



Scottish Public Pensions Agency

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Scottish Public Pensions Agency

NATIONAL HEALTH SERVICE SUPERANNUATION SCHEME

A Guide to the Scheme for NHS Employees in Scotland

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Introduction

This booklet aims to answer most of the questions you may want to ask about NHS pensions. The booklet deals mainly with the NHS Superannuation Scheme to which members contribute, but also covers briefly the separate Premature Retirement Compensation and Injury Benefit Schemes.

A brief look at the NHS Superannuation Scheme

The scheme provides for:

- ◆ **A pension and a lump sum when you retire, including their immediate payment if you are retired prematurely after age 50**

- ◆ **Voluntary early retirement**

- ◆ **Ill-health retirement benefits**

- ◆ **Life insurance cover (death benefits)**

- ◆ **Family benefits (widow(er)s' and dependants' benefits)**

All pension benefits are based on pensionable pay and length of service in the scheme. They are guaranteed by law to be there when you become entitled to them. Pensions are increased each year to maintain their value. With tax relief on contributions and lower National Insurance contributions, the net cost of all these benefits for most members is around 3½% of their pay.

The scheme has the full support of the trade unions and professional bodies representing those who work in the NHS.

This booklet is intended as a general guide. While care has been taken to ensure it is accurate, the booklet does not give a complete or legally-binding statement of the law and regulations which govern the scheme. Nothing in it can override the regulations which set out the conditions of entitlement and determine the rate at which benefits are payable. Copies of the regulations are held by your employer.

If you are in any doubt about how the regulations affect you, you should contact the Scottish Public Pensions Agency (SPPA) for advice (details on page 48).

**Welcome to the
NHS
Superannuation
Scheme**

The scheme is an important and valuable staff benefit for people working in the NHS. As a member, you get an excellent package of pension benefits, protected against inflation and guaranteed by the Government.

Scheme benefits are worth almost 20% of pay overall but only cost around 3 1/2% of net take-home pay for most members. This is extremely good value for money, especially when you know your benefits are secure and will be there when you need them.

If you join the scheme, you will receive life insurance cover of twice your pensionable pay from the day you join.

Membership is not compulsory. You can make alternative provision through a personal pension or be contracted in to the State Earnings Related Pension Scheme (SERPS). Membership of a good occupational scheme, such as the NHS scheme, is usually recommended.

The next section contains information which enables you to compare the scheme with alternative ways of providing a pension. Please make sure you read it and seek independent financial advice if you are in any doubt about your pension choice.

The NHS Superannuation Scheme

What does the scheme provide?

- ◆ *A retirement pension based on 1/80th of your pensionable pay at retirement for each year of service in the scheme.*
- ◆ *A lump sum on retirement, equal to 3 times pension.*
- ◆ *Life insurance of 2 years' pay while you are working.*
- ◆ *Pensions and allowances for your spouse and children if you die.*
- ◆ *Benefits if you have to retire because of ill-health after 2 years' service, with improved benefits after 5 years' service.*
- ◆ *Preserved benefits if you leave pensionable employment before age 60 without being entitled to an immediate pension and you have at least 2 years' qualifying service.*

Pensions and allowances are index-linked to protect their value.

Benefits are guaranteed and are based on your pay and service in the scheme.

From age 50 you can choose when to retire.

You do not pay administration costs.

Pension benefits can be transferred into and out of the scheme, but if you move to another job in the NHS your membership can continue.

You may be able to increase your contributions to get bigger benefits.

Important:

Time limits apply to some methods of increasing your NHS scheme benefits. Please tell your employer if you have been a member of the scheme before and were paying additional contributions, or are currently contributing to a Personal Pension.

What does it cost?

The contribution for most members is 6% of pay; manual workers pay 5%. But the real cost is effectively around 3½% because:

- ◆ you get tax relief on your contributions; and
- ◆ you pay a lower rate of National Insurance contributions because you are contracted out of the State Earnings Related Pension Scheme.

For example:

A monthly-paid single person earning £14,400 a year (£1,200 gross per month) who is a member of the scheme will have a net take-home pay of £873.06 after paying £72 (6%) superannuation contributions, £171.44 Income Tax and £83.50 National Insurance.

A non-member with identical earnings will have a take-home pay of £913.62 after deduction of £188 Income Tax and £98.38 National Insurance.

The net difference in the take-home pay is equivalent to 3.4% of monthly earnings.

The benefits of the scheme are valuable. Actuaries have assessed them as being worth almost 20% of overall pay. Your employer and the Government pay the extra required to meet the total cost of the benefits.

You can compare the benefits and cost of scheme membership by looking at the following pages which give some information about alternatives.

The Alternatives

Personal Pensions

You can choose to take out a Personal Pension through an insurance company, bank, building society, unit trust or friendly society. The money you pay during your working life is invested to build up a cash fund which at retirement is used to buy a pension.

Up to 25% of the fund can be taken as a tax-free lump sum at retirement. You can take Personal Pension benefits on retirement at any time from age 50.

You do not need to transfer your pension if you move to new employment outside the NHS, but you should remember that a Personal Pension will:

- ◆ depend on investment performance and the state of the stock market at the time you retire – neither can be guaranteed;
- ◆ be significantly reduced if you want family benefits or limited index-linking.

You will get tax relief on the payments you make, but your employer will normally only pay the minimum contribution required by law.

Commission and administration charges will reduce the amount actually invested to provide your pension. These costs vary but can be considerable.

What do they cost?

Contributions vary according to the level of retirement benefits wanted. The lower the contributions, the lower the retirement benefits, so you need to make sure that you have some idea of the level of retirement benefits you are aiming for. Personal Pension providers will give you projected estimates.

