



# Government Actuary's Department

## **National Health Service Pension Scheme 2015**

### **Pensionable Pay determination for members with multiple employments**

Version 2.3

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## Contents

<b>1</b>	<b>Introduction</b>	<b>1</b>
<b>2</b>	<b>Derivation of aggregate pensionable earnings for members with multiple employments</b>	<b>3</b>
<b>3</b>	<b>Examples</b>	<b>5</b>
	<b>Appendix A: Determination of pensionable earnings for purposes of determining member contribution rate (Schedule 11)</b>	<b>8</b>



## 1 Introduction

- 1.1 This Note is addressed to the NHSBSA as administrator of the NHSPS 2015. It provides guidance for determining the maximum amount of aggregate pensionable earnings which may apply for any member who has more than one pensionable employment in a period. This limit applies for the purposes of determining contributions payable and benefits accruing in the period concerned.
- 1.2 This Note relates to the regulation 29 of the National Health Service Pension Scheme Regulations 2015 (SI 2015/94) as below.

29	<p>Pensionable earnings : more than one employment*</p> <p>Regulation applies only for non-practitioner employments. In accordance with regulation 27, employment* types A to C (see below)</p>	<p>Where total pensionable earnings exceed a single comparable whole-time employment* amount such excess earnings are disregarded for pension purposes. Regulation 29(5) provides for single comparable whole-time employment earnings to be determined by the scheme manager having regard to guidance issued by the scheme actuary.</p>
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\*employment includes a contract to provide services

A	Employed by or contracted to provide services to an NHS organisation
B	Employed by or contracted to provide services to a medical or dental contractor
C	Employed by or contracted to provide services to a determination employer or independent provider
D (not included)	A medical practitioner, dental practitioner or non-GP provider

- 1.3 In line with Regulation 27, payments in respect of overtime are not pensionable. As such, this guidance does not apply if one employment is a whole-time post. In this case, only pay in respect of the whole-time post is pensionable. Pay in respect of any additional employment is not pensionable.
- 1.4 Schedule 11 of SI 2015/94 covers the determination of member contribution rates and uses the term CWTE to refer to earnings for a 'single comparable whole-time employment'.
- 1.5 This guidance may also be used to determine CWTE for the purposes of Paragraph 2 of Schedule 11.
- 1.6 Paragraph 1(b) of Schedule 11 provides that for any member with more than one employment the provisions of the schedule should be applied separately for each employment. That is, in the context of Schedule 11, a CWTE applies in respect of each employment in isolation.



- 1.7 The circumstances covered in Paragraph 2(2) of Schedule 11 and the method of determining earnings in each case for the purposes of determining contribution rate are summarised in Appendix A.
- 1.8 Paragraph 2(4) of Schedule 11 provides that, for circumstances not explicitly covered in the Schedule, earnings for the purposes of determining the rate of member contributions should be determined based on guidance from the scheme actuary. No guidance is currently provided for such cases. If cases arise, these should be sent to GAD on an individual basis and will be incorporated into revisions of this guidance note as necessary.

#### **Implementation and review**

- 1.9 This guidance is effective immediately. The version number for this guidance is 2.3
- 1.10 Since no actuarial factors are used for this guidance it is not expected that the note will be regularly reviewed.



## 2 Derivation of aggregate pensionable earnings for members with multiple employments

- 2.1 For any period in which a member has pensionable earnings from more than one employment, the following principles should apply:
- i) Comparable whole-time earnings (CWTE) should be determined for each employment.
  - ii) The hours counted as pensionable are those that would give the member the highest level of pensionable pay. That is, a curtailment of hours is applied to the position with the lower comparable whole-time equivalent salary.
  - iii) Aggregate Pensionable Earnings are determined with reference to the curtailment of hours.

### Comparable whole-time earnings (CWTE)

- 2.2 For each employment, determine:
- a) Proportion of whole time equivalent contracted to work, eg Employment 1 – 20 hours out of 37.5 hours = 0.533 ( $P_1$ ); Employment 2 – 20 hours out of 37.5 hours = 0.533 ( $P_2$ );
  - b) Pensionable earnings, eg Employment 1 - £10,000 pa ( $PE_1$ ); Employment 2 - £12,000 pa ( $PE_2$ )
  - c) Comparable whole-time earnings for each employment:  
$$CWTE_1 = PE_1 / P_1 = 10,000 / 0.533 = £18,762$$
$$CWTE_2 = PE_2 / P_2 = 12,000 / 0.533 = £22,514$$

### Curtailment of hours

- 2.3 Employment 1 has lower whole-time equivalent earnings, so a curtailment of hours is applied to this employment:

