

# NHS Pensions

**A basic administration guide for all leave types**

Including calculating membership



## Disclaimer

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It represents the relevant NHS Pension Scheme Regulations and should not be treated as a complete and authoritative statement of the law.

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Whilst every attempt is made to ensure the accuracy of the guide, it would be helpful if employers could bring to our attention any perceived errors or omissions using the Stakeholder Engagement email address at: [nhsbsa.stakeholderengagement@nhs.net](mailto:nhsbsa.stakeholderengagement@nhs.net).

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# 1. Calculating membership

Membership is a period of time in which a member contributes to the NHS Pension Scheme. It is used for determining eligibility for certain pension benefits.

There are different types of membership:

- Qualifying
- Reckonable
- Non-contributing
- Contributing

## Qualifying membership

Qualifying membership counts towards determining eligibility for certain benefits.

## Reckonable membership

Reckonable membership is used in both the calculation of pension benefits and for deciding entitlement to benefits.

## Non-contributing membership

Non-contributing membership is a period of time where a member did not pay any tiered employee contributions. It is normally counted at its full length for qualifying membership.

Some non-contributing membership transferred from local government may have a different value.

## Contributing membership

Contributing membership is where contributions have been, or are deemed to have been, paid and counts towards both qualifying and reckonable membership.

## Whole time membership

An officer member is classed as whole time for the purposes of pension benefits if their contract of employment is for all the standard whole-time hours for their job. Whole time contributing membership counts at its full calendar length towards both qualifying and reckonable membership

## Part time membership

An officer member is classed as part time if they work less than the standard whole-time hours for their job. All contributing part time membership counts at full calendar length towards qualifying membership but is converted to its whole time equivalent when calculating reckonable membership.

A member who works part time in one or more jobs can only be pensionable up to whole time. Any membership over and above whole time is non pensionable and does not count towards either qualifying or reckonable membership.

Membership for term time workers is recorded and calculated in the same way.

## Bank staff

The start date of any bank post is the first day the member actually performed any duties and paid contributions, not the date they joined the bank. Bank staff do not have a specific employment contract, therefore their employment should be recorded at 01.00 / standard hours.

A bank employee's pension record may remain open even if they do not work for up to a period of three months as long as they remain 'on the bank' of the employer and return to pensionable work within the three month period.

During this three month period the member will earn qualifying membership.

If the break exceeds three months or the member leaves or dies then the employment must be closed down on the last day they actually worked. **This rule also applies to locum GPs.**

## 2. Sick leave

Both employer and employee contributions are payable during a period of paid sick leave. If a member is on no pay sick leave no contributions are payable and the period of membership is regarded as disallowed days and is not counted as qualifying or reckonable membership.

**Added years/Additional pension/Early reduction retirement buy out (ERRBO)** Added years, additional pension and ERRBO contributions remain deductible on the member's full pay throughout the period of sick leave. However, the contributions cease if the member has a period of no pay sick leave.

### Full pay

If a member is absent because of illness, but is in receipt of 'full pay' all contributions continue to be payable as normal.

Scheme membership continues to be reckonable in accordance with the member's contract of employment (for example full or part time).

### Reduced or suspended pay with entitlement to statutory sick pay

**Members** – Contributions are payable on actual reduced pay and statutory sick pay only.

**Employers** – Contributions are payable on the member's unreduced pay immediately before the reduction.

**Membership** – Continues to build up as per the member's contract of employment.

### Reduced pay with no entitlement to statutory sick pay

**Members** – Contributions are based on actual reduced pay only.

**Employers** – Contributions are payable on the member's unreduced pay immediately before the reduction.

**Membership** – Continues to build up as per the member's contract of employment.

### Statutory sick pay only

**Members** – Contributions are payable on statutory sick pay only.

**Employers** – Contributions are payable on the member's unreduced pay immediately before the reduction.

**Membership** – Continues to build up as per the member's contract of employment.

### No pay or statutory sick pay

**Members** – No contributions are payable.

**Employers** – No contributions are payable.

**Membership** – Stops building from the last day of pay / statutory sick pay. As soon as all pay including statutory sick pay ceases, all membership (reckonable and qualifying) stops building up and the no pay period should be recorded as disallowed days.

If a member is on no pay sick leave and their contract of employment has not been terminated they may remain covered for 'in service' death benefits.

### **Locum GPs**

Locum GPs are not entitled to sick pay as they are 'self-employed' they therefore cannot continue to pay into the NHS Pension Scheme while they are absent from work.

