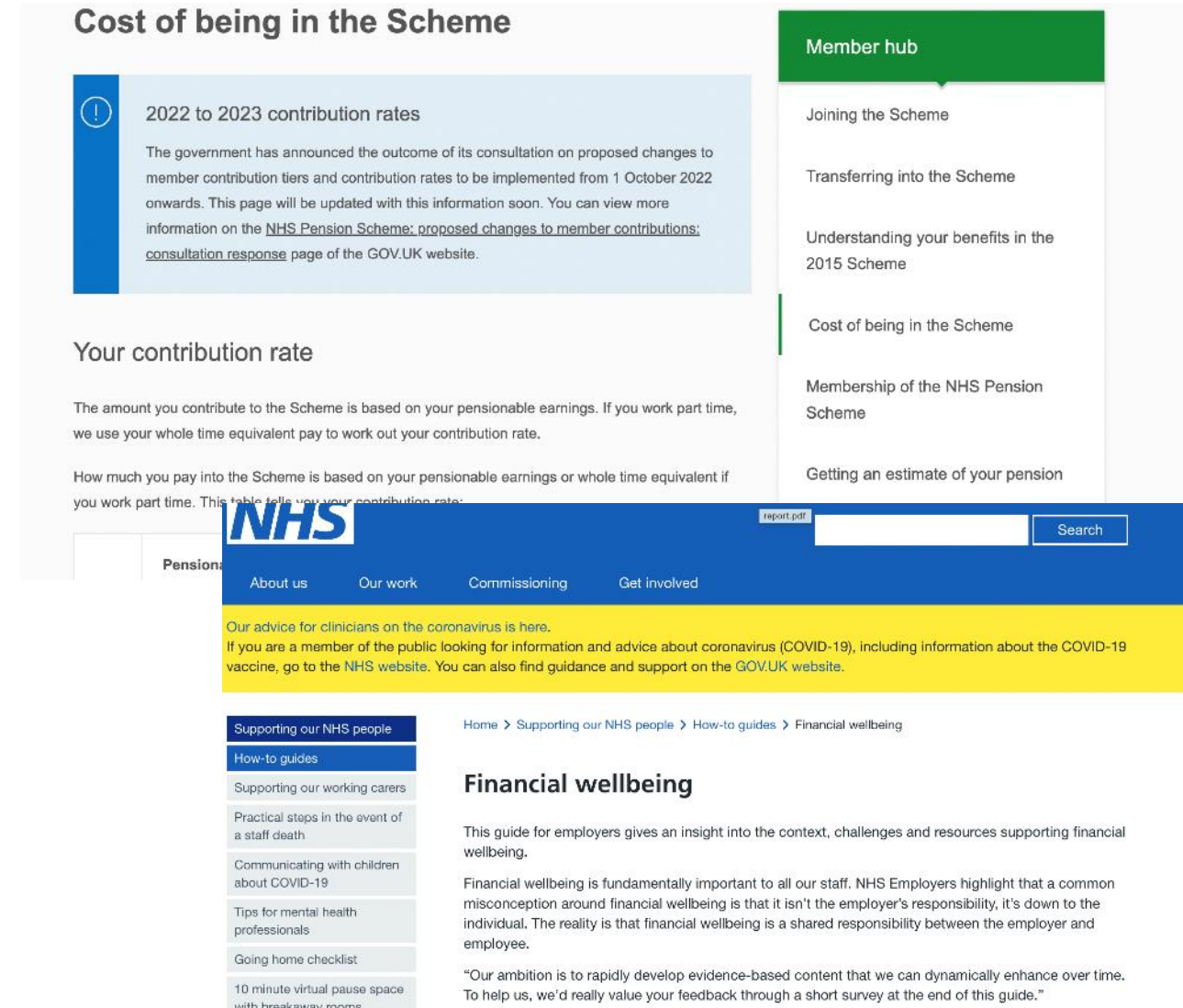
- To help you easily compare the figures, the numbers used are based on 2021/2022 pay figures and tax rates.
- The contribution examples we've shown are the amounts you pay before income tax relief available to members of the NHS Pension Scheme is taken into account.
- We've also included the amount of income tax relief your contributions entitle you to.
- The figures do not take into account National Insurance contributions, because these aren't related to the amount you pay for your NHS Pension Scheme membership.
- The figures are based on pensionable pay and we've assumed that members have no other sources of taxable income, and that they pay the standard income tax rates in England and Wales.
- Pensionable pay is typically basic pay up to full time hours (37.5 hours for AfC and 40 hours for M&D) and excludes overtime and most other supplements.

