



Government Actuary's Department

NHS Pension Scheme (Scotland) 2015

Pensionable Pay determination for members with multiple employments

Version 1.0

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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	<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 D (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 in accordance with guidance from the scheme actuary.</p>
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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 The effective date for this guidance is 1 April 2015. The version number for this guidance is 1.0.
- 1.8 Since no actuarial factors are used for this guidance it is not expected that the Note will be regularly reviewed.



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	$CWTE / NDPE \times 365$



	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