

# DHSC Consultation Outcome – April 2024

## NHS Pension Scheme Regulation Changes



The Department of Health and Social Care (DHSC) has published the outcome of the consultation on proposed amendments to the NHS Pension Scheme regulations to be introduced in April 2024.

This is a brief summary of the changes, but I recommend employers read the full outcome document.

### A CHANGES THAT APPLY TO ALL MEMBERS

#### A1 *Contribution rates may change*

The following changes to contributions that have been confirmed by the DHSC are the second and final phase of reforms in response to the latest review.

The amount many members pay will stay the same and some may even pay less. For members who will pay higher contributions, the maximum increase from 1 April 2024 is 0.8%, which means the difference to their contributions is likely to be small.

TIER	PENSIONABLE EARNINGS THRESHOLDS		CONTRIBUTION RATE
1	£0	to £13,259.99	5.2%
2	£13,260.00	to £26,831.99	6.5%
3	£26,832.00	to £32,691.99	8.3%
4	£32,692.00	to £49,078.99	9.8%
5	£49,079.00	to £62,924.99	10.7%
6	£62,925.00 and above		12.5%

#### A2 *Employers will contribute more*

From 1 April 2024, the amount employers pay towards members' pensions will go up from 20.6% to 23.7% of pensionable pay (both percentages also have a 0.08% admin charge). However, the government will centrally fund the increase and practices will continue to pay 14.38% directly to NHSBSA by the deadline each month.

#### A3 *Changes to the way contribution tiers are reviewed each year*

Contribution tiers will be automatically reviewed in line with the %age increase in the Consumer Price Index (CPI) on 1 April each year, except for the lowest tier. Tier 1 already anticipates that members' earnings in this tier may not be high enough to benefit from tax relief on their pension contributions.

If the Agenda for Change pay award for England that is announced later in the year is higher than the increase in CPI, contribution tiers will be updated to reflect the higher pay award.

### B CHANGES THAT ONLY AFFECT SOME MEMBERS

#### B1 *Overtime is pensionable for part-time workers except where a member has recently taken partial retirement*

Overtime/additional hours for part-time members counts as pensionable pay up to their full-time equivalent pay, unless they have taken partial retirement in the previous 12 months.

For these members, any additional hours worked above their contractual hours will NOT count towards pensionable pay during the 12-month period after partial retirement (this is so that it will not affect the mandatory 10% reduction in pensionable pay which is a requirement for partial retirement).

### ***B2 'Abatement' rules will be permanently removed***

The rules for how a pension might be reduced for Special Class (SC) and Mental Health Officer (MHO) members who retire on age grounds but return to work before the age of 60, had been suspended since March 2020. These rules will be removed permanently.

Therefore, from age 55, SP and MHO members can take up to 100% of their pension benefits, stay in work and continue to build up pension benefits in the 2015 Scheme – without having their pension reduced or stopped.

### ***B3 1995 Section members with maximum service will be able to apply for partial retirement***

The existing regulations do not allow members of the 1995 Section to take partial retirement if they have reached their maximum service limit (normally 45 years). From 1 April 2024, these members can apply for partial retirement if they have the support of their employer.

### ***B4 Lifetime Allowance (LTA) charges will no longer apply***

HM Treasury announced in March 2023 that the LTA would be removed. DHSC has confirmed updates to the relevant Scheme regulations which will make sure these rules continue to work as intended once the LTA is removed on 6 April 2024.

### ***B5 Carer's Leave will count toward pensionable service***

In line with the Carer's Act 2023, members who take carer's leave will continue to accrue pension benefits during their time away from work. Employers will continue to pay contributions based on their pensionable pay, and members will pay any contributions they owe when they return to work.

You can read more about the changes on the government website:

<https://www.gov.uk/government/consultations/nhs-pension-scheme-proposed-policy-changes-for-april-2024/nhs-pension-scheme-member-contributions-phase-2-and-miscellaneous-amendments>

## **DISCLAIMER:**

Please note – nothing in this handout constitutes Financial Advice.

I encourage all NHS Pension members and employers to become acquainted with the official NHSBSA website as it contains a wealth of knowledge and is entirely free to access at any time.

All employers should read the NHS Pension Newsletter each month to ensure they stay up to date with amendments and official guidance.

The information in this leaflet is current at the time of provision, but there are constant changes in NHS Pension regulations, so **always check on the NHSBSA website to see if there is more up to date guidance available.**