### **Bank Staff**

Normally bank staff are not entitled to sick pay and as such do not pay pension contributions whilst they are on sick leave.

Their pension record will remain open until three months have passed since their last day of work. Their pension record should then be closed down retrospectively from the last day that the bank staff worked.

### 3. Maternity, paternity, shared parental and adoption leave

A member can continue to be pensionable throughout any period of absence for maternity, paternity, parental or adoption purposes.

#### Contributions

Pension contributions remain payable during a period of maternity, paternity, shared parental or adoption leave unless the member opts out.

#### Member in receipt of full pay

Members and employer contributions are payable as normal based on the pay the member would have received if there was no reduction for maternity, paternity, shared parental or adoption leave. It is understood that even during a period of basic full pay maternity, paternity or adoption leave employer contributions could be higher than employee pension contributions because a member's enhancements may not be included in their pay.

#### Member in receipt of half pay

**Members** – Contributions are payable on the reduced pay.

**Employers** – Contributions are payable on the members unreduced pay (see full pay above).

#### Member in receipt of statutory pay (for example statutory maternity pay, statutory adoption pay)

**Members** – Contributions are payable on the amount of statutory pay received.

**Employers** – Contributions payable on the member's unreduced pay (see full pay above).

#### Member in receipt of no pay

**Members** – Contributions are payable on the amount of pay immediately before the period of unpaid leave begins.

**Employers** – Contributions are payable on the member's unreduced pay.

Where shared parental leave is being taken as separate 'blocks' of leave, contributions payable in each period should be assessed separately.

#### Bank staff / Locum GPs

Bank staff and locums GPs are not entitled to maternity/paternity/adoption leave pay and as such cannot pay pension contributions whilst they are on sick leave.

If the member is entitled to statutory pay then the contributions are calculated as above.



### **Added years/Additional pension/Early reduction retirement buy out (ERRBO)**

Additional contributions continue to be payable on the reckonable pay/pensionable earnings the member was receiving prior to any period of maternity, paternity or adoption leave.

### **Members that decide not to return to work**

If a member initially intends to return to work and has already paid some contributions during the period of leave and then decided not to return to work, the last day of membership will be treated as the last day up to which the contributions were last paid.

If the member does not intend to return to work they are still entitled to pay pension contributions during the period of statutory leave.

It is good practice to provide the employee with the leaving early and transferring out guide (available on our website), which gives the member the necessary information about the pension choices available to them.

### **Annual leave**

If the member has any untaken annual leave then the date of leaving must be extended to include this and pension contributions must be paid until this date.

### **Keep in touch days**

Keep in touch (KIT) days are where a member carries out up to 10 days work during the maternity, paternity or adoption leave period.

For pension purposes, keep in touch days do **not** break the period of leave. The member will pay contributions for the KIT days, however these will be on the basis of the reduced earnings for the maternity leave. Any additional pay received during the KIT days will be excluded.

### **Maternity leave flexibilities**

By prior agreement with the employer, Occupational Maternity Pay may be paid as a combination of full pay and half pay or a fixed amount spread equally over the maternity leave period.

Where a member has six months paid and six months unpaid leave, but the pensionable/reckonable pay/pensionable earnings is averaged out over the 12 month period, contributions will be deducted based on the underlying entitlement.

## 4. Authorised leave of absence

Prior to 1 April 2008, periods of authorised leave were pensionable. However, it was anticipated that these would be fairly short periods, such as periods of leave that had been authorised because of a domestic emergency or bereavements.

Where a period of authorised leave was granted and pensionable pay was reduced or suspended during that period, employer and employee contributions were based on the member's pensionable pay immediately prior to the leave of absence.

### Changes from 1 April 2008

From 1 April 2008 the NHS Pension Scheme Regulations changed to allow a member who is on a leave of absence for reasons other than sick, maternity, paternity or adoption leave, to choose to remain pensionable for a period of up to six months.

Where the authorised leave is to be pensionable, the employer must treat the member as they would any other active member of the Scheme and ensure that employee and employer pension contributions are paid continuously throughout the six month period.

Arrears cannot be allowed to accumulate until the member returns.

Where pensionable pay is reduced or suspended, employee and employer pension contributions are based on the member's pensionable pay immediately prior to the break starting.

It is not compulsory for a member to pay pension contributions during this type of leave period.

If a member decides not to pay pension contributions, their pension record should be closed down the day before the leave commences.

### Further changes from 1 October 2008

From 1 October 2008, the Regulations changed again to allow a member who has already paid contributions continuously during the first six months, to continue to pension the leave for a further period of up to 18 months.