You may vary your payments, but they are subject to Inland Revenue maximum limits according to age.

The Securities and Investments Board, which regulates the Personal Pensions Industry, has said employees will nearly always be better off if they belong to their occupational pension scheme.

The Alternatives

The State Pension Scheme

The State Pension Scheme has two parts.

A Flat-Rate Basic Pension

This is paid at State Pension age, currently 60 for women and 65 for men. Between April 2010 and 2020, State Pension age will change to 65 for everybody.

The basic pension you get depends on your National Insurance contribution record.

An Additional Earnings Related Pension

This is known as SERPS (State Earnings Related Pension Scheme). The amount you get depends on your earnings since April 1978 on which you have paid NI contributions.

Members of the NHS scheme do not pay anything to the earnings-related part of the State Pension Scheme. This means you will only get the flat-rate retirement pension from the State, unless you have contributed to SERPS in another employment.

The benefits you will get from the NHS scheme will normally be higher than those from SERPS. The NHS scheme is contracted out of SERPS under the 1995 Pensions Act. This requires the NHS scheme to meet a statutory standard by giving benefits that are broadly equivalent to, or better than, those in a 'reference scheme'.

For scheme members with service before 1 April 1997, we guarantee that your NHS pension will be at least as much as the SERPS part of the State pension would have been. This guaranteed amount is called the Guaranteed Minimum Pension.

State pensions are index-linked.

Remember that:

NHS scheme members qualify for a flat-rate basic pension based on their contribution record, though they are contracted out of SERPS.

There are fewer benefits under SERPS and they are likely to be lower than those of the NHS scheme.

What does it cost?

You will pay the full rate of NI contributions.

You will not get any tax relief on this additional contribution.

Key points

If you are in any doubt about the right choice for you, get independent financial advice.

The essential thing to remember is that you should make your pension arrangements as early as possible in your working life. Delay will make it more expensive to ensure adequate arrangements later.

Joining The NHS Superannuation Scheme

Who can be a member of the NHS scheme?

NHS employees aged between 16 and 70 (65 in the case of members of the special classes – see page 14) whether employed full time or part time, except:

- ◆ individuals who hold only an honorary NHS appointment;
- ◆ re-employed NHS pensioners (with the exception of those who retired on ill-health and who have returned to NHS employment before reaching age 50);
- ◆ employees who are absent from work for any reason;
- ◆ employees who have opted to leave the scheme and are receiving retirement benefits.

Membership of the scheme is voluntary but you will automatically be made a member, unless you decide not to join. You may choose to opt out of the scheme at any time in order to make alternative pension provision. You can do this by completing form SB34, available from your employer.

Before deciding to opt out of the scheme, you should carefully compare the relative cost of the options open to you and the whole package of benefits provided by the scheme, personal pension plans and SERPS. An independent financial adviser should be able to assist you.

If you decide not to participate in the scheme, but later change your mind, you may apply to join the scheme.

If you have more than one job within the NHS, you can make different pension arrangements for each. An election to leave the scheme, or not to join it, in respect of one job does not affect the superannuation position of any other job.

Special Classes

Certain groups of staff who were members of the scheme before 1 April 1995 are known as the special classes.

They are:

nurses, midwives, physiotherapists and health visitors.

Female members of the special classes are entitled to retire with benefits from age 55, if their last 5 years' service is in one of these jobs.

Men in any of these jobs can retire from age 55 if their last 5 years' service is in one of these jobs, but their benefits will only be based on their service from 17 May 1990. Benefits for service before that date will not be paid until age 60 unless they choose to retire early.

Mental Health Officers (MHOs)

A Mental Health Officer is a person who is:

- ◆ working full time on the medical or nursing staff of a hospital used for the treatment of patients suffering from mental disorder; or
- ◆ a maximum part-time specialist who is employed for the whole or almost the whole of their time in the direct treatment or care of patients suffering from mental disorder.

An MHO With 20 years' MHO service may:

- ◆ retire with benefits from age 55; and
- ◆ count each year of MHO service over 20 years as 2 years for benefit purposes.

Qualifying conditions

These special rights only apply to scheme members who:

- ◆ were in any of these jobs before 1 April 1995 and have not had a break of more than 5 years in any pensionable NHS employment; and
- ◆ satisfy the special class or MHO conditions.

Special class status will not apply to anyone who starts working in one of those jobs for the first time on or after 1 April 1995.

Reduction in Earnings: Preservation of Benefits

What if I suffer a reduction in earnings?

You may opt to take a preserved pension in respect of your pensionable service before the reduction took place if:

- ◆ you have at least 2 years' qualifying service and are transferred to other employment with an employing authority;
- ◆ you choose to transfer to other employment with an employing authority in circumstances that the Secretary of State has approved; or
- ◆ there is a change in the nature of the duties of your employment and the change is not at your request.

To take up this option you must give notice in writing to SPPA within 3 months of the reduction taking place.

Your benefits for your service up to the date of the reduction will be preserved for payment at age 60 or at retirement, whichever is later. Your benefits may be paid before age 60 if you retire on grounds of ill-health.

Benefits for your service after the reduction will continue to accrue, and will be calculated separately. Preserved benefits will be index-linked and brought into payment when you retire.

If, however, it would be more favourable to you to treat your service before and after the reduction as continuous then this will be how your benefits are calculated.

Retirement Age

When can I retire?

For most scheme members, the minimum age at which pension will normally be paid is 60. In certain circumstances, you can get your pension on retirement before that age. If you retire after age 60, your pension will be paid at that time.