An additional example for members with a part-time pensionable salary is included

At the end of the examples, the assumptions used to calculate the figures in the examples are listed

Online information and support

- Members can see the latest updates and developments on the NHS Pensions Member Hub webpage
- The webpages will be updated with new content now detail from the PDD is available
- Clear bulletin updates on the homepage
- In addition to information on contribution rates, new information and content, including a video, are available on the benefits of the scheme
- For colleagues who are worried about their finances, there's the financial wellbeing webpage



Cost of being in the Scheme

2022 to 2023 contribution rates

The government has announced the outcome of its consultation on proposed changes to member contribution tiers and contribution rates to be implemented from 1 October 2022 onwards. This page will be updated with this information soon. You can view more information on the [NHS Pension Scheme: proposed changes to member contributions: consultation response](#) page of the GOV.UK website.

Your contribution rate

The amount you contribute to the Scheme is based on your pensionable earnings. If you work part time, we use your whole time equivalent pay to work out your contribution rate.

How much you pay into the Scheme is based on your pensionable earnings or whole time equivalent if you work part time. This table tells you your contribution rate:

Member hub

- Joining the Scheme
- Transferring into the Scheme
- Understanding your benefits in the 2015 Scheme
- Cost of being in the Scheme**
- Membership of the NHS Pension Scheme
- Getting an estimate of your pension

NHS

report.pdf

Search

About us Our work Commissioning Get involved

Our advice for clinicians on the coronavirus is here.

If you are a member of the public looking for information and advice about coronavirus (COVID-19), including information about the COVID-19 vaccine, go to the NHS website. You can also find guidance and support on the GOV.UK website.

Supporting our NHS people

How-to guides

Supporting our working carers

Practical steps in the event of a staff death

Communicating with children about COVID-19

Tips for mental health professionals

Going home checklist

10 minute virtual pause space with breakaway rooms

Home > Supporting our NHS people > How-to guides > Financial wellbeing

Financial wellbeing

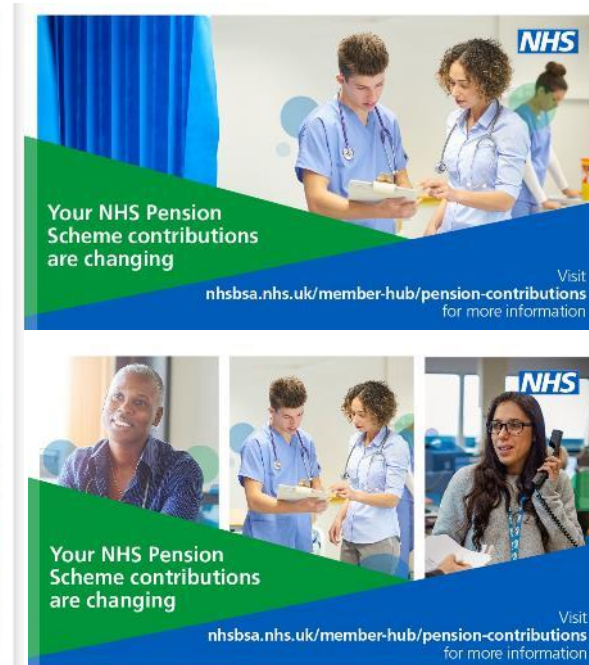
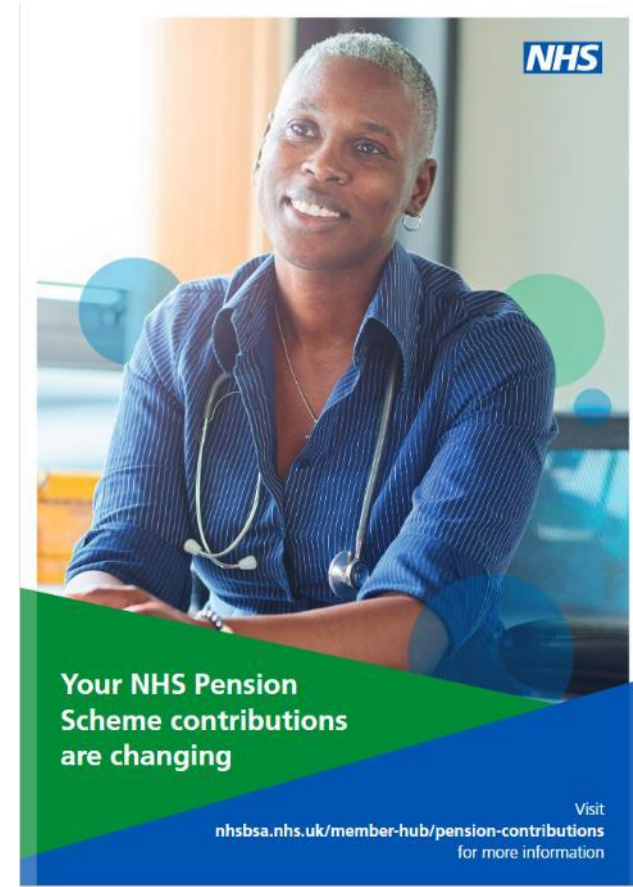
This guide for employers gives an insight into the context, challenges and resources supporting financial wellbeing.