Should the member wish to continue contributing to the Scheme during the additional period, they will be responsible for **both** the employee and employer pension contributions. Employers are responsible for ensuring that both employee and employer pension contributions are collected continuously throughout the leave and paid monthly to us, NHS Pensions.

Arrears cannot be allowed to accumulate and payment made on returning to the Scheme. If pension contributions are not paid for the first six months, the member does not have the option to continue to be pensionable for the further period of up to 18 months.

The facility to pension this type of leave (which includes career breaks where the contract of employment is retained) applies equally to those contributing to the 1995/2008 Sections and the 2015 Scheme.

The facility to pension authorised leave does not apply to locum practitioners.

## 5. FAQs

### Part time membership FAQs

#### **What is classed as working part time?**

Where a member works anything less than the standard whole time hours/sessions set for a job they are classed as working part time.

#### **Is part time work always recorded in hours?**

No, for members who are capacity code 03, 08 or 10 part time work can be recorded in hours, sessions or programmed activities. Members with any other capacity code are always recorded as hours.

#### **How many hours does an employee have to work before they can join the NHS Pension Scheme?**

From 1 April 1991 all employees automatically became a member of the NHS Pension Scheme, regardless of the amount of hours/sessions they work, unless they choose to opt out.

#### **Which grades are classed as part time?**

Any grade can be classed as part time as long as the member is working less than the standard whole time hours/sessions/programmed activities for that grade. As practitioner membership is calculated differently, we do not need to record whole or part time details.

#### **Can bank staff join the NHS Pension Scheme?**

Yes, as long as they are employed directly by an NHS employing authority.

#### **Can a part time member be pensionable in more than one part time employment?**

Yes, but only up to a maximum of whole time equivalent. Practitioner membership can run concurrent to Officer membership and remain pensionable even if the Officer membership equates to whole time.

#### **How is part time membership scaled to its whole time equivalent membership length?**

As a general rule the total hours/sessions/programmed activities worked for the period of part time membership are divided by the standard hours/sessions/programmed activities required and multiplied by 7.

## **How is part time recorded on NHS Pensions system?**

It is recorded by showing the weekly contracted hours/sessions/programmed activities for the member over the standard hours/sessions required. i.e. 20.00/37.00.

## **Do you use the member's actual part time pay when calculating benefits?**

No. We will use the member's whole time equivalent pay when calculating any benefits for part time members in the 1995 and 2008 Sections. Part time members of the 2015 Scheme will have their benefits based on their actual pensionable pay.

## **Maternity/paternity/adoption FAQs**

### **What if the member can't afford to pay pension contributions whilst they are absent?**

Arrears of pension contributions built up during a period of unpaid leave can be collected when the member returns to work provided they are collected within a reasonable amount of time. This should be agreed between the employer and the member.

### **Can bank staff accrue arrears whilst on maternity leave and repay them on their return?**

As bank staff do not have a contract of employment their employment should be closed on that date in which they last worked. Therefore where the bank staff does not qualify for maternity leave they cannot accrue arrears and repay on return.

### **If the member returns to work after their leave, do they have to stay on the same contract?**

The terms of the member's contract are between the employer and the employee.

### **Can the member have a refund of any contributions paid during their leave of absence?**

No, if contributions have been correctly paid on any part of the period of leave, whether paid or unpaid, they cannot be refunded (unless the member subsequently leaves the Scheme with entitlement to a refund of contributions).

### **What if the member moves to another employing authority before they start their leave of absence?**

The situation of statutory maternity pay (SMP) being paid by the previous employer and occupational maternity pay (OMP) being paid by the new employer is most likely to arise with Junior Doctors who change contracts.

Although the SMP is being paid by the previous employer it is in respect of a period of later maternity leave that is still pensionable. SMP is normally pensionable as if the member had remained with the previous employer or even if they had left NHS employment altogether the SMP is still pensionable as it counts as earnings.

Employer contributions are payable on the full unreduced earnings as though the member is not on maternity leave and therefore no employer contributions would be due from the previous employer.

As NHS Pensions' records will show the new employer during the maternity leave period, any pension contributions deducted for SMP by the earlier employer will need to be reflected during the maternity leave period in the new employment. It will therefore be necessary for both employers to liaise regarding the payment of pension contributions.

### **Can an employee join the Scheme during their leave of absence?**

No, an employee cannot join the Scheme during any period of absence from work (this includes any employee who has opted out of the Scheme).

