

To: Chief Executives  
All Employing Authorities

Circular 13/2014  
27 November 2014

Dear Chief Executive

### **End of the National Insurance Rebate**

In summary, this brief circular is designed to alert all employers to a Bill before the NI Assembly which is likely to increase your staff costs by up to 3.4%.

The NI Assembly is currently considering the Pensions Bill. The headline of the Bill is a change to the State Pension, however the means of payment for this change is through the ending of the National Insurance contracting-out rebate from April 2016. Currently you pay employer National Insurance contributions for those staff in the LGPS (and any of the other public sector schemes) at 10.4% as opposed to 13.8% for those not in a contracted-out pension scheme. This 3.4% rebate will cease in 2016.

The Bill has already passed into law in England, Wales and Scotland. My understanding of the position in England and Wales is that HM Treasury is taking steps to re-cycle the extra National Insurance contributions received back into public sector funding, however there are no such guarantees available for Northern Ireland.

The Bill has progressed to the Committee stage at the Assembly and is being scrutinised by the DSD Committee should you wish to comment. The DSD Committee has requested comments by 16 December 2014. Any organisation is invited to submit evidence to the DSD Committee by e-mail to [committee.socialdevelopment@niassembly.gov.uk](mailto:committee.socialdevelopment@niassembly.gov.uk) or by post to:

Committee Clerk, Room 412, Parliament Buildings, Ballymiscaw, Stormont, Belfast BT4 3XX.

The Committee Clerk can be contacted by phone on 028 9052 1864. A copy of the Bill can be found at <http://www.niassembly.gov.uk/Assembly-Business/Legislation/Primary-Legislation-Current-Bills/Pensions-Bill-As-Introduced/>

Yours sincerely

*David A. Murphy*

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