Retirement benefits are paid because you are retiring, not simply taking a break in employment. If you retire and then return to work in the NHS within one month, your pension will normally be suspended and you will have to repay any pension you have received. Any further service will be non-pensionable.

Members of the special classes have special retirement rights.

What if I have more than one job in the NHS?

If you have more than one pensionable job when you retire, your benefits will be based on all your service up to your date of retirement. You will have to leave the scheme in all your jobs and you will not be able to rejoin the scheme if you return to NHS work.

You will normally have to leave all your jobs before you can claim your retirement benefits. If you have other NHS jobs that you wish to keep and they total 16 hours a week or less, you do not need to have a break in those jobs, provided you retire from at least one NHS job.

Retirement Benefits

What benefits will I get when I retire?

When you retire you will get a pension and a lump sum.

Your annual pension will be 1/80th of your final year's pensionable pay for each year of service in the scheme. Part-years will also count towards your pension. For example:

a member retiring, at age 60 with 25 years 220 days' service on a final year's pensionable pay of £22,600 will receive a pension of £7,232.76 a year ($£22,600 \times 25.6027 \times 1/80$).

Your pension will usually be paid monthly for the rest of your life.

Your lump sum will normally be three times the amount of your annual pension, but married men with service before 25 March 1972 may get a smaller lump sum.

There are some limits on the amount of service that can count for benefits. These are:

- ◆ not more than 40 years at age 60 (age 55 for special classes);
- ◆ not more than 45 years altogether; and
- ◆ you cannot be a member after age 70 (age 65 for special classes).

Your pension will be based on your pensionable pay when you retire, not what you are paid now. Pensionable pay is normal pay and regular allowances. Payments like overtime, bonuses and travelling expenses are not included.

For new entrants to the scheme on or after 1 June 1989 a limit was imposed on the pensionable pay on which benefits can be calculated. This limit (the Earnings Cap) is increased each year in line with the Retail Prices Index. For the tax year 1997/98 the limit was £84,000.

What if I only work part time?

Members who work part time have their accrued service and final year's pensionable pay converted to the equivalent full-time amounts.

These amounts are then used to work out their benefits. For example:

A member is retiring at age 60 on a final pensionable pay of £11,300. At retirement he is working 17 hours a week in a job where the full-time staff work 37 hours a week. The member has been employed for 25 years but because he has worked mostly part time during his career, his whole-time equivalent service amounts to 14 years 212 days. The member will receive a pension of £4482.52 calculated as follows:

$$\begin{aligned} &\text{Pensionable pay of } \pounds 11,300 \\ &\text{converted to whole-time equivalent} = \\ &\pounds 11,300 \times \frac{37}{17} \\ &= \pounds 24,594.12 \end{aligned}$$

Pensionable service = 14 years 212 days (14.5808 years)

$$\text{Pension} = \pounds 24,594.12 \times 14.5808 \times \frac{1}{80} = \pounds 4482.52$$

What if my final year's pensionable pay is reduced?

For most members their final year's pensionable pay is usually the highest of their working life. If it is not, your pension will be based on the best of the last 3 years pensionable pay instead.

Will I get a State Pension as well?

You will normally qualify for a flat-rate retirement pension.

Application for retirement benefits

You should apply for retirement benefits on forms which you can get from your employer.

Premature Retirement

What if I am retired prematurely?

If you are retired prematurely (that is, before normal pension age and your employer certifies your retirement to be on redundancy or in the interests of the efficiency of the service), your benefits will start to be paid immediately if you are aged 50 or over and you have at least 5 years' service in the scheme.

If you have more than one NHS job, you will have the choice of either:

- ◆ receiving your benefits only for the employment from which you are prematurely retired and remaining a member of the scheme in respect of your other concurrent pensionable jobs; or
- ◆ receiving your benefits in respect of all your pensionable NHS jobs. If you do this, you will have to leave all your concurrent jobs for at least one day unless they total 16 hours or less per week. If you choose to take your benefits in this way, you will not be able to be a member of the scheme in any further employment in the NHS.

Premature Retirement Compensation

If you meet the qualifying conditions when you are prematurely retired, your service will be increased to improve the benefits you get.

The amount of extra service you get will depend on how long you have been a member of the scheme. If you have less than 10 years' service, it will be doubled. If you have 10 or more years' service, it will be increased by 10 years. In both cases, the increase will be subject to the maximum you could have served by your contractual age of retirement or age 65. Your total service cannot be increased to more than 40 years.

The increase in service will provide compensation pension and lump sum benefits which will be paid along with your superannuation scheme benefits.

Members paying Additional Voluntary Contributions

If you are buying additional service or an unreduced lump sum by deductions from your pay, your superannuation scheme benefits will include a proportion of the service that you have chosen to buy. This service will be reduced to take account of the early payment of benefits.

Application

To apply for premature retirement, use Form AW4 which you can get from your employer.

Voluntary Early Retirement with Employer's Consent

If you are aged 50 or over, have at least 2 years' service and your employer agrees to your voluntary early retirement, you will be able to retire on the full pension and lump sum which you have earned. You will not be credited with compensatory extra service.

To apply for voluntary early retirement, use Form AW3 which you can get from your employer.

Voluntary Early Retirement on Reduced Pension

The following table is a guide to the proportion of benefits payable if you retire early. The benefits payable will vary between the exact ages shown. Your dependants will still get any benefits they are entitled to in full. In the unlikely event that your reduced pension is less than the Guaranteed Minimum Pension, you will not be able to take voluntary early retirement with a reduced pension.

