

MEMBERS RETIRING SOON - FACTSHEET

How am I affected?

If you are a member of the NHS Superannuation Scheme and are planning to retire in the next few months there are some important issues that you need to be aware of.

These may affect the benefits you will be entitled to as an NHS pensioner.

New arrangements for NHS Pensions from 1 April 2008

New arrangements were introduced to NHS pensions from 1 April 2008, the points below provide some key information.

- ❖ The 1995 section was updated and continues to be a final salary scheme with a **normal pension age of 60** (55 for special classes) and has some new benefits.
- ❖ There is a new final salary arrangement for anyone who joins for the first time on or after 1 April 2008. It has a **normal pension age of 65** and a different set of rules and benefits which may better suit some members' retirement plans.
- ❖ Members of the 1995 section will be offered a choice, for a limited period, of moving their pension into the new 2008 section. The Choice exercise is planned to take place from January 2010 and members will receive an information pack which will include details of pension benefits and lump sum entitlement in both the 1995 section and the new 2008 section.
- ❖ If you are considering retiring on or after 1 October 2009 then you will be eligible to participate in the Choice exercise. So, if you are currently planning your retirement you should note the differences in the rules and benefits associated with both schemes as they may influence when you want to retire.

If you are making a decision on retirement soon you may wish to consider the options available to you from the new 2008 section shown in the table overleaf before submitting your retirement application form.

HOW DO SCHEME RULES AND BENEFITS DIFFER?

THE 1995 SECTION	THE NEW 2008 SECTION
Normal pension age of 60 for most members (55 for members of the special classes)	Normal Pension Age of 65 for all members.
Voluntary early retirement options on reduced pension from age 50.	Voluntary early retirement options on reduced pension from age 55.
Special class status retained for those in post before 1 April 1995	No special class retirement rights apply
<p>Keep your current final salary pension of 1/80th for each year of service based on the best of your last 3 years pensionable pay.</p> <p>For practitioners - pension is based on 1.4% of Total Up-rated Superannuable Remuneration (TUSR) revalued by dynamising factors determined by changes in the Retail Price Index (RPI) plus 1.5%</p>	<p>A higher accrual rate of 1/60th of your final salary for every year of service. Pension will be calculated on the basis of the average of the best consecutive three years pensionable pay in the 10 years before retirement.</p> <p>For practitioners - pension is based on 1.87% of Total Up-rated Superannuable Remuneration (TUSR) revalued by dynamising factors determined by changes in the Retail Price Index (RPI) plus 1.5%</p>
<p>Tax free lump sum of 3/80ths x pensionable service x final pensionable pay. You can give up part of your pension for an increased tax free lump sum up to 25% of your pension value.</p> <p>For practitioners – tax free lump sum of 4.2% of Total Up-rated Superannuable Remuneration (TUSR) revalued by dynamising factors determined by changes in the Retail Price Index (RPI) plus 1.5%</p> <p><i>Note:- Giving up part of your pension for a larger lump sum is described as 'commutation', you exchange at a rate of £12 of lump sum for each £1 per annum of pension given up</i></p>	<p>**Minimum Lump Sum on NHS Choice Exercise**</p> <p>Members moving to the new 2008 section as part of the Choice Exercise will be required to take a minimum lump sum based on their service up to 31 March 2008.</p> <p>Members can commute part of their pension for an increased tax free lump sum up to 25% of the pension value.</p>

HOW DO SCHEME RULES AND BENEFITS DIFFER?

THE 1995 SECTION	THE NEW 2008 SECTION
The service will be subject to a limit of 45 years overall up to age 75.	The service will be subject to a limit of 45 years overall up to age 75.
Tiered contribution rates from 1 April 2008 ranging from 5% to 8.5% of pensionable earnings.	Tiered contribution rates from 1 April 2008 ranging from 5% to 8.5% of pensionable earnings.
No enhancement if pension taken later than Normal Pension Age 60.	Members who choose not to take all or some of their pension benefits until after age 65 will have the value of their pension, earned up to age 65, enhanced using late retirement factors.
<p>The current facility to purchase Additional Service (also known as Added Years) is removed.</p> <p>Members will be able to purchase Additional Pension of up to £5,000 of additional annual pension. Additional Pension will be purchased in units of £250 to be taken without reduction at age 60.</p>	<p>No facility to purchase Added Years</p> <p>Members will be able to purchase Additional Pension of up to £5,000 of additional annual pension. Additional Pension will be purchased in units of £250 to be taken without reduction at age 65.</p>
Members who choose to remain in the 1995 section will not be able to rejoin either of the pension arrangements once they have taken their pension benefits.	Members who have taken their pension and retired will be able to return to pensionable re-employment.
Members of the 1995 section will have access to new voluntary pay protection arrangements on step down, where pay is reduced on taking a less demanding job.	The new 2008 section provides greater flexibility, allowing members to take part of their pension whilst continuing in a less demanding role.
<p>Survivor Pensions - As well as being payable to widows, widowers and civil partners, will also be available to eligible nominated non legal partners.</p> <p>In some cases survivor pensions will only be based on service after 6 April 1988</p> <p>Survivor pensions will be payable for life regardless of the changes in their circumstances.</p>	<p>Survivor Pensions - As well as being payable to widows, widowers and civil partners, will also be available to eligible nominated non legal partners.</p> <p>Survivor pensions will be based on all service</p> <p>Survivor pensions will be payable for life regardless of the changes in their circumstances.</p>
Children's survivor pensions will be provided until age 23 in all cases and may be payable indefinitely where the child, through physical or mental impairment, is unable to earn a living and the condition existed at the members date of death.	Children's survivor pensions will be provided until age 23 in all cases and may be payable indefinitely where the child, through physical or mental impairment, is unable to earn a living and the condition existed at the members date of death.

