



NATIONAL HEALTH SERVICE SUPERANNUATION SCHEME (SCOTLAND)

A Guide to Buying Additional Service

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Introduction

This booklet explains how members of the NHS Superannuation Scheme can increase their retirement benefits by buying additional service, and what it costs.

When the booklet refers to members of the “special classes”, this means certain groups of staff who were members of the Scheme before 1 April 1995 and who have special retirement rights. There is more information about this in the “Guide to the Scheme for NHS Employees in Scotland”.

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. SSPA maintains the most up-to-date version of this guide on its website at www.sppa.gov.uk.

General Information

Most Scheme benefits are based on length of service in the Scheme, so the more service you have the greater the benefits you or your dependants will get. This is why it may be a good idea for you to buy additional service.

Each year of additional service you buy will increase your pension by $\frac{1}{80}$ th of your final pensionable pay. If you are a general practitioner, you will instead get a credit of 1.4% of pensionable earnings.

Your lump sum will be increased by 3 times the amount by which your pension is increased. Any widow, widowers or civil partners pension will be increased by half the amount by which your pension is increased.

Additional service bought does not count as qualifying service for entitlement to benefits. Under NHS Scheme rules you can contribute up to 15% of your earnings. Normal NHS Scheme contributions are 6% (5% for manual workers) and you may use the balance to buy additional service.

The HMRC gives you tax relief on your purchase of additional service.

Additional contributions are only made by the member, your employer does not contribute to the additional service contracts.

If you have more than one NHS employment contract and you opt to buy additional service, contributions must be paid on earnings from all posts.

Eligibility to Buy Additional Service

The amount of additional service you can buy depends on when you first joined the Scheme and on how much service you will have by the normal retirement age of 60 (55 for the special classes, i.e. those nurses, midwives, physiotherapists and health visitors who were members of the Scheme before 1 April 1995). You can buy additional service at any time before your 63rd birthday but not if you are:

- on sick leave;
- absent without leave;
- aware of any reason why your health should prevent you from completing the purchase.

If you had service in the Scheme before 6 April 1978 for which you received a return of contributions, you may be able to buy an equivalent period of service at half the normal purchase cost.

The tables that follow show the number of years additional service which you can buy. Before you look at the tables, work out how much service you will have in the Scheme by your normal retirement age and add on any refunded service which you could buy at half cost.

Choose the table that applies to you, depending on when you first joined the Scheme. From the first column, find the figure that matches your years of service. Look across to the second column and the figure shown is the number of years you can buy.

Table 1

Use this table if you first joined the Scheme on or after 17 March 1987.

Service you will have at age 60 (55 for the special classes)	Service you can buy
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12	12
13	13
14	14
15	15
16	16
17	17
18	18
19	19
20	20

In this table, any odd days of service you will have increase the amount of service you can buy. For example, if your service at age 60 (55 for the special classes) will be 10 years 100 days, you can buy up to 10 years 100 days additional service.

If you will have more than 20 years' service at age 60 (55 for the special classes), you can only buy additional service to bring your total service to 40 years. For example, if your service at age 60 will be 25 years 10 days; you can buy up to 14 years 355 days additional service.

Table 2

Use this table if you first joined the Scheme before 17 March 1987.

Complete years of service you will have at age 60 (55 for the special classes)	Maximum service you can buy
Less than 9	Nil
9	1
10	2
11	3
12	4
13	5
14	7
15	9
16	11
17	13
18	15
19	17
20	20

In this table, any odd days of service you will have do not increase the amount of service you can buy. For example, if your service at age 60 (55 for the special classes) will be 10 years 100 days, you can only buy 2 years' additional service.

If you will have more than 20 years' service at age 60 (55 for the special classes), you can only buy additional service to bring your total service to 40 years. For example, if your service at age 60 will be 25 years 10 days, you can buy up to 14 years 355 days additional service.

How to Buy Additional Service

You can buy additional service in two ways:

- by a single payment; or
- by periodic contributions, which are paid as a percentage of your pensionable earnings. You pay these in addition to your normal contributions to the Scheme.