Age	Pension	Lump sum
59	94%	97%
58	89%	94%
57	84%	92%
56	80%	89%
55	75%	86%
54	72%	84%
53	68%	82%
52	65%	79%
51	62%	77%
50	60%	75%

What if I want to retire early?

You can choose to take voluntary early retirement from age 50 and receive a reduced pension. You will get your benefits on the understanding that you are retiring and not simply taking a break in employment. Your benefits will be reduced to cover the extra cost of being paid for a longer time. The same reduction will apply to those members of the special classes who retire before age 55.

Pensions awarded from age 50 do not normally attract cost-of-living increases until age 55.

To apply for voluntary early retirement with a reduced pension, use form AW2 available from your employer.

Ill-Health Retirement

What if I become too ill to work?

If you become too ill to continue working in your present job until you reach normal retirement age, you may be able to retire early. An application to retire early because of ill-health should be made to your employer. **The application must be supported by medical evidence and you may have to have a medical examination by SPPA's medical advisers. They will decide if the criteria for ill-health retirement are satisfied. If your application is successful, a pension and a tax-free lump sum will be payable.**

Qualifying

Benefits may be paid early to scheme members and former members who retire early because they cannot carry out their duties due to **permanent** ill-health.

You may qualify for early payment of benefits if you are 'permanently incapable of efficiently discharging the duties of your employment' and either:

- ◆ you have at least 2 years' service in the scheme; or
 - ◆ you have chosen to leave the scheme, and you are still working in the NHS, and you have at least 2 years' preserved service.
-

Your benefits may also be paid early if you no longer work in the NHS if:

- ◆ you have at least 2 years' preserved service; and
 - ◆ you are permanently incapable of doing regular work.
-

If you are a scheme member and have at least 5 years' service when you have to retire, your service will be increased to improve the benefits you get.

The amount of extra service you get will depend on how long you have been a member of the scheme and your age at retirement.

If you have between 5 and 10 years' service your service will be doubled, subject to the maximum you could have had by age 65.

If you have more than 10 years' service, then either:

- ◆ your service will be increased to 20 years, subject to the maximum you could have had by age 65; or
 - ◆ your service will be increased by 6 years 243 days, subject to the maximum you could have had by age 60.
-

We will use the method which gives you the bigger pension. Total length of service cannot be increased to more than 40 years.

If you work part-time, your pensionable service will count at its full length for the purpose of calculating any increase. The pensionable service will, however, be converted to its whole-time equivalent, before it is used in the calculation of benefits.

If you are seriously ill, you may be able to have a bigger lump sum instead of a pension. You can apply for a bigger lump sum if:

- ◆ you are currently a member of the scheme; or
- ◆ you are so ill that you are not expected to live longer than one year.

Your dependants will still get any pension they are entitled to in full.

Members paying Additional Voluntary Contributions

If you are buying additional years of service or an unreduced lump sum by deductions from your pay, **then:**

- ◆ you will not have to make any further payments; **and**
- ◆ you will be credited with the full amount of additional years of service you would have had at the end of your contract;

provided that:

- ◆ you are under age 60 when you have to retire, and you started to pay for the additional service more than a year before you applied for ill-health retirement.

If you have made payments at a fixed rate, the additional service you have bought will be added to your service before extra service is added because of ill-health retirement.

If you were making payments as an extra percentage of your pay, the additional service you have bought will be added to your service after extra service is added because of ill-health retirement.

How do I apply for ill-health retirement?

- ◆ **If you are still working, you should apply on form AW8 which you can get from your employer.**
- ◆ **If you are no longer working, you should write to SPPA with appropriate medical evidence of your permanent inability to do regular work.**

Life Insurance and Family Benefits

You are automatically covered by the scheme's life insurance from the day you join.

Please tell your next of kin the benefits they may get.

The benefits payable will depend on your circumstances when you die.

Lump sums

These may be tax free. If you are married or separated, your surviving spouse will automatically get the lump sum. If you do not want this to happen, you must tell us on form SB36 which you can get from SPPA. The lump sum will then be paid to your estate. If you later change your mind and decide that you do want the lump sum paid to your spouse, you can tell us on form SB37. For members who are single or divorced, the lump sum will be paid automatically to their estate.

Pensions

These are payable for life, to your legal spouse. The pension is normally one-half of the pension you have earned, but higher amounts (short-term pensions) are payable in the initial months.

Normally the pension would stop if your spouse remarried or began living with someone as their spouse. However, if stopping the pension would cause severe financial hardship, it may be restored or continued in full or in part.

If the pension has been stopped and the remarriage has ended, the pension may be reinstated in full or in part if there would otherwise be financial hardship.

If the pension has been stopped and cohabitation has ended, the pension will automatically be restored.

A widower's pension will normally be based on his wife's service from 6 April 1988 unless:

-
- ◆ She bought extra widower's cover for any service before 6 April 1988, or her husband was financially dependent on her and she has nominated him for full widower's cover.

Child allowances

These are based on the member's pension and service.

The amount of the allowance depends on the number of dependent children and whether there is a surviving parent who will get a scheme widow's pension or a scheme widower's pension.

The allowances are normally based on service of at least 10 years provided the member could have reached 10 years' service by age 65.

If there is a surviving parent getting a widow or widower's pension from the scheme, the allowance is:

- ◆ for 1 child – one-quarter of the member's pension;
- ◆ for 2 or more children – one-half of the member's pension.

If there is no surviving parent or the survivor is not getting a widow's or widower's pension or one or more children are not dependant on the widow or widower, the allowance is:

- ◆ for 1 child – one-third of the member's pension;
- ◆ for 2 or more children – two-thirds of the member's pension.