Financial wellbeing is fundamentally important to all our staff. NHS Employers highlight that a common misconception around financial wellbeing is that it isn't the employer's responsibility, it's down to the individual. The reality is that financial wellbeing is a shared responsibility between the employer and employee.

"Our ambition is to rapidly develop evidence-based content that we can dynamically enhance over time. To help us, we'd really value your feedback through a short survey at the end of this guide."

Employer briefing pack

- Following receipt of the PDD and distribution of the Payroll Provider Briefing Pack we're now finalising the Employer Briefing pack
- The employer briefing pack will be distributed via the NHS Pensions Employer Update distribution list – so it will be sent directly to everyone who receives the monthly Employer Update
- A copy of the briefing pack will also be available via the NHS Pensions website (McCloud Hub and Employer Hub)
- The briefing pack will include:
 - Brief to payroll providers
 - Additional employer FAQs – we will continue to update these as further FAQs are received / as further information is confirmed
 - Current unknowns / areas of clarification
 - Information on plans for direct member communications including draft member letter
 - Template communications resources including template intranet / newsletter articles, emails, screen savers, posters and artwork
 - Member facing lines to take and FAQs
 - New member contributions video



Information and resources to support employers

NHS Employers

Olivia Desmond

The role of employers

1. Understanding the changes to the member contribution structure
2. Raising awareness of the changes to staff
3. Promoting the value of the NHS Pension Scheme
4. Local administration of the changes

Information about the new member contribution structure

- Recording of this webinar
- Poster → Table of current and new rates

NHS Pension Scheme member contribution rates			
Changes to contribution rates from 1 October 2022			
NHS Employers			
Pensionable pay	Rate until 30 September 2022 based on whole-time equivalent pay	Phase 1 - contribution rate from 1 October 2022 based on actual pensionable pay	Phase 2 - contribution rate based on actual pensionable pay
Up to £13,231	5%	5.1%	5.2%
£13,232 to £15,432	5%	5.7%	6.5%
£15,432 to £21,477	5.6%	6.1%	6.5%
£21,478 to £22,548	7.1%	6.8%	6.5%
£22,549 to £26,823	7.1%	7.7%	8.3%
£26,824 to £27,779	9.0%	8.8%	8.3%
£27,780 to £42,120	9.3%	9.8%	9.8%
£42,121 to £47,845	9.3%	10.0%	10.7%
£47,826 to £54,763	12.5%	11.6%	10.7%
£54,764 to £70,630	12.5%	12.5%	12.5%
£70,631 to £111,376	13.5%	13.5%	12.5%
£111,377 and above	14.5%	13.5%	12.5%

Further information about these changes can be found on the [NHS Employers website](#).