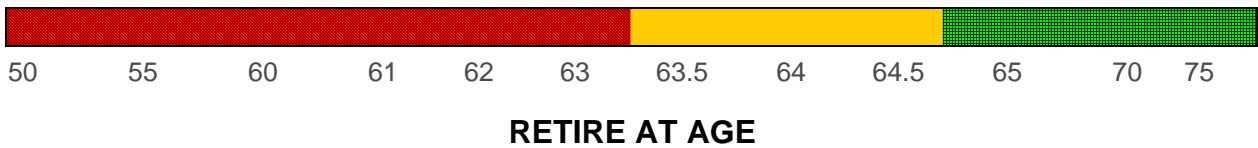
Conversion Factors

If you opt to move to the new 2008 section, the service you have accrued up to 31 March 2008 will be converted using factors provided by Government's Actuary Dept (GAD). These factors are based on equal service for members up to age 60 reducing on a monthly basis from your 60th birthday.

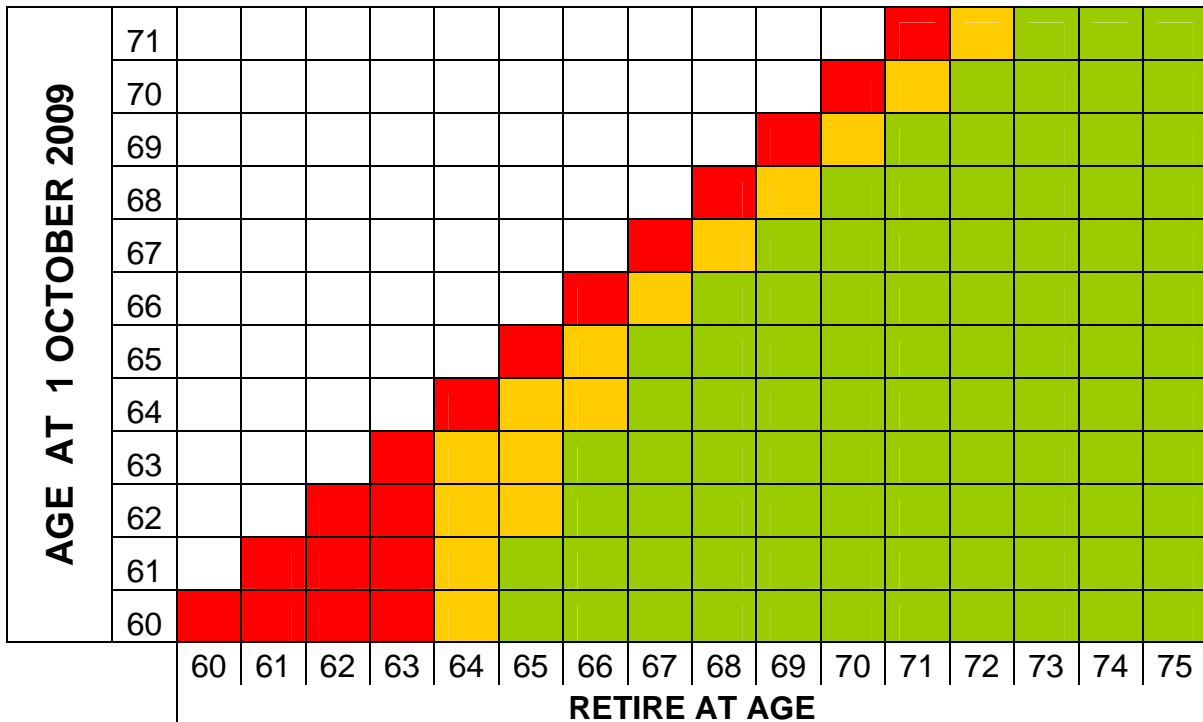
To help you decide

The diagrams below show at what retirement age you are likely to benefit with higher pension payments by transferring to the '2008 section'. They are split into age groups for under and over age 60 on 1 October 2009. The green areas indicate the retirement age where transfer is likely to benefit you, the red areas indicate situations where transfer is likely to be less attractive. Amber areas show where financial retirement benefits comparison is close and you may then want to consider the other aspects of the '2008 section'.

This diagram applies to you if you are under Age 60 on 1 October 2009



This diagram applies to you if you are over Age 60 on 1 October 2009



What if I decide to retire before the Choice Exercise?

If you retire before 1 October 2009 you will not be eligible to participate in the Choice Exercise.

Members retiring on or after 1 October 2009

If you are planning to retire on or after 1 October 2009 you will be eligible to take part in the Choice Exercise. SPPA will contact all members who submit their application forms with a retirement date on or after 1 October 2009. These members will be given the choice to transfer their benefits **before** they retire.

Further information

More detailed information on the benefits available for both pensions arrangements are available from the Scheme Guides on our website www.sppa.gov.uk/nhs/forms.htm#guides1

There is a specific NHS Choice area on our website and this will be updated as plans for the Choice Exercise progress www.sppa.gov.uk/nhschoice.htm

PLEASE NOTE:

The Agency cannot, by law, advise you which option to take. For advice, you are recommended to contact an independent financial adviser.