If there are 2 or more children, the child allowance is divided equally between them.

What if I die before I retire?

If this happens, we will pay a lump sum equal to 2 years' pensionable pay.

How much would my spouse's pension be?

If you have less than 2 years' service when you die, your spouse will get a short-term pension for 3 months. The pension will be at the same rate as your pensionable pay at the time of your death.

If there is at least one dependent child, the pension will be paid for 6 months.

If you have at least 2 but less than 5 years' service when you die, your spouse will get the short-term pension for 3 months, or 6 months if there is at least one dependent child. This will be followed by a pension of half the amount you would have got if you had retired on the date of your death.

If you have 5 or more years' service when you die, your spouse will get the short-term pension for 3 months, or 6 months if there is at least one dependent child. This will be followed by a pension of half the amount you would have got if you had retired because of ill-health on the date of your death.

A pension is not payable to a surviving partner of a common-law relationship unless the relationship has been legally recognised by the Scottish courts. But if you are in good health you can give any dependant a pension when you die, by applying to allocate part of your own pension. You can also do this to give a wife, husband or child a bigger pension. But you cannot change your mind afterwards, even if the chosen person dies before you. There are time limits on when you can apply. If you want more information about this, you should contact SPPA before you retire.

What are the children's benefits?

A child allowance is based on the pension you would have got if you had retired on the date of your death, but your service will normally be increased to make the allowance bigger.

What if I die after I retire?

Your spouse will get a short-term pension for 3 months (or 6 months if there is at least one dependent child), at the same rate of pension you were getting when you died. They will then get a pension of half that amount.

If you married after you retired, your spouse may get a smaller pension.

Normally, when a pensioner dies, a lump sum is only payable if a pension has been in payment for only a short time. If so, the lump sum will be five times the pension less the amount of pension already paid. This lump sum is subject to a maximum of twice the member's pensionable pay less the retirement lump sum already paid.

Widower's pension

The widower of a woman who retired before 6 April 1988 will not get a pension unless she had nominated her husband for full widower's cover.

The widower of a member who retired on or after 6 April 1988 will get a short-term pension for 3 months, or for 6 months if there is a dependent child. The short-term pension will be at the rate in payment when the member died.

After this, the scheme will pay a widower's pension of half the pension his wife would have got for membership from 6 April 1988.

If marriage took place after retirement, there will be a short-term pension payable for 3 months, or 6 months if there is at least one dependent child.

What if I leave the scheme but die before retirement age?

The scheme will normally pay a lump sum when any member dies within 12 months of leaving the scheme or with preserved benefits. The lump sum will not be paid if the member had claimed a refund of contributions or transferred their benefits to another scheme.

The lump sum will be three times the annual pension the member would have got if they had retired on the day they died.

How much would my spouse's pension be?

The amount of pension depends on when the member left the scheme and whether they were married at the time of leaving.

For members who married before they left the scheme, no short-term pension will be paid, but the widow or widower will get a pension at the long-term rate from the day after the date of death.

For members who die within 12 months of leaving the scheme, the widow's pension will be half the pension which would have been payable at the date the member left the scheme. It will be increased as for ill-health retirement. The widower's pension will be half the pension his wife would have received for service from 6 April 1988, increased as for ill-health retirement. The widower's pension could be larger if the member had paid for cover for service before 6 April 1988 or had previously nominated her husband to receive a pension.

For members who die with preserved benefits, a widow will get half the preserved pension her husband would have got if he had retired on the day he died.

A widower will get half the preserved pension his wife would have got for any membership since 6 April 1988 if she had retired on the date she died. But there will be a bigger widower's pension if the member paid for widower's cover for service before 6 April 1988 or had previously nominated her husband to receive a pension.

A widow will get half the pension her husband was getting on the day he died for any membership from 6 April 1978 only.

A widower will get half the pension his wife was getting on the day she died for any membership from 6 April 1988 only.

For members who married after leaving the scheme, no short-term pension will be paid. But from the day after the date of death, a widow will get half the pension her husband would have got for any membership since 6 April 1978 if he had retired on the day he died. A widower will get half the pension his wife would have got for any service since 6 April 1988 if she had retired on the day she died.

Re-Employment

What if I return to work in the NHS after retirement?

If you return to NHS employment within one month of receiving either an age or voluntary early retirement pension and you work more than 16 hours per week, your pension will be suspended. It will only become payable again a month after you give up your re-employment or your hours are reduced to 16 hours a week or less for a period of one month. You will have to repay any pension paid to you after you became re-employed.

If you return to NHS employment within one month of receiving either an age or voluntary early retirement pension and you work 16 hours or less per week, or return after one month before age 60, your pension will be reduced to the extent necessary to ensure that your pension plus earnings after retirement are not more than your earnings before you retired. The pension reduction will apply to age 60 or until you stop working, if this is earlier.

If you return to NHS employment after receiving an ill-health or premature retirement (redundancy etc.) pension, your pension will be reduced in a similar way up to age 60.

If you return to NHS employment at or after age 60, a reduction will not apply. If, however, you return to work in the NHS within one month of retiring and are working more than 16 hours per week, your pension will be suspended.

You can be a member of the NHS scheme after you receive retirement benefits only if you retired because of ill-health and you return to NHS employment before you reach age 50.

Index Linking

What about inflation?

NHS pensions are index-linked to protect them against inflation. This means they rise each year in line with the Retail Prices Index for as long as they are paid. A pension awarded from age 50 onwards does not normally attract cost-of-living increases until the pensioner reaches age 55. The pension is then increased to take account of the rise in inflation since the date it was awarded. The increases are paid from April each year. In the first year of your retirement, the amount of increase you get will depend on the date you retire.