### **What happens when a salaried GP is on maternity/paternity/adoption leave?**

Salaried GP's determine their contribution rate based on their global practitioner earnings. Where the GP is on a period of maternity/paternity/adoption leave the employee contribution rate is based on the 'actual global earnings' that practitioner would have earned had they not been on leave. As the practitioners 'actual' earnings have reduced due to maternity leave this does not impact the assigned tiered contribution rate. The practice must notify PCSE/Local Health Board (LHB) of the GPs reduced earnings whilst on leave

### **Authorised leave of absence FAQs**

#### **Can an employer choose whether a member is granted an authorised leave of absence?**

The decision on whether to agree a member's application for an authorised leave of absence rests with the employer. The employer should refer to the employee's relevant terms and conditions. For staff subject to Agenda for Change, the provisions in Part 5, Section 36 'Employment break scheme' of the NHS terms and conditions of service handbook should be followed. This section is to be amended to reflect the change in the pension position of employment breaks.

#### **Can an employer choose whether an authorised leave of absence is pensionable?**

No. If the period of leave has been agreed and the member chooses to pay pension contributions the employer must pay the employer pension contributions for the first six months.

**Can an employer pay the employer pension contributions for longer than six months whilst a member remains on an authorised leave of absence (where the contract of employment is retained) and does the employer have the option to pay the member's pension contributions?**

Providing both employee and employer pension contributions have been paid continuously during the first six months, this is a matter between the employee and the employer. However there is no requirement under the NHS Pension Scheme Regulations for employers to pay any pension contributions when an authorised leave of absence exceeds six months.

**Is the Scheme Administration Charge (employer levy) payable?**

No, the member only has to pay the employer contribution.

If the employee is not being paid by their employer whilst on an unpaid authorised leave/career break there is no levy payable.

**A member has been granted a leave of absence for longer than two years can they continue to contribute to the scheme after two years have elapsed?**

No. Although under Agenda for Change Terms and Conditions an employee can be granted an employment break of up to five years, the NHS Pension Scheme Regulations only allow authorised leave periods (which includes leave of absence where the contract of employment is retained) to be pensionable for the first two years. After this time the member's record must be closed down for pension purposes.

**Which Section of the Scheme will a member belong to on returning from an authorised leave of absence?**

Unless the leave of absence spans the member's tapered protection date they will remain in the same section of the Scheme they were in prior to commencing the authorised leave.

If a member chooses not to contribute to the Scheme during a career break or continues on a career break for more than two years, the normal rules surrounding scheme membership and eligibility will apply.

**If a member holds Mental Health Officer or Special Class status will this be retained during the authorised leave of absence?**

If a member decides not to pay pension contributions during the period of authorised leave the normal rules surrounding membership of the Scheme and entitlement to Mental Health Officer/Special Class status will apply. The member must return to pensionable NHS employment within five years to be eligible to be considered for Mental Health Officer/Special Class status on their return.

If a member continues to contribute to the Scheme during the authorised leave, Mental Health Officer/Special Class status will be retained for the pensionable period (i.e. for up to two years). It would be expected that the member would return to a Mental Health Officer/Special Class role on their return.

If the member remains on leave for longer than two years the normal rules surrounding entitlement to Mental Health Officer/Special Class status will then apply on a members return to NHS pensionable employment.

### **What life insurance and family benefits would a member be entitled to during an authorised leave of absence?**

A member will continue to be covered for death in service benefits during the leave of absence providing they continue to contribute to the Scheme.

Further information on life assurance and family benefits is available on our website.

### **What happens to Added Years, Additional Pension and ERRBO contracts during an authorised leave of absence?**

The member has a choice to either pay their normal tiered contributions plus their additional contributions or only pay their normal tiered contributions. After six months the member will also have to pay the employer contributions (but not the levy).

### **What happens to the Added Years, Additional Pension and ERRBO contract if the member chooses not to pay or has a break after the authorised leave of absence ends?**

- If a member decides not to pay contributions, or
- remains on leave for longer than two years having paid contributions

they must return to the Scheme within 12 months of the last day of contributing membership to enable the original contract to continue.

If a member does not return to the Scheme within 12 months the contract will end and an appropriate credit based on the contributions paid will usually be given to the member.

Members cannot pay any 'missing' contributions where the member has chosen not to pay additional pension contributions or for a period where they were on authorised leave for a period of more than two years.

On return to the NHS Pension Scheme after the authorised leave of absence the employee the member should reconsider their position and if there will be any shortfall in the intended purchase.