

Core brief

Monday, 14 March 2016

Introduction

This issue of Core Brief details important changes to National Insurance contributions from 6 April 2016.

Important National Insurance changes from 6 April 2016

On 6 April 2016, the UK Government is introducing a new single rate State Pension to replace the current arrangements.

As a result of this change employees who are members of public sector pension schemes, such as the NHS Scheme, will see an increase in the National Insurance contributions that they pay.

Why are contributions increasing?

Historically, employees paying into the NHS Pension Scheme have been allowed to pay a lower rate of National Insurance Contributions (NI) to recognise the fact that NHS Scheme members have been “contracted out” of the second State Pension.

This rate is currently 1.4% lower than the standard rate for employees and, with the introduction of the new single rate State Pension, the UK Government is removing this.

Will it affect me?

This change will affect you if:

- You are currently a member of the NHS Pension Scheme
- Earn over £672 per month, or £155 per week
- Your payslip shows NI Table D or I

How much will my National Insurance contributions go up by?

The increase will depend on your individual level of earnings and could therefore range from 1p to £40 per month, or 1p to £9.40 per week; some tiered examples are given below:

Weekly Pay	Estimated Increase
£155.00	£0.00
£200.00	£1.23
£250.00	£1.93
£300.00	£2.63
£400.00	£4.03
£450.00	£4.73
£500.00	£5.43

Monthly Pay	Estimated Increase
£672.00	£0.00
£800.00	£4.39
£1,000.00	£7.19
£1,500.00	£14.19
£2,000.00	£21.19
£2,500.00	£28.19
£3,000.00	£35.19

Will this change affect my State Pension?

This will depend on your age and personal circumstances. Detailed information relating to the new rules can be found on the government website, at: <https://www.gov.uk/new-state-pension>