Ill-health retirement pensions and widow(er)s' and dependents' pensions are increased each year in line with inflation from whenever they start to be paid.

Cost

How much will all this cost me?

This depends on the type of job you do.

Most members pay 6% of their pay. Manual workers pay 5%.

Do I really pay that much?

No. You will get full tax relief on the contributions you pay. You also pay a lower rate of National Insurance contributions.

This means the actual cost to most members is nearer 3½% of pay.

Your employer contributes an amount equal to 4% of your pensionable pay and the Government pays for the cost of full index-linking. **The total value of scheme benefits comes to almost 20% of overall pay.**

Your contributions are based on your pensionable pay. This includes your normal pay and regular allowances. Payments like overtime, bonuses and travelling expenses are not included.

Earnings limit

For new entrants to the scheme on or after 1 June 1989, a limit was imposed on the pensionable pay on which contributions can be paid. This limit (the Earnings Cap) is increased each year in line with the Retail Prices Index. For the tax year 1997/98, the limit was £84,000.

Maternity leave

While on maternity leave your contributions are based on the pensionable pay you receive during the period of paid maternity leave.

If you take unpaid maternity leave, your contributions are based on the pensionable pay you were receiving immediately before the period of unpaid maternity leave.

Sick leave

While on sick leave, your contributions are based on the pensionable pay you receive. If your pensionable pay is reduced, contributions will be paid on the reduced amount. If you receive no pay, no contributions are payable and the unpaid period will not count for pension purposes.

Increasing Benefits

Can I increase my benefits?

Yes, by making Additional Voluntary Contributions (AVCs).

There are four ways of doing this. Contributions for all of them attract tax relief.

Buying additional service

This will increase your benefits which are based on how long you have been a member of the scheme. The more service you have, the bigger the benefits you or your dependants will get. There are limits on how much service you can buy, depending on your circumstances. If you received a refund of contributions for service before April 1978, you can buy that service at half the normal cost.

Taking out a Money Purchase AVC contract

Your contributions to this contract are invested on a tax-free basis to build up a cash fund. This is used to buy you an annuity (an additional pension for yourself or your dependants) when you retire.

SPPA has negotiated preferential terms for this facility.

Buying increased life assurance

SPPA has negotiated special terms for scheme members through our AVC providers.

Buying an unreduced lump sum

Married men with service before 25 March 1972 will get a smaller retirement lump sum for that service, unless they have made arrangements to pay additional contributions.

How much extra can I pay?

Under Inland Revenue rules:

- ◆ You can contribute up to a maximum of 15% of your earnings to pension arrangements. This includes your normal 5% or 6% scheme contributions and any additional contributions you may wish to make.
 - ◆ The extra years of service you buy must not take your total scheme service above 40 years.
-

Even if you will have 40 years' service by age 60, you may still be able to take out a Money Purchase AVC contract.

Where do I find out more?

Separate booklets which provide more details about buying additional service or an unreduced lump sum are available. For further information, contact SPPA.

For further information about a Money Purchase AVC contract or buying increased life assurance, contact SPPA.

Important: Time limits apply to the purchase of some AVCs.

Transferring Benefits

What if I have been a member of another pension scheme?

You may be able to transfer the value of your benefits to buy extra service in the NHS scheme if you have previously been a member of another pension scheme (including a Personal Pension plan or annuity contract) but not a retirement annuity provided under section 620 (formerly section 226) of the Income and Corporation Taxes Act 1988.

The transfer of benefits accrued in NHS schemes elsewhere in the UK is not automatic. You must apply for a transfer to be made.

Applications to transfer benefits into the scheme must be made WITHIN 12 MONTHS of joining the scheme and before age 60.

Can I transfer my benefits out of the NHS Superannuation Scheme?

If you leave the NHS scheme, you may be able to transfer your benefits out of the scheme to:

- ◆ another occupational pension scheme;
- ◆ a personal pension scheme;
- ◆ an insurance company to buy an annuity contract; or
- ◆ a self-employed pension arrangement.

How is a transfer payment worked out?

A transfer payment is worked out by converting the value of the accrued pension rights to a current cash equivalent using factors supplied by the Government Actuary's Department in relation to the member's age at the date of calculation. The transfer calculation takes account of fluctuations in the Stock Market.

Leaving The Scheme

What if I decide to leave the scheme or the NHS?

If you are considering leaving the scheme but staying in your job, please make sure you fully understand what you are giving up. Before making your final decision, speak to your employer and seek independent financial advice.

If you leave your job or decide to leave the scheme:

- ◆ if you have been in the scheme for less than 2 years you can have a refund of the contributions you have paid provided you are under age 60 when you leave. Tax and National Insurance contributions will be deducted from the refund before it is paid to you. Refunds are not available to anyone who joins the scheme after age 60.
 - ◆ If you have been in the scheme for 2 or more years, you can leave your benefits with the scheme. These are called preserved benefits. Their value is maintained and they are normally paid to you at age 60.
 - ◆ You may be able to transfer the benefits you have earned in the scheme to another pension arrangement.
-

If you have reached retirement age and decide to leave the scheme but carry on working, you will not be able to claim your retirement benefits until your employment ends.

If you move to employment elsewhere in the NHS, you can stay in the scheme and your benefits will continue to build up.

If you are thinking of leaving

◆ Think carefully

If you leave the NHS scheme, you would be giving up much more than a good pension...

◆ From the day you join

Life insurance cover and family benefits if you die.

◆ After 2 years' membership

A pension payable for life and a lump sum if you are forced to give up work because of ill health.