Key messages to communicate to staff

- **Poster** → four key messages for staff

NHS Employers

Key messages for staff about changes to NHS Pension Scheme member contributions

Employers should communicate these **four key messages** to staff to raise awareness of the **changes being implemented from 1 October 2022**.

1. The amount you pay into the NHS Pension Scheme may change from 1 October 2022.
2. Your monthly take-home pay may be affected by these changes.
3. Your employer will continue to contribute 20.6 per cent of your pensionable earnings towards your pension each month.
4. The amount of pension you'll receive in retirement will not be affected by these changes.

More detailed information about each of these key messages can be found on the [NHS Employers website](#).

Employers can also use the [poster](#) and [videos](#) on the NHS Employers website to help promote the value of being a member of the NHS Pension Scheme to staff.

Key messages to communicate to staff

- **Poster** → four key messages for staff
- **NHS Employers web page** → more detailed information around the four key messages

The amount you pay into the NHS Pension Scheme may change from 1 October 2022.

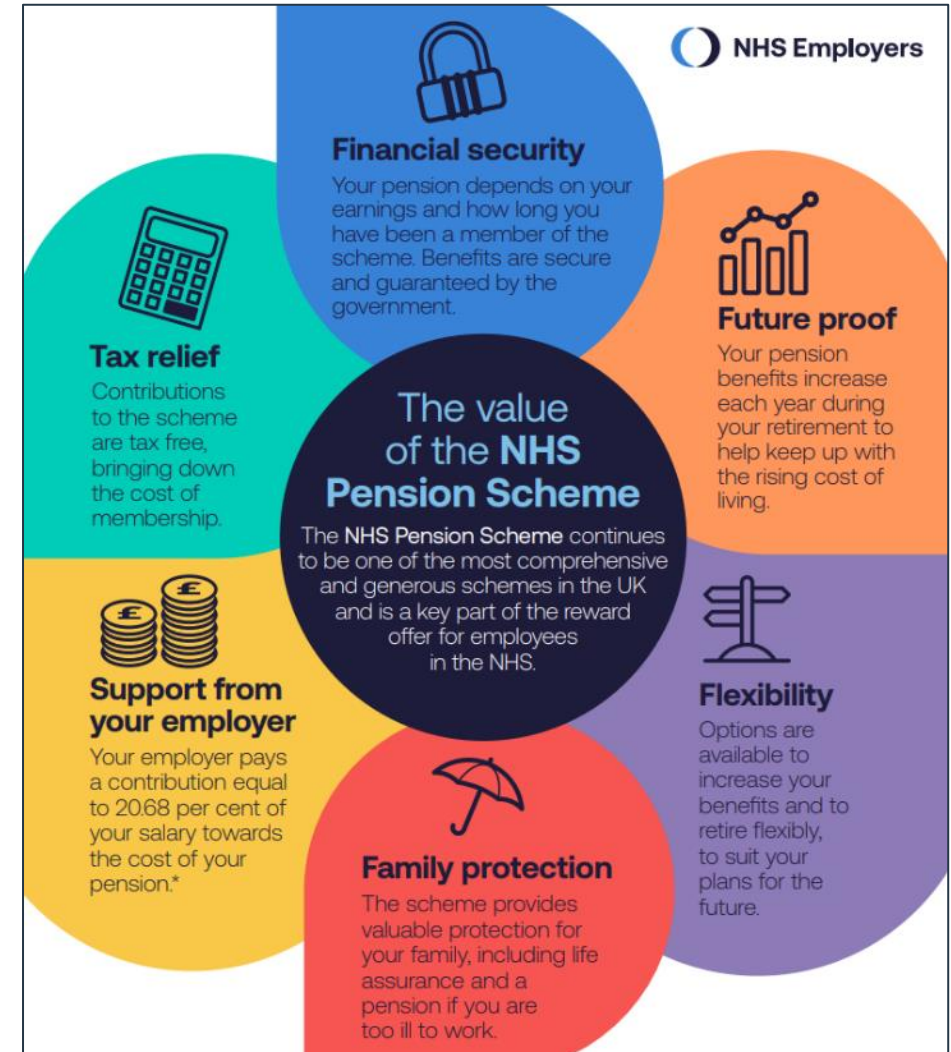


Member contribution changes

