

This factsheet is designed for members of the National Health Service Superannuation Scheme (Scotland) (NHSSS(S) and the Scottish Teachers' Superannuation Scheme (STSS) and should be read in conjunction with the member's guides

It is important to note that if you have been a member of NHS or a teachers' pension scheme elsewhere in the UK, your benefits will not transfer automatically to the NHSSS(S) or STSS and the transfer must be requested from the receiving scheme.

What is a pension transfer?

A pension transfer involves payment of a sum of money (a transfer value) from another pension scheme to increase your benefits in the NHSSS(S) or STSS. By doing so, you will give up all rights in the previous scheme.

Who can transfer benefits?

If you are entitled to deferred (or sometimes referred to as preserved benefits), you may have a right to transfer those benefits to the NHSSS(S) or STSS. You must, however, be an active member of NHSSS(S) or STSS when you request the transfer. Please note that you do not have an automatic right to transfer as this is subject to the discretion of the receiving scheme.

What can I transfer?

You can transfer most pension benefits, from a pension scheme approved by HM Revenue & Customs (HMRC), but also many overseas pension arrangements. Pension schemes in the UK include those provided by a former employer (occupational pension schemes), personal pensions, stakeholder plans and buy-out policies (which are policies provided by insurance companies solely to accept transfer payments from other pension arrangements).

There is one main exception for UK pension schemes; you cannot transfer into NHSSS(S) or STSS a pension that is a 'Free-Standing Additional Voluntary Contribution Scheme', known as an FSAVC. The rules of NHSSS(S) or STSS do not allow you to transfer this type of policy, either to purchase extra years in the main scheme, or to transfer into the Money Purchase AVC (which is administered by Prudential for STSS members).

When can I transfer?

If you are a member of the Scottish Teachers' Pension Scheme (STPS), SPPA must be in receipt of your transfer request:

- within one year of you joining the STPS, and before your normal pension age.

If you are an NHS member in Scotland and are transferring from another UK NHS pension scheme, you can request this any time up to your normal pension age.

If you are an NHS member in Scotland transferring from any other pension scheme, SPPA must be in receipt of your transfer request:

- within one year of you joining NHS scheme, and before your normal pension age.

All non Club transfer members should be aware that your actual salary and age at the time of the transfer has an impact on the service you will be offered for that transfer. If you delay the transfer, your current salary may be used rather than the salary at the date of joining the new scheme and may reduce the service credit offered. If you leave NHSSS(S) or STSS while a transfer in request is being processed, we will honour any formal offers made prior to notification of termination, but any other incomplete transfers will be cancelled.

What is the guarantee period?

Transfers calculated under the Transfer Club rules are based on the factors appropriate to the date on which the transferring scheme calculates the transfer value. This is known as the guarantee date. If you accept the terms of the transfer within three months of the guarantee date, the pensionable service credited when the transfer is finalised will not change, unless there has been a material change in the information provided.

If the transfer is not accepted within three months of the guarantee date, the transferring scheme will recalculate the transfer value on the date your written acceptance to the transfer is received in their office, and will be based on the factors appropriate to that date. This may lead to small discrepancies between the estimated amount and the final figure. If you do not accept the terms of the transfer within twelve months of joining NHSSS(S) or STSS, you may lose your entitlement to a transfer under club rules.

If a transfer is from a personal pension or money purchase arrangement, we cannot offer a guarantee as the quote from the transferring policy/scheme will not be guaranteed. If the transfer is from a non-club scheme which guarantees its transfer quotes and the transferring scheme receives your acceptance to transfer before the guarantee date expires, we will guarantee the level of service offered, subject to receiving the transfer payment within six months of acceptance.

If the acceptance forms are returned after the guarantee date has expired, a transfer may still be possible, subject to a new offer being made, using the revised transfer value and your current salary. You will be advised in the offer letter if a guarantee applies and, if so, the expiry date.

What credit will I receive for my transfer?

In exchange for your transfer value, you will be credited with an additional number of pensionable years/days in the relevant scheme. The amount will depend on the transfer value available and whether the transferring scheme is in the 'Transfer Club'. This service will be aggregated with your accrued service in NHSSS(S) or STSS and any service you may be buying through voluntary contributions. The total number of years/days will be used to calculate benefits that become due to you.

What is the public sector Transfer Club?

NHSSS(S) and STSS participate in the public sector transfer arrangements known as the Transfer Club. Other schemes that participate are central and local government pension schemes and most public sector bodies including the National Health Service Pension Scheme (NHSPA) and the Teachers' Pension Scheme (TPS). If you are not sure whether your former scheme participates in the Transfer Club, you should ask the administrator of that scheme.

Transfers between schemes in the Transfer Club ensure that the benefits you receive in the scheme you are joining are equal in value to the deferred benefits you are giving up in the scheme you are leaving.