Comparable whole-time hours – Hours for employment with higher whole-time equivalent earnings

$$= 37.5 - 20 = 17.5 \text{ hours}$$

### Aggregate Pensionable Earnings

- 2.4 Actual Pensionable Earnings (APE) based on curtailed hours:

$$APE_1 = 17.5 / 37.5 \times CWTE_1 = 0.467 \times £18,762 = £8,762$$

$$APE_2 = £12,000$$

$$\text{Aggregate Pensionable Earnings} = APE_1 + APE_2 = £8,762 + £12,000 = £20,762$$

- 2.5 In many roles, whole-time equivalent working hours are 37.5 hours a week but there are exceptions to this. Earnings for a single comparable whole-time employment must be determined with reference to the whole-time hours applicable to the relevant role. Hours over and above the relevant whole-time hours are not counted as pensionable.



### **Multiple Roles with differing standard hours**

- 2.6 In cases where a member works in two or more roles with differing whole-time hours applicable to each role, the curtailment of hours should be carried out as follows:
- i) Establish the overall weighted comparable whole-time hours for the member. The standard whole time hours are weighted by actual hours worked in each role.
  - ii) For each role, calculate the ratio  $(CWTE_x) / (\text{Standard Whole Time hours for role})$ , to determine the rate of pay for each employment.
  - iii) Apply a curtailment of hours to the employment which has the lowest rate of pay, in the same way as described in 2.3, and using the weighted comparable whole-time hours calculated in 2.6(i).

### **Supplementary Earnings**

- 2.7 The formula in paragraph 2.2 should include supplementary earnings (such as allowances for unsocial hours, shift work payments, On Call e.t.c) when determining which employment provides the highest hourly / sessional rate but such earnings should not be uprated to WTE earnings, see scenario E for further details.

### **Cross Border Transfers**

- 2.8 We understand from BSA that if a transfer in is received from the NHSPS 2015 Scheme in Scotland or Northern Ireland then part-time membership would be restricted in favour of whole-time membership. If the member is whole-time in both schemes then membership in the NHSPS 2015 (EW) scheme would be restricted – in either case the restricted contributions would be returned.
- 2.9 For example:
- 2.9.1 If the member is part-time in England & Wales and whole-time transferred in from Northern Ireland then membership in England & Wales would be restricted and contributions returned.
  - 2.9.2 If the member is whole-time in England & Wales and part-time transferred in from Scotland then membership in Scotland would be restricted (and Scotland asked to return contributions for the overlapping period).
  - 2.9.3 If the member is whole-time in England & Wales and whole-time transferred in from Northern Ireland then membership in England & Wales would be restricted and contributions returned (as the current employment is with England & Wales).



### 3 Examples

#### Scenario A - multiple roles, same standard hours

##### Employment 1

Part-time hours per week	25
Pensionable earnings ( $PE_1$ )	£26,000 pa
Whole-time hours for comparable role	37.5
Part Time proportion ( $P_1$ )	$25 / 37.5 = 0.667$
WTE for comparable single employment ( $CWTE_1$ )	$(PE_1) / (P_1) = £39,000$ pa

##### Employment 2

Part-time hours per week	15
Pensionable earnings ( $PE_1$ )	£12,000 pa
Whole-time hours for comparable role	37.5
Part Time proportion ( $P_1$ )	$15 / 37.5 = 0.400$
WTE for comparable single employment ( $CWTE_1$ )	$(PE_1) / (P_1) = £30,000$ pa

Employment 2 has lower whole-time equivalent earnings.

Curtailed hours for Employment 2	$37.5 - 25 = 12.5$
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##### Actual pensionable earnings

Employment 1 ( $APE_1$ )	£26,000
Employment 2 ( $APE_2$ )	$12.5 / 37.5 * £30,000 = £10,000$

<b>Aggregate pensionable earnings</b>	<b><math>APE_1 + APE_2 = £36,000</math> pa</b>
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#### Scenario B - multiple roles, same standard hours

##### Employment 1

Part-time hours per week	20
Pensionable earnings ( $PE_1$ )	£15,000 pa
Whole-time hours for comparable role	37.5
Part Time proportion ( $P_1$ )	$20 / 37.5 = 0.533$
WTE for comparable single employment ( $CWTE_1$ )	$(PE_1) / (P_1) = £28,143$ pa

##### Employment 2

Part-time hours per week	20
Pensionable earnings ( $PE_1$ )	£25,000 pa
Whole-time hours for comparable role	37.5
Part Time proportion ( $P_1$ )	$20 / 37.5 = 0.533$
WTE for comparable single employment ( $CWTE_1$ )	$(PE_1) / (P_1) = £46,904$ pa

Employment 1 has lower whole-time equivalent earnings.