◆ On retirement

A pension payable for life and a lump sum.

Other information to consider

- ◆ If you leave the scheme, you will still have to pay into a Personal Pension or the State Scheme.
 - ◆ If you compare those alternatives with the NHS scheme, you will see that in terms of value for money the scheme is hard to beat, and its benefits are guaranteed.
-

Most informed opinion, including that of the Securities and Investment Board, recognises that employees will nearly always be better off if they belong to their employer's occupational pension scheme.

Rejoining The Scheme

Would I be able to rejoin the scheme?

If you are working in the NHS,
you may rejoin the scheme at
any time unless you are:

- ◆ on sick leave;
- ◆ absent from duty for any other reason; or
- ◆ receiving scheme benefits (unless you retired on ill-health grounds and would be rejoining the scheme before age 50).

If you rejoin the scheme with preserved benefits, we will work out your benefits in one of two ways, either:

- ◆ your periods of service will be added together and your total service and final pensionable pay will be used to work out your benefits; or
- ◆ the benefits you have earned for each period of service will be worked out separately.

They will be based on the pensionable pay at the end of each period and revalued. The benefits will then be added together.

We will use the method which gives you more.

What if I have had a refund?

If you rejoin the scheme within 12 months of leaving, you can repay your refund. We can then link your previous service to your new service. If you want to do this, you must repay your refund **WITHIN 6 MONTHS** of rejoining the scheme. Please write to SPPA for more information.

If you rejoin after 12 months, you cannot repay your refund. You will be treated as a new member with no previous pension rights.

Injury Benefits

A separate Injury Benefits Scheme (not part of the superannuation scheme) covers **all NHS employees whether superannuation scheme members or not**. If you are injured or you contract a disease in the course of your work which is not attributable to your own negligence or misconduct, you may be entitled to receive injury benefits. You, or your dependants, may receive payment if:

- ◆ you are temporarily absent from work on reduced or no pay. A temporary allowance to top up your total income (including certain DSS benefits) to 85% of average pay will be payable.
- ◆ Your earning ability is reduced by more than 10% following termination of employment or re-employment at a lower income.
- ◆ You die as a result of the injury or disease.

In calculating any injury benefits, other sources of income will be taken into account. These include any pension under the NHS scheme, relevant Social Security benefits and any damages or compensation paid in respect of the injury or disease. Any damages or compensation for the injury may affect your benefits and some or all of the money may have to be paid back. If you claim damages, you should discuss the matter with your legal adviser. When a claim for damages is settled, you must let SPPA know immediately.

All benefits paid under the Injury Benefits Scheme are increased annually in line with increases in the Retail Prices Index to maintain their purchasing power.

A booklet which provides more information about the operation of the Injury Benefits Scheme is available from your employer.

General Medical and Dental Practitioners

If you are a general medical or dental practitioner (including an assistant or associate practitioner or an ophthalmic medical practitioner) on a list of practitioners maintained by a Health Board, you are eligible for membership of the NHS scheme in respect of your pensionable practitioner earnings. Although not direct employees of the NHS, practitioners are treated for superannuation purposes as though they were employees of Health Boards.

In general, the same rules and the same range of benefits apply, except that premature retirement and voluntary early retirement with employer's consent terms are not available. Benefits are, however, calculated on career earnings not on final salary.

A separate booklet (*National Health Service Superannuation Scheme – A Guide for General Practitioners in Scotland*) explains how the scheme applies to practitioners.

Staff Employed in General Medical Practices

Staff of general medical practices have been able to join the scheme since 1 September 1997. They are eligible for almost the same range of benefits as staff employed directly by the NHS. The differences are that premature retirement and voluntary early retirement with employer's consent terms do not apply, nor does the separate Injury Benefits Scheme. A separate booklet (*National Health Service Superannuation Scheme – A Guide for Practice Staff*) explains how the scheme applies to practice staff.

Quality of Service

SPPA aims to provide a prompt, efficient and helpful service to all members of the NHS scheme

We are committed to providing a standard of service you have a right to expect both in your employment and after you have retired.

When you become an NHS employee:

You will automatically become a member of the scheme. But you can choose, if you wish, to make other arrangements.

As a scheme member:

We will provide you with an annual statement of your accrued benefits in the scheme.

You can ask us for the estimated value of your scheme benefits.

You can ask us for other information about your pension rights.

You can get in touch with us at any time. We will deal with your queries quickly, accurately and politely.

If you write to us, we aim to send you a full and clear reply within three weeks of the date we get your letter.

If we need to get more information before we can give you a full reply, we will let you know.

If you leave the scheme:

We will tell you about your choices.

If you are entitled to a refund of contributions or wish to consider transferring your scheme benefits, we will deal with your application quickly.

We aim to:

- ◆ pay a refund within 3 months of receiving the application;
 - ◆ issue transfer value details within 8 weeks of getting the request. These details are then guaranteed for 3 months. If the transfer is to proceed, you must apply within the guarantee period, to avoid recalculation;
 - ◆ complete the transfer within 16 working days of receiving a member's instructions to transfer their rights.
-

When you retire:

We will let you know how much your pension and lump sum will be.

We aim to:

- ◆ work out your benefits accurately;
 - ◆ get your lump sum into your nominated account on the day following the date of your retirement; and
 - ◆ get your first pension payment into your account during the following month.
-

All other pension payments will be issued to reach you on the due date.

If you have a complaint, please tell us:

If we have made a mistake, we will apologise and put things right as quickly as possible.

