



**Proposed Contribution changes
NHS Scotland Pension Scheme
Scottish Government Consultation**

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Your NHS Pension

- **Funded by Employer and Employees**
- **Benefits**
- **Contributory**
- **Scheme valued 4 yearly**
- **Based on WTE pensionable earnings**
- **Years of service**

Consultation on contribution changes

Consultation launched 24 January 2022

A new contribution framework to be introduced over two years

Full documentation is available at
pensions.gov.scot/nhs/scheme-governance-and-legislation/consultations

- **Change 1: Move to assessing contribution rates on actual pensionable pay**
- **Change 2: Rebalancing contribution rates**
- **Change 3: New approach to increasing tier boundaries in line with Agenda for Change pay awards**
- **Implementing the proposals phased in over two years**

Contribution changes

- **Historically - different rates depending on salary**
- **Introduction of tiers in 2008**
- **Current framework set in 2015 for 4 years**
- **Extended to 2021 so as not to undermine 2018 3 year pay deal**
- **Variable impact depending on hours, unsocial hours, etc...**
- **Likely that full time staff up to band 8a will pay more, part time staff may pay less**
- **The reported cost of the scheme is 9.8% of pensionable pay**
- **Yield of 9.6% confirmed in most recent valuation of the NHS Scotland scheme**

Current contribution framework

Tier	Whole-time Equivalent Pay	Contribution Percentage Rate
1	Up to £20,605	5.2%
2	£20,606 to £24,972	5.8%
3	£24,973 to £31,648	7.3%
4	£31,649 to £64,094	9.5%
5	£64,095 to £89,731	12.7%
6	£89,732 to £119,560	13.7%
7	£119,561 and above	14.7%

Change 1: Actual pensionable pay

In a Care scheme members accrue pension on what they actually earn

Members who work part-time would benefit from their contributions more accurately reflecting the amount of pension they are building.

Where a member has multiple pensionable concurrent employments, their tier will be determined by an aggregate of their annual rates of pay up to WTE.

Change 2: Rebalancing contribution rates

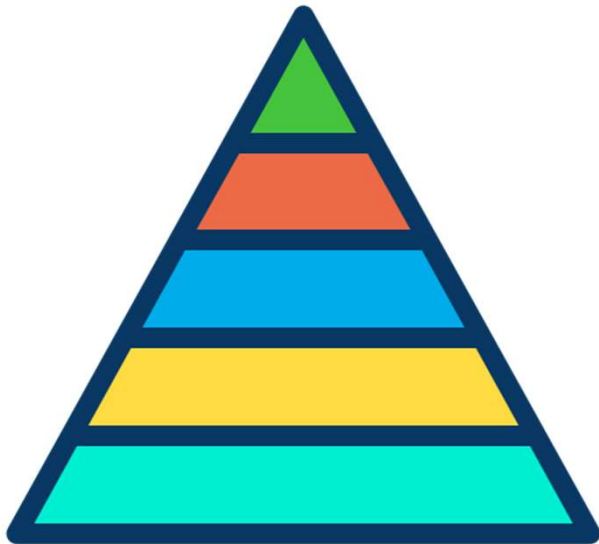
Current structure designed when the majority of scheme members were in a final-salary section of the scheme.

From April 2022 all active scheme members will be paying into the 2015 Career Average Scheme.

In this the benefit for each year of pensionable service is calculated according to earnings in that year alone.



Change 3: Change to the approach of increasing tier boundaries in line with annual AFC pay awards



Thresholds for member contribution tiers would increase in line with annual Agenda for Change pay awards

Change will benefit members who, under the current structure, find that small salary increases can lead to moving up a contribution tier, and a net reduction in take-home pay.

Phased in over two years

Changes proposed mean that there has to be a “rebalancing” of the contribution rates as otherwise they would lead to a shortfall against the required yield if the current member contribution structure remained in place.

This approach – of phasing in over two years - is designed to minimise the impact on take-home pay while giving members time to adjust to the changes.



Proposed framework

Current tiers	Pensionable earnings (rounded down to nearest pound)	Current rate (WTE pay)	Rate from 1 Apr 2022 (9.6% yield) (Actual pay)	Rate from 1 Apr 2022 (9.8% yield) (Actual pay)	Rate from 1 Apr 2023 (9.8% yield) (Actual Pay)	New tiers
Tier 1	Up to £13,330	5.2%	5.5%	5.7%	5.9%	Tier 1
Tier 1	£13,331 to £21,614	5.2%	5.9%	6.2%	6.5%	Tier 2
Tier 2	£21,615 to £25,981	5.8%	6.5%	6.7%	6.9%	Tier 3
Tier 3	£25,982 to £32,915	7.3%	7.9%	8.4%	8.8%	Tier 4
Tier 4	£32,916 to £48,784	9.5%	10.3%	10.5%	10.8%	Tier 5
Tier 4	£48,785 to £65,376	9.5%	10.9%	11.0%	11.4%	Tier 6
Tier 5	£65,377 to £89,731	12.7%	13.7%	13.7%	12.7%	Tier 7
Tier 6	£89,732 to £119,560	13.7%	13.7%	13.7%	12.7%	Tier 7
Tier 7	£119,561 and above	14.7%	13.7%	13.7%	12.7%	Tier 7

Remember: pension contributions attract tax relief, so the amount you actually pay is less than the figure above.

Tell us what you think?

- **How will you be impacted by these proposed changes?**
- **Does it change your view of being in the pension scheme?**
- **What message should the RCN give to the DHSC about these changes?**
- **Do you agree that changes should be phased in over 2 years or would you rather it happened all at once?**

Email your views to

pensions.scotland@rcn.org.uk

Please note, this email address is only for consultation responses and should not be used for enquiries about pensions which should be directed to our advice team or by calling 0345 772 6100

Tell us what you think?



More info on the RCN webpage -

rcn.org.uk/NHSPensionsScotland