The next two sections give more details.

Buying by Single Payment

You can only buy additional service by a single payment:

- within 12 months of first joining the Scheme;
- within 12 months of rejoining the Scheme with either an entitlement to a preserved pension or having received a refund of contributions for an earlier period of service; or
- if your previous service has been transferred out and is preserved in another Scheme.

Payment must be made within 3 months of SPPA receiving your election to buy.

Payment by this method will attract tax relief only in the financial year in which the payment is made.

The amount of tax relief which can be given is subject to the HMRC limit.

For further advice on your tax position you should contact the HMRC.

The following table sets up the cost of buying 1 year's additional service in respect of **each £100 of your pensionable pay**, (each additional day you buy costs $\frac{1}{365}$ th of the cost of a full year).

Age	Cost £
20	25.20
21	24.70
22	24.20
23	23.70
24	23.20
25	22.70
26	22.20
27	21.80
28	21.40
29	21.10
30	20.90
31	20.70
32	20.50
33	20.30
34	20.10
35-44	20.00
45	20.10
46	20.30
47	20.50
48	20.70
49	20.90
50-54	21.00
55	21.10
56	21.30
57	21.60
58	21.90
59	21.90
60	21.70
61	21.50
62	21.30

Example:

For a member aged 45 earning £23,500, the cost of buying 1 year's additional service would be £4723.50 calculated as follows:

$£23,500$ (earnings) \div 100 (unit of pay for which the table gives costs) \times $£20.10$ (cost of each unit for age 45) = $£4723.50$.

Buying by Periodic Contribution

The cost of buying additional service by periodic contribution depends on your age and your intended retirement date.

You can buy days, whole years, or whole years and days of additional service.

You must start paying contributions for additional service at least 2 years before your intended retirement date. So, if you intend to retire at age 60 your contributions must start before age 58. If you intend to retire at age 65, they must start before age 63. Any purchase by periodical contribution must commence from a member's birthday to age 55, 60 or 65.

Only members of the special classes can buy additional service to age 55. All other members must buy to either age 60 or 65.

The NHS Scheme rules allow you to contribute up to 15% of your earnings each year.

The table on the next page shows the percentage cost of buying one year's additional service when you pay periodic contributions from "Age next birthday" to retirement age.

Buying additional service by periodic contribution

Age next birthday	Retirement age		
	55	60	65
	%	%	%
20	0.61	0.50	0.36
21	0.64	0.52	0.38
22	0.67	0.54	0.40
23	0.70	0.56	0.42
24	0.74	0.58	0.44
25	0.78	0.60	0.46
26	0.82	0.62	0.48
27	0.86	0.64	0.50
28	0.90	0.66	0.52
29	0.94	0.68	0.54
30	0.98	0.70	0.56
31	1.02	0.72	0.58
32	1.07	0.75	0.60
33	1.12	0.78	0.62
34	1.17	0.81	0.64
35	1.22	0.85	0.67
36	1.28	0.89	0.69
37	1.35	0.93	0.72
38	1.43	0.98	0.74
39	1.51	1.03	0.77
40	1.60	1.09	0.80
41	1.70	1.15	0.83

Age next birthday	Retirement age		
	55	60	65
	%	%	%
42	1.83	1.22	0.87
43	2.00	1.30	0.91
44	2.20	1.39	0.95
45	2.42	1.48	1.00
46	2.69	1.58	1.06
47	3.02	1.70	1.13
48	3.45	1.85	1.21
49	4.02	2.03	1.29
50	4.80	2.25	1.38
51	6.04	2.53	1.48
52	8.05	2.86	1.60
53	12.18	3.26	1.74
54		3.80	1.90
55		4.58	2.08
56		5.77	2.30
57		7.77	2.56
58		12.06	2.92
59			3.40
60			4.10
61			5.20
62			6.97
63			10.42

General Practitioners

If you are a general practitioner, you can buy additional service in the way described in this booklet. Scheme benefits for general practitioners are calculated on career earnings not final salary, so we credit each year of additional service you buy as follows:

- **for purchase by single payment** your pensionable earnings for the year in which you purchase are increased by the amount of pensionable earnings on which your purchase is based.
- **for purchase by periodic contribution** credit is given on the annual average of your pensionable earnings on which you pay periodic contributions.