If you are not satisfied, we have a disputes procedure which complies with pension legislation and Citizen's Charter guidelines. This is a three-stage process, the first of which asks you to write to the Scheme Manager who will try to resolve your complaint and let you have a response within 3 weeks. If you are still not satisfied, you can get advice from the Occupational Pension Advisory Service (OPAS). Finally you may take your case to the Pensions Ombudsman.

The address for both of these is:

**11 Belgrave Road
London
SW1V 1RB**

The Pensions Ombudsman will normally expect any complaint to have been looked at by OPAS first.

The telephone number of OPAS is 0845 601 2923 and the number for the Pensions Ombudsman is 020 7834 9144.

Some General Points

This section covers a few items of general interest about the scheme and your pension.

Superannuation Scheme Fund

The NHS Superannuation Scheme does not have a real pension fund but, as a statutory scheme, benefits are fully guaranteed by the Government. Contributions from both members and employers are paid to the Exchequer which meets the cost of scheme benefits. The Exchequer also pays for the cost of increasing benefits each year by the rate of inflation. This extra cost is not met by contributions from scheme members and employers.

Scheme administration

The Scottish Public Pensions Agency is an Agency of the Scottish Executive.

Scheme rules

The rules of the NHS Superannuation Scheme are laid down in regulations agreed by Parliament. They are the National Health Service Superannuation Scheme (Scotland) Regulations 1995 as amended. The compensation scheme is covered by The National Health Service (Compensation for Premature Retirement) (Scotland) Regulations 1981 as amended and the injury benefits scheme by The National Health Service (Scotland) (Injury Benefits) Regulations 1998. If you wish to see the regulations, you should ask your employer.

Data protection

SPPA holds information about each scheme member on computer. In terms of the Data Protection Act 1998, you have the right to request and be given a copy of all the computerised information held about you. There will be a charge for this.

Disclosure of information

Under the Occupational Pension Schemes (Disclosure of Information) Regulations 1996 as amended, pension schemes such as the *NHS Superannuation Scheme* must provide you with certain information. This *booklet* includes the general information which we must provide, but you are also entitled to ask us for further information about your own circumstances. For example:

- ◆ details of what your scheme benefits are likely to be when you retire;
- ◆ the rights and options available to you if you decide to end your pensionable employment before normal pension age;
- ◆ an estimate of the amount of the transfer value you could expect on leaving the scheme (and information on how it is calculated);
- ◆ an estimate of any refund of contributions that might be due if you left the scheme.

Pensions Scheme Registrar

Information about the scheme has been given to the Pensions Scheme Registrar under the management of the Occupational Pensions Regulatory Authority. The address for the Pensions Scheme Registrar is:

**PO Box 1NN
Newcastle-upon-Tyne
NE99 1NN**

Telephone: 0191 225 6394

The Registrar's main responsibility is to provide a tracing service for exmembers of pension schemes who have pension entitlements and who have lost touch with their former employer.

Independent Financial Advice

If you are in any doubt which pension arrangement will be the best one for you, you should seek independent financial advice. Under the Financial Services Act of 2000 all financial advisers have to decide whether to be 'independent' or 'tied'. A financial adviser who is independent can offer a range of financial services and products, whereas a financial adviser who is tied can only offer the products of one company. Before you ask for advice, make sure you know which type of adviser you are dealing with.

Most financial advisers will charge for their advice

The charge may be in the form of a fee payable by you or commission payable by any company which you decide to invest in. If the adviser you choose charges on a commission basis, you should ask how your investments will be affected by the charges.

Your employer may be able to help you find a source of independent financial advice or you can contact:

**Personal Investments Authority, 25 The North Colonnade
Canary Wharf, London E14 5HS.**

Tel: 020 7676 1000, e-mail enquiries@ssa.gov.uk

Who to Contact if You Need More Information

If you need more information, your employer will be able to help you.

Alternatively you should contact:

Scottish Public Pensions Agency, 7 Tweedside Park, Tweedbank, Galashiels TD1 3TE

So that we can deal with your enquiry more efficiently, a list of contact numbers and e-mail addresses are provided. Please choose the most appropriate Team to contact.

Team	NATIONAL HEALTH SCHEME		
1 Borders area (also Injury Benefits)	Tel: 01896 893110	nhspen1@scotland.gsi.gov.uk	
2 Argyll & Clyde, Ayshire & Arran, Orkney, Shetland and Western Isles	Tel: 01896 893120	nhspen2@scotland.gsi.gov.uk	
3 Practitioners	Tel: 01896 893130	nhspen3@scotland.gsi.gov.uk	
4 Tayside	Tel: 01896 893140	nhspen4@scotland.gsi.gov.uk	
5 Grampian, NHS 24	Tel: 01896 893150	nhspen5@scotland.gsi.gov.uk	
6 Lothian	Tel: 01896 893160	nhspen6@scotland.gsi.gov.uk	
7 Fife, Forth Valley, Scottish Ambulance Service	Tel: 01896 893170	nhspen7@scotland.gsi.gov.uk	
8 Lanarkshire, Dumfries & Galloway, State Hospital	Tel: 01896 893180	nhspen8@scotland.gsi.gov.uk	
9 Greater Glasgow, National Waiting Times Central Body	Tel: 01896 893190	nhspen9@scotland.gsi.gov.uk	
10 Highland, Common Services Agency	Tel: 01896 893101	nhspen10@scotland.gsi.gov.uk	

Many of the Agency's forms are now held on our website at www.sppa.gov.uk

You can also get in touch with us by fax on 01896 893214.

Note: If you have a NHS Superannuation Scheme reference number (it begins with 'SB'), it will help if you quote it. If you do not have a reference number, please let us have your date of birth and your National Insurance number.