

FREQUENTLY ASKED QUESTIONS FOR MEMBERS

1. What is the Choice exercise?

Revised arrangements were introduced to NHS pensions from 1 April 2008. New first time members after this date joined the new 2008 section with a normal pension age of 65 and a faster accrual rate.

If you were a member before April 2008 you will be given the opportunity to transfer all of your membership to the new 2008 section and this is known as the Choice Exercise.

2. What Choice will I have?

The main difference with the new 2008 section is that it is based on a normal pension age of 65 and has a higher accrual rate of 1/60th of your final salary for every year of service. The 1995 section is based on a normal pension age of 60 and 1/80th of your final salary for every year of service. However, there are some other benefits which may suit members better. For Practitioners, benefits are increased from 1.4% to 1.87% of Total Up-rated Superannuable remuneration.

3. Who is entitled to participate in the Choice exercise?

If you were a member before April 2008 and still active in the 1995 section on 1 October 2009 you will be eligible to participate in the Choice Exercise. Other groups of members will also be eligible for Choice:-

- Those who returned to NHS employment between 1 April 2008 and 30 September 2008.
- Those who returned after 1 October 2008 and within 5 years of leaving



4. When will the exercise take place?

The exercise started in October 2009 with those retiring after 1st October 2009 being sent Choice information packs directly to their home address offering the option of transfer into the 2008 section. The main exercise is planned to take place early in 2010 with packs being sent to most NHS staff in January/February 2010.

5. What information will I receive to help me decide?

It is planned to send out Choice information packs to members with comparison pension benefit statements in both sections.

There will be regular updates on our website at www.sppa.gov.uk/nhschoice.htm and an e-mail enquiry point at nhschoiceexercise@scotland.gsi.gov.uk.

6. What if I retire before the Choice exercise?

If you retired before 1 October 2009 you will not be eligible to participate in the Choice Exercise. For more information you should refer to the factsheet "Members Retiring Soon" on our website www.sppa.gov.uk/nhschoice.htm

Members who retired after 1 April 2008 but before 1 October 2009 can join the new 2008 section after 2 years of receiving your pension.

7. How much service will I get in the new scheme?

If you transfer to the new 2008 section, we will work out your service in years/days in the current scheme up to 31 March 2008, then apply a transfer factor based on your age on 1 October 2009 to calculate a service credit in the new 2008 section.



NHS Choice Exercise

These transfer factors have been decided by the Government Actuary Dept (GAD) and are based on equal service transfer up to age 60 then reducing thereafter on complete months basis. All of your service which you have earned after 1 April 2008 will also be added on to this figure.

8. Why don't I get 'day for day' because I am over age 60?

This is because you are already over the normal pension age for the 1995 section. Members who choose to transfer are agreeing to give up their right to retire with an unreduced pension from age 60, in return for a higher pension. Members already over age 60 are only giving up their right to retire with an unreduced pension between their age on 1 October 2009 and age 65.

9. What if I am buying added years?

There is no facility to continue paying added years in the new 2008 section therefore your contract will be cancelled. We will calculate a service credit at 31 March 2008 based on how long you have been paying added years contributions and how much service you are buying. This figure will be added to your service at 31 March 2008 and converted into a service credit in the new 2008 section.

We will also take into account any payments you have made since 1 April 2008 up to the date of cancellation. This is the total amount of service in years/days which you can transfer to the new 2008 section.

You can still buy service before 1978 that has been refunded.

10. What age can I retire at?

To receive your pension in full in the new 2008 section you will have to work until at least age 65. You are able to retire any time after age 55 but your pension will be reduced to take account of the fact that it is being paid early. If you remain in the 1995 section you can retire on full benefits at age 60 (55 for special class members).



11. I have Special Class status in the 1995 section, can I still retire at age 55 in the new 2008 Section?

There is no special class status in the new 2008 section but you can opt to take voluntary early retirement at age 55. However, as the normal pension age in this scheme is age 65, your pension will be reduced. As a guide, at age 55 your pension would be reduced by 44% as it would be paid 10 years earlier.