We determine the annual average after your pensionable earnings have been updated; it reflects the percentage increases agreed for practitioner earnings during the period of your contract.

Your pensionable earnings will be increased for the year in which you stop paying the periodic contributions.

Part time

If you work part time, the amount of additional service you get by paying additional contributions will be reduced in the same proportion as your part-time service bears to equivalent full-time service.

For example, if you work 25 hours in a week where the equivalent whole time hours are 37.5 a week and you decide to buy 10 additional years of service, you pay additional contributions on the earnings from the 25 hours you work. On retirement you will receive an additional service credit calculated as $25/37.5$ of 10 years, i.e. 6 years 243 days.

If the hours you work change, the additional contributions you pay and the benefits you get will also change.

Early Leavers

You will normally be expected to pay additional contributions until your chosen retirement date. **If your additional contributions stop before that date, your benefits may be reduced.**

Leaving NHS employment for 12 months or more?

If you leave pensionable NHS employment for 12 months or more, your contract to pay additional contributions will end. You will then be credited with a proportion of the additional service you bought at the date you left. If you rejoin the Scheme, you can take out a new contract if you are aged 63 or under.

Leaving NHS employment but re-joining within 12 months?

If you leave pensionable NHS employment but then rejoin the Scheme within 12 months, your contract to pay additional contributions will continue, but the additional service you are buying will be reduced to take account of the break in service.

Being made redundant?

If you are made redundant before your chosen retirement date and you receive early payment of NHS Scheme benefits, we will reduce your additional benefits, in line with tables prepared by the Government Actuary, to take account of the early payment.

If you are made redundant at age 50 or above, any additional service bought will be included as pensionable service for the purpose of calculating the enhancement of your service under the Compensation for Premature Retirement Regulations.

Taking up other pensionable NHS employment?

Your contract to buy additional service can continue if, within 12 months of leaving, you take up pensionable NHS employment in England & Wales or Northern Ireland and transfer your accrued pension rights.

Benefits on death or incapacity before chosen retirement age

If you are under age 60 and die or become entitled to an incapacity pension before your chosen retirement date **and** you have paid additional contributions for at least a year, you will receive full credit for the additional service which you were buying without further cost.

If you are age 60 or over and die or become entitled to an incapacity pension before your chosen retirement date **and** you have paid additional contributions for at least a year, you will receive credit for a proportion of the additional service you were buying.

If you receive an incapacity pension and later return to pensionable NHS employment before your chosen retirement date, you will have to resume payment of the additional contributions until the chosen retirement date.

If you die or become entitled to an incapacity pension **and you have paid additional contributions for less than a year**, your contract to buy additional service will be void. We will refund your contributions to you or your personal representative.

Financial hardship

If your financial circumstances change and it becomes difficult for you to continue to pay additional contributions you should write to SPPA and ask us to consider ending your contract. You must be able to show that continuation of the contract would place you in financial hardship.

If we end your contract you will get a service credit for what you have paid. **There are no termination charges.**

More information

If you would like to buy additional service, or require a quotation, please put your request in writing to the agency at:

SPPA
7 Tweedside Park
Tweedbank
Galashiels
TD1 3TE

Telephone 01896 893100

There are also telephone numbers which you can dial direct and get through to the person dealing with your case. You will find these on any form or letter we send you. You can also get in touch with us by fax on **01896 893214**.

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

You will find more information about the Scheme in the following booklets which you can request from your employer or alternatively download from the website at www.sppa.gov.uk:

- NHS Superannuation Scheme – A Guide to the Scheme for NHS Employees in Scotland.
- NHS Superannuation Scheme – A Guide for Practice Staff.
- NHS Injury Benefits Scheme – A Guide to the Scheme for NHS Employees in Scotland.