The Transfer Club arrangements only apply to individual transfer requests and not those that form part of a bulk transfer (refer to bulk transfer section of this factsheet). The amount of pensionable service you are offered by the relevant receiving scheme may differ from your pensionable service with your previous provider. The main benefit of this method of dealing with transfers is that any change in salary which occurs as a result of changing employment (and therefore changing scheme) is ignored. Time limits apply for receipt of an application to make a transfer on club terms into NHSSS(S) or STSS.

What if my previous scheme is not in the Transfer Club?

You should remember that transfers of pension benefits from insurance companies and non-Transfer Club schemes are commercial transactions determined by two separate calculations. The result is that the period of service offered in the relevant receiving scheme may be lower than the period of membership of the previous scheme, on occasion significantly lower.

Can I transfer from overseas schemes?

Transfers from overseas schemes may be possible. Please check with the overseas scheme whether a transfer value can be paid to the NHSSS(S) or STSS scheme.

Since April 2006, any transfers received from a recognised overseas pension scheme are excluded from the calculation of the available Lifetime Allowance and of the Annual Allowance for tax purposes. If you are considering transferring benefits in to NHSSS(S) or STSS from overseas with a view to transferring them out at a later date to an overseas scheme, you should contact SPPA for further details.



Can I transfer from a personal pension or stakeholder scheme?

If you transfer benefits to NHSSS(S) or STSS from a personal pension scheme, you cannot have a refund of any of your contributions if you leave these schemes within two years. This restriction applies no matter how short a period of time you have been a member.

Can I transfer from money purchase additional voluntary contribution (AVC) schemes?

SPPA are unable to accept a direct transfer from a money purchase AVC scheme. It must be transferred to a similar arrangement with the money purchase AVC, administered by Prudential for STSS members or Standard Life for NHSSS(S) members. This should be arranged between yourself your former AVC provider and the new AVC arrangement. You are not able to transfer free-standing AVC funds either directly to NHSSS(S) or STSS nor to the Money Purchase AVC administered by Prudential or Standard Life.

What about part-time employees?

If you are employed on a part-time basis, the credit you will receive will be based on the full time equivalent of your actual part-time salary and will be expressed as full time service. For example, if you have a part-time service fraction of 50% (half time) and you are credited with five years additional pensionable service, this is equivalent to 10 years part-time service at 50%. The amount of service you will be credited with will not therefore change in the future even if your part-time service fraction changes. If you were employed on a part-time basis in your previous scheme and the scheme is in the Transfer Club, we will use the full-time equivalent of your salary in that scheme.

What does equalisation of benefits mean?

All schemes are required by law to have equalised their benefits to eliminate any inequality between the sexes. When a transfer takes place, the receiving scheme becomes liable for any inequality that may subsequently be identified in the benefits that have been transferred. We require an indemnity before a transfer can be accepted. The schemes in the Transfer Club, have signed a reciprocal agreement to indemnify each other. There are, however, some schemes that will not provide an indemnity and in those circumstances a transfer cannot take place.



What about bulk transfers?

There are circumstances when SPPA will agree to accept transfers for a group of members on a special basis. These are referred to as bulk transfers and usually arise because of the transfer of employment to another organisation in either STSS or NHS employment. The terms offered as part of a bulk transfer are agreed at the time of the transfer of employment and the members involved will be provided with the appropriate details to the extent that they are different to the normal arrangements.

Form of authority

In order to obtain details of your benefits in another scheme, you must provide us with your written authority to obtain this information. Please complete a transfer request form in respect of each scheme in which you have accrued entitlement to benefits. Completing this form does not commit you or SPPA to conclude the transfer. Transfer request forms are available from our website at <http://www.sppa.gov.uk>

Points to consider

Before you decide whether to proceed with a transfer, you should consider all the options available to you. Remember that after you have transferred your benefits, you will have given up all rights in the previous scheme. You should contact the administrator of the scheme if you are not sure about your options. In particular you should compare the amount of deferred benefits you will be giving up with the benefits you have been offered by NHSSS(S) or STSS. The key question you should ask is, "what is my salary in real terms likely to be when I retire?" As NHSSS(S) and STSS benefits are based on your salary history prior to your retirement, career progression will normally increase the value of benefits transferred to these schemes.

If you are transferring from a Transfer Club scheme, it is likely that the benefits in NHSSS(S) or STSS are very similar but you should compare the arrangements for:

- early payment of benefits,
- provision for death in service
- ill health retirement benefits

If your salary in NHSSS(S) or STSS (or full time equivalent if you are part-time) is greater than your salary in the previous scheme, the benefits provided by both schemes are broadly comparable and you have been offered approximately the same amount of service, you are likely to be better off transferring your benefits. This may not be the case if your salary in NHSSS(S) or STSS is less.

If you are transferring from a non Transfer Club scheme, you should find out:

- what increases your deferred benefits will receive if you leave them until you retire,
- what arrangements exist for early payment of your benefits if you were made redundant, became seriously ill or die.