12. Do I get a tax free lump sum?

In the 1995 section you will automatically receive a lump sum, normally equal to 3 times your pension. However, if you transfer to the new 2008 section you **must** take a minimum lump sum by commuting i.e. giving up some of your pension. The minimum lump sum is based on your transferred service at 31 March 2008 and your final pensionable pay when you retire. You can choose to take a bigger lump sum and receive a smaller pension.

You have to give up £1 of your pension for each £12 of lump sum.

13. What happens if I retire early?

If you transfer to the new 2008 section then decide to retire before the normal retirement age of 65, your pension will be reduced to take account of the fact that it is being paid early. As a guide at age 62 your pension will be approx 83% of its age 65 value and at age 64 will be approx 94% of its age 65 value.

14. Can I work after the normal retirement age?

Yes, you can work up to age 75 in both the 1995 section and the new 2008 section as long as you do not exceed the 45 years maximum service. If you retire after age 65 in the new 2008 section you will be entitled to additional enhancements for all pension you have earned up to age 65. However, there are no additional enhancements in the 1995 section, apart from the extra service you accrue after age 60.



15. What happens if I work part time?

In the new 2008 section your pension is based on the best 3 consecutive years out of your last 10 years service prior to your retirement. If you work part time your pension is calculated using the full time equivalent salary for the job and by counting your service on the basis of the years/days you actually work.

16. Do I pay more contributions in the new 2008 section?

Your contributions to the pension scheme will be between 5.5% and 8.5% depending on your annual earnings and is the same in both sections.

17. What happens if I die in service?

If you die while a current member of the scheme your legal spouse or nominated individual(s) or organisation will receive a lump sum death gratuity, normally equal to twice your annual salary. This is the same in both sections.

18. What survivor benefits would be paid?

Pensions may be payable for your widow/widower/civil partner or nominated non legal partner. If you transfer to the new 2008 section, benefits are based on *all* your service in the scheme. However, in the 1995 section, other than for a wife, these benefits are only based on your service after 6 April 1988.

In addition we will pay child(ren) pensions if you have any dependent children under age 23.



19. Can I take some of my pension and keep working?

In the 1995 section it is not possible to take your pension without retiring from the NHS. If you transfer to the new 2008 section you can take some or all of your pension and continue to work and earn more pension until you reach the maximum 45 years service or age 75.

20. What if I leave NHS employment before I reach normal pension age?

If you leave NHS employment before retirement you may leave your benefits in the NHS scheme or transfer them to another superannuation scheme. If you leave your benefits in the 1995 section you can access them in full from age 60, but if you transfer to the 2008 section you must be age 65 before you can access your benefits without reduction. If you transfer to a different superannuation scheme the benefits available to you will depend on the arrangements in your new scheme.

21. How can I increase the level of my pension?

You can buy additional pension in blocks of £250 up to a maximum of £5000. You can choose to pay this by lump sum or monthly contributions over a number of years. You can also decide whether to purchase the added pension for yourself only or your dependents. This arrangement is the same in both schemes but the additional pension is only paid in full at the normal retirement age for each section.

22. Can I keep my options open

No, you will have a 4 month period to return your Choice form indicating your Choice. If you do not reply we will assume that you wish to remain in the 1995 section.



23. I have more than one employment contract with the NHS. Can I transfer part of my service to the 2008 section and leave some in the 1995 section.

No, this is not possible. All past, current and future service from all pensionable NHS employment contract must be transferred if you choose to move to the 2008 section.

24. What if I don't take part in the Choice exercise?

If you do not return your Choice form when you receive your information pack you will remain in the 1995 section with a normal pension age of 60.

25. Where can I get more information

You can check our website regularly for updates at ~
www.sppa.gov.uk/nhschoice.htm
or contact us by e-mail at ~
NHSChoiceExercise@scotland.gsi.gov.uk
or telephone us directly on 01896 893002



