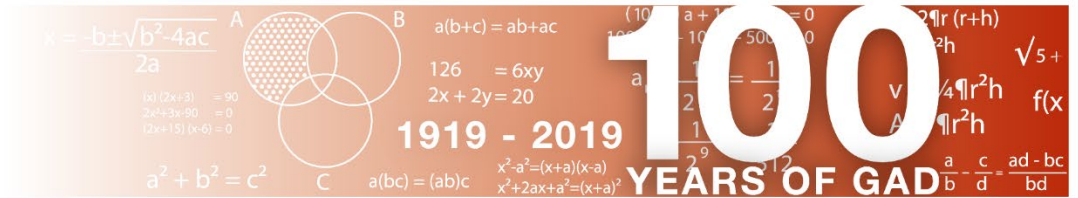




Government  
Actuary's  
Department



## **NHS Pension Scheme (Scotland) 2015**

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

Date: 27 September 2019





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## 1 Introduction

- 1.1 This Note is addressed to the Scottish Public Pensions Agency ('SPPA') as administrator of the NHS Pension Scheme (Scotland) 2015. It provides guidance to determine 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. The guidance does not cover processes which may be adopted to limit pensionability of earnings from either employment.
- 1.2 This Note relates to the Regulation 29 of SSI 2015/94 as below.

29	Pensionable earnings : more than one employment*  Regulation applies only for non-practitioner employments. In accordance with regulation 27, employment* types A to D (see below)	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 in accordance with guidance from the scheme actuary.
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\*employment includes a contract to provide services.

A	Employed by an NHS organisation
B	Employed by a medical or dental contractor
C	Employed by a determination employer
D	Contracted to provide services to a medical or dental practitioner

- 1.3 Schedule 9 of SSI 2015/94 covers the determination of member contribution rates for members with employment spanning two scheme years. The schedule uses a term CWTE to refer to earnings for a 'single comparable whole-time employment' (though noting paragraph 1.6 - this term is used more narrowly in Schedule 9 than referred to in Regulation 29(5). This guidance may be used to determine CWTE for the purposes of Schedule 9 provided the general applicability is considered.
- 1.4 The circumstances covered in Schedule 9 and the method of determining earnings in each case for the purposes of determining contribution rate are summarised in Appendix A.
- 1.5 Paragraph 2(4) of Schedule 9 also 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 but if common cases arise these will be incorporated into revisions of this Note.



- 1.6 Schedule 9(1(b)) provides that for any member with more than one employment the provisions of the schedule should be applied separately for each employment. The term CWTE in the context of Schedule 9 thus applies only to each employment in isolation. Regulation 29 is concerned more generally in restricting pensionable earnings in cases where there may be more than one employment.

#### **Implementation and review**

- 1.7 This guidance will apply from the date issued on the cover.
- 1.8 This guidance has been written for pension administrators and assumes some knowledge of general pension terminology, and some familiarity with retirement calculations for the NHS Pension Scheme. Any questions concerning the application of the guidance should, in the first instance, be referred to NHSBSA.
- 1.9 Since no actuarial factors are used for this guidance it is not expected that the Note will be regularly reviewed.

#### **Third party reliance**

- 1.10 This guidance has been prepared for the use of SPPA for the purposes of demonstrating the application of the factors covered by this guidance only. This guidance may be published on SPP's website but must not otherwise be reproduced, distributed or communicated in whole or in part to any other person without GAD's prior written permission.
- 1.11 Other than SPPA, no person or third party is entitled to place any reliance on the contents of this guidance, except to any extent explicitly stated herein. GAD has no liability to any person or third party for any action taken or for any failure to act, either in whole or in part, on the basis of this guidance, whether or not GAD has agreed to the disclosure of its advice to the third party.



## 2 Derivation of earnings for a single comparable whole-time employment

- 2.1 For any period in which earnings for a single comparable whole time equivalent employment are required to be determined the following principles should be applied.

### **When considering only the single employment (e.g. for purposes of Schedule 9)**

- 2.2 Determine period under consideration in which member has more than one employment.
- 2.3 Determine number of employments within each period and for each one determine:

Proportion of whole time equivalent contracted to work (e.g. 20 hours out of 39 hours = 0.5128) (P).

Calendar length of period under consideration in days (CS).

Actual pensionable earnings paid in period considered (APE).

WTE earnings for comparable single employment for period under consideration

=  $APE \div P = (CWTE)$ .

Annualised equivalent of comparable single employment earnings

=  $CWTE \times 365 / CS = (CWTE \text{ pa})$ .

### **When considering multiple employments (for purposes of Regulation 29(5))**

- 2.4 Determine relevant period(s) under consideration in which member has more than one employment.
- 2.5 For each relevant period identified in 2.4 in which there are multiple employments determine:

Calendar length of period under consideration ( $CS_N$ ).

Number of periods within  $CS_N$  in which different (but constant) employment combinations (single or multiple) applied (N).

Number of employments within each period N (X).

Calendar length of each period N i.e. of each period in which different (but constant) employment combinations (single or multiple) apply ( $CS_X$ ).

For each employment:

Proportion of whole time equivalent contracted to work during  $CS_X$  (e.g. 20 hours out of 39 hours = 0.5128) ( $P_X$ ).



Actual pensionable earnings paid in period considered (i.e.  $CS_x$ ) ( $APE_x$ ).

Calculate WTE earnings for comparable single employment for each employment X and for each period  $CS_x$

$$= APE_x \div P_x = (CWTE_x).$$

For every  $CS_x$  :

Aggregate actual pensionable pay in period  $CS_x$  ( $AAPE_x$ )

= Lower of (Sum of all  $APE_x$ , highest single  $CWTE_x$ ).

For every  $CS_N$  :

Aggregate actual pensionable pay in period  $CS_N$  ( $AAPE_N$ )

Sum of all  $AAPE_x$ .

If required, annualised equivalent of comparable single employment earnings in any  $CS_N$

$$= AAPE_N \times 365 / CS_N.$$



## Appendix A: Determination of pensionable earnings for purposes of determining member contribution rate (Schedule 9)

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 Paid same contribution rate for all year	$CWTE / NDPE \times 365$ 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





## Appendix B: Limitations

- B.1 This guidance should not be used for any purpose other than those set out in this guidance.
- B.2 The factors contained in this guidance are subject to regular review. Scheme managers and administrators need to ensure that they are using the latest factors, as relevant, when processing cases.
- B.3 Advice provided by GAD must be taken in context and is intended to be considered in its entirety. Individual sections, if considered in isolation, may be misleading, and conclusions reached by a review of some sections on their own may be incorrect. GAD does not accept responsibility for advice that is altered or used selectively. Clarification should be sought if there is any doubt about the intention or scope of advice provided by GAD.
- B.4 This guidance only covers the actuarial principles around the calculation pensionable pay for multiple employments. Any legal advice in this area should be sought from an appropriately qualified person or source.
- B.5 Scheme managers and administrators should satisfy themselves that calculation pensionable pay for multiple employments and benefit awards comply with all legislative requirements including, but not limited to, tax and contracting-out requirements.
- B.6 This guidance is based on the Regulations in force at the time of writing. It is possible that future changes to the Regulations might create inconsistencies between this guidance and the Regulations. If users of this guidance believe there to be any such inconsistencies, they should bring this to the attention of SPPA and GAD. Under no circumstances should this guidance take precedence over the Regulations. Administrators should ensure that they comply with all relevant Regulations.