Curtailed hours for Employment 1	$37.5 - 20 = 17.5$
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##### Actual pensionable earnings

Employment 1 ( $APE_1$ )	$17.5 / 37.5 * £28,143 = £13,133$
Employment 2 ( $APE_2$ )	£25,000

<b>Aggregate pensionable earnings</b>	<b><math>APE_1 + APE_2 = £38,133</math> pa</b>
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### Scenario C – multiple roles, differing standard hours

#### Employment 1

Part-time hours per week	20
Pensionable earnings (PE <sub>1</sub> )	£53,000 pa
Whole-time hours for comparable role	37.5
Part Time proportion (P <sub>1</sub> )	$20 / 37.5 = 0.533$
WTE for comparable single employment (CWTE <sub>1</sub> )	$(PE_1) / (P_1) = £99,437 \text{ pa}$
Rate of pay	$(CWTE_1) / (\text{Whole-time hours}) = 99,437 / 37.5 = £2,652 \text{ pa}$

#### Employment 2

Part-time hours per week	19
Pensionable earnings (PE <sub>2</sub> )	£47,500 pa
Whole-time hours for comparable role	40
Part Time proportion (P <sub>2</sub> )	$19 / 40 = 0.475$
WTE for comparable single employment (CWTE <sub>2</sub> )	$(PE_2) / (P_2) = £100,000 \text{ pa}$
Rate of pay	$(CWTE_2) / (\text{Whole-time hours}) = 100,000 / 40 = £2,500 \text{ pa}$

Weighted Comparable WTE hours	$(37.5 \times 20 / 39) + (40 \times 19 / 39) = 38.72 \text{ hours}$
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Employment 2 has the lower rate of pay.

Curtailed hours for Employment 2	$38.72 - 20 = 18.72$
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#### Actual pensionable earnings

Employment 1 (APE <sub>1</sub> )	£53,000
Employment 2 (APE <sub>2</sub> )	$18.72 / 40 \times £100,000 = £46,800$

<b>Aggregate pensionable earnings</b>	<b>APE<sub>1</sub> + APE<sub>2</sub> = £99,800 pa</b>
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### Scenario D – part time and sessional hours, differing standard hours

#### Employment 1

Part-time hours per week	25
Pensionable earnings (PE <sub>1</sub> )	£86,000 pa
Whole-time hours for comparable role	37.5
Part Time proportion (P <sub>1</sub> )	$25 / 37.5 = 0.667$
WTE for comparable single employment (CWTE <sub>1</sub> )	$(PE_1) / (P_1) = £128,936 \text{ pa}$
Rate of pay	$(CWTE_1) / (\text{Whole-time hours}) = 128,936 / 37.5 = £3,438 \text{ pa}$

#### Employment 2

Part-time sessions per week	4 (16 hours)
Pensionable earnings (PE <sub>2</sub> )	£56,000 pa
Whole-time hours for comparable role	10 sessions (40 hours)
Part Time proportion (P <sub>2</sub> )	$4 / 10 = 0.400$
WTE for comparable single employment (CWTE <sub>2</sub> )	$(PE_2) / (P_2) = £140,000 \text{ pa}$
Rate of pay	$(CWTE_2) / (\text{Whole-time hours}) = 140,000 / 40 = £3,500 \text{ pa}$





Weighted Comparable WTE hours	$(37.5 \times 25 / 41) + (40 \times 16 / 41)$ = 38.48 hours
Employment 1 has the lower rate of pay. Curtailed hours for Employment 1	38.48 – 16 = 22.48
<b>Actual pensionable earnings</b>	
Employment 1 (APE <sub>1</sub> )	22.48 / 37.5 * £128,936 = £77,293
Employment 2 (APE <sub>2</sub> )	£56,000
<b>Aggregate pensionable earnings</b>	<b>APE<sub>1</sub> + APE<sub>2</sub> = £133,293 pa</b>
<b>Scenario E – Supplementary earnings</b>	
<b>Employment 1</b>	
Part-time hours per week	25
Pensionable earnings (PE <sub>1</sub> )	£26,000 pa
Supplementary earnings (S <sub>1</sub> )	£2,000 pa
Whole-time hours for comparable role	37.5
Part Time proportion (P <sub>1</sub> )	25 / 37.5 = 0.667
WTE for comparable single employment (CWTE <sub>1</sub> )	(PE <sub>1</sub> ) / (P <sub>1</sub> ) = £38,980 pa + (S <sub>1</sub> ) = £40,980
Rate of pay	(CWTE <sub>1</sub> ) / (Whole-time hours) = 40,980 / 37.5 = £1,092 pa
<b>Employment 2</b>	
Part-time sessions per week	4 (16 hours)
Pensionable earnings (PE <sub>2</sub> )	£32,000 pa
Supplementary earnings (S <sub>2</sub> )	£4,000 pa
Whole-time hours for comparable role	10 sessions (40 hours)
Part Time proportion (P <sub>2</sub> )	4 / 10 = 0.400
WTE for comparable single employment (CWTE <sub>2</sub> )	(PE <sub>2</sub> ) / (P <sub>2</sub> ) = £80,000 pa + (S <sub>2</sub> ) = £84,000
Rate of pay	(CWTE <sub>2</sub> ) / (Whole-time hours) = 84,000 / 40 = £2,100 pa
Weighted Comparable WTE hours	$(37.5 \times 25 / 41) + (40 \times 16 / 41)$ = 38.48 hours
Employment 1 has the lower rate of pay. Curtailed hours for Employment 1	38.48 – 16 = 22.48
<b>Actual pensionable earnings</b>	
Employment 1 (APE <sub>1</sub> )	22.48 / 37.5 * £40,980 = £24,566.14
Employment 2 (APE <sub>2</sub> )	£84,000
<b>Aggregate pensionable earnings</b>	<b>APE<sub>1</sub> + APE<sub>2</sub> = £108,566 pa</b>