- Changes to member contribution rates will be phased in over two years, with changes in October 2022 and in 2023 (the exact date in 2023 is still to be confirmed by the government).
- The changes mean that some scheme members will have a higher rate and will be required to contribute more to the scheme than they currently do, and some will have a lower rate and will contribute less.
- Many part-time employees will contribute less from 1 October 2022. This is because contribution rates will be based on what an individual actually earns each year, rather than what they would have earned if they worked full time.
- Details of the new contribution rates can be found [on our poster](#).

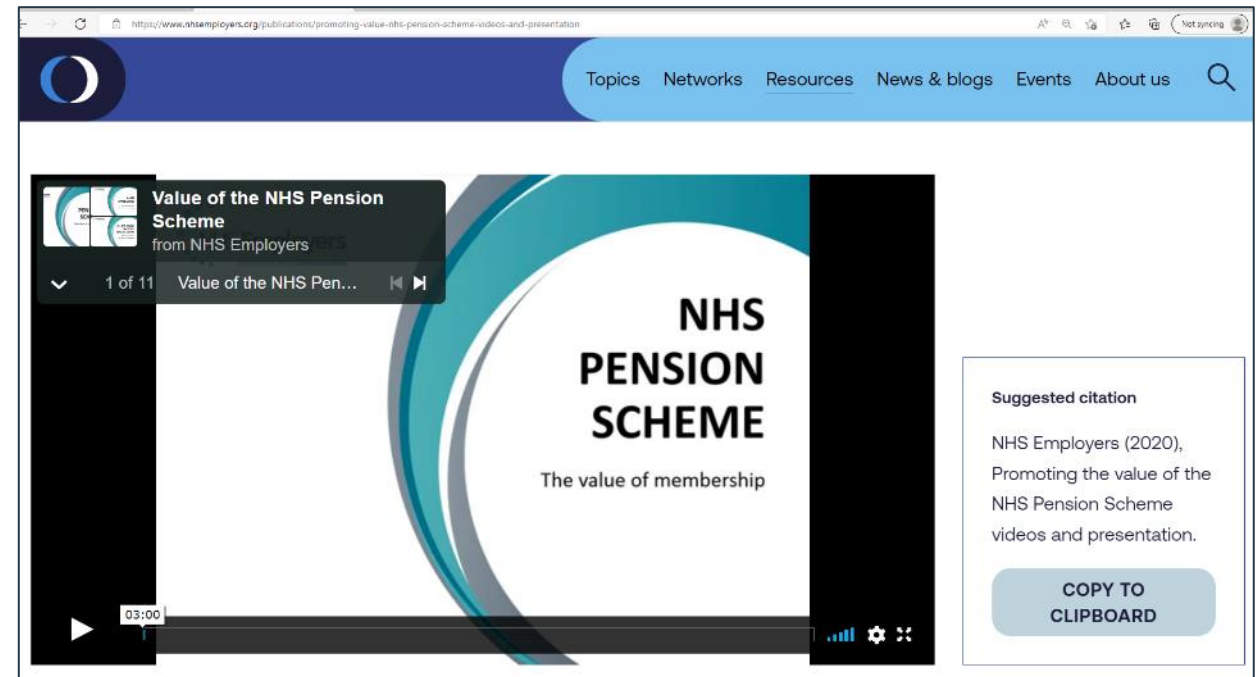
Promoting the value of the NHS Pension Scheme

- **Poster** → the key benefits of being in the scheme



Promoting the value of the NHS Pension Scheme

- **Poster** → the key benefits of being in the scheme
- **Videos** → ten short videos to help understand the NHS Pension Scheme and its value



- Information about the new member contribution structure
- Key messages to communicate to staff
- Promoting the value of the NHS Pension Scheme

pensions@nhsemployers.org

Any questions?



Thank you.

Email us – pensions@nhsemployers.org
Twitter - @NHSE_Reward