## Appendix A: Determination of pensionable earnings for purposes of determining member contribution rate (Schedule 11)

Case	Situation	Earnings taken into account when determining member contribution rate for current scheme year
1	In WT employment for all of previous scheme year Paid same contribution rate for all year	Earnings in previous scheme year
2	In PT employment for all of previous scheme year Paid same contribution rate for all year	Earnings which would have been paid for a single comparable WT employment in previous scheme year
3	Combination of WT and PT employment for all of previous scheme year Paid same contribution rate for all year	Aggregate in the previous scheme year of actual earnings in period of WT employment and actual earnings in period of PT employment which would have been paid for a single comparable WT employment
4	In WT employment for all of previous scheme year Paid more than one contribution rate during year	$RPE / NDPE \times 365$ RPE = actual earnings in period of between date of last contribution rate change and end of scheme year NDPE = number of days in period over which RPE measured
5	In PT employment for all of previous scheme year Paid more than one contribution rate during year	$CWTE / NDPE \times 365$ CWTE = actual earnings which would have been paid for a single comparable WT employment in period between date of last contribution rate change and end of scheme year NDPE = number of days in period over which CWTE measured
6	Combination of WT and PT employment for all of previous scheme year Paid more than one contribution rate during year	$(RPE + CWTE) / NDPE \times 365$ RPE = actual earnings for any WT employment in period of between date of last contribution rate change and end of scheme year CWTE = actual earnings which would have been paid for a single comparable WT employment (in respect of any PT employment) in period between date of last contribution rate change and end of scheme year NDPE = number of days in period between date of last contribution change and end of previous scheme year
7	In WT employment for part of previous scheme year Paid same contribution rate for all year	$RPE / NDPE \times 365$ RPE = actual earnings in previous scheme year NDPE = number of days in pensionable employment in last scheme year
8	In PT employment for part of previous scheme year	$CWTE / NDPE \times 365$



	Paid same contribution rate for all year	CWTE = actual earnings which would have been paid for a single comparable WT employment during period of pensionable employment in previous scheme year NDPE = number of days in pensionable employment in last scheme year
9	Combination of WT and PT employment for part of previous scheme year Paid same contribution rate for all year	$(RPE + CWTE) / NDPE \times 365$ RPE = actual earnings for any WT employment in previous scheme year CWTE = actual earnings which would have been paid for a single comparable WT employment (in respect of any PT employment) in previous scheme year NDPE = number of days in pensionable employment in last scheme year
10	In WT employment for part of previous scheme year Paid more than one contribution rate during year	$RPE / NDPE \times 365$ RPE = actual earnings in period since date of last contribution rate change and end of previous scheme year NDPE = number of days in period over which RPE measured
11	In PT employment for part of previous scheme year Paid more than one contribution rate during year	$CWTE / NDPE \times 365$ CWTE = actual earnings which would have been paid for a single comparable WT employment during period since date of last contribution rate change and end of previous scheme year NDPE = number of days in period over which CWTE measured
12	Combination of WT and PT employment for part of previous scheme year Paid more than one contribution rate during year	$(RPE + CWTE) / NDPE \times 365$ RPE = actual earnings for any WT employment since date of last contribution rate change and end of previous scheme year CWTE = actual earnings which would have been paid for a single comparable WT employment (in respect of any PT employment) since date of last contribution rate change and end of previous scheme year NDPE = number of days in period between date of last contribution change and end of previous scheme year