

### RETIRING SOON?

#### I am retiring soon, how am I affected by the changes?

If you are a member of the NHS Pension Scheme and are planning to retire in the next three years there are some important issues associated with the changes and the timing of their introduction that you need to be aware of. These may affect the benefits you will be entitled to as an NHS pensioner.

#### New Pension scheme arrangements from 1 April 2008

The new arrangements for NHS pensions mean that from 1 April 2008 there will be two schemes:

- The current NHS Pension Scheme updated. This will continue to be a final salary scheme with a normal pension age of 60 (55 for special classes) and it will have some new benefits. The scheme will continue to be called the **NHS Pension Scheme** and its updated rules and benefits will apply to anyone who is an active member on and before 1 April 2008.
- A new final salary scheme for anyone who joins on or after 1 April 2008. This will be called the **New NHS Pension Scheme**. It will have a normal pension age of 65 and a different set of rules and benefits.

Members of the updated NHS Pension Scheme will be offered the choice, for a limited period in 2009, of moving their pension into the New NHS Pension Scheme, something that may better suit some members' retirement plans. Former staff already drawing their NHS pension at 31 March 2008, and those who leave the NHS on or before 31 March 2008 and defer their pension benefits<sup>1</sup> will remain subject to the current NHS Pension Scheme rules and benefits.

Full details of the current NHS Pension Scheme rules and benefits, and those that will apply to the two schemes in operation from 1 April 2008, are available on the SPPA website at [www.sppa.gov.uk](http://www.sppa.gov.uk)

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<sup>1</sup> exceptions apply for qualifying pensioners and deferred members who rejoin the NHS – separate information is available on this.

# NHS PENSION SCHEME

## CHANGES FROM 1 APRIL 2008

### Which scheme will I belong to and why does it matter?

- If you retire on or before 31 March 2008 then the current (pre 1 April 2008) rules and benefits of the NHS Pension Scheme will apply to you
- If you retire on or after 1 April 2008 then you will be subject to the updated rules and benefits of the NHS Pension Scheme which take effect on that date
- If you retire after the choice exercise in early 2009 then you will, before retirement, be offered a choice to transfer your benefits to the New NHS Pension Scheme. This has some different rules and benefits to the updated NHS Pension Scheme. So, if you are planning to retire soon, you should note the differences in the rules and benefits associated with both schemes as they may influence when you want to retire. Two key areas to consider are differences in rules and benefits and the introduction of rights to pensionable re-employment.

### How do the scheme rules and benefits differ?

The NHS Pension Scheme (1 April 2008 and after terms) will retain the key benefits of the current Pension Scheme, like a pension based on final salary and a normal retirement age of 60, but will also provide new benefits, for example:

- Survivor pensions, which already include legal spouses and registered civil partnerships, will be extended to include nominated qualifying partners<sup>2</sup>. In future (for new pensions payable from 1 April 2008), all these survivors will keep these pensions for life even if they re-marry or co-habit.
- Members will continue to receive a fixed tax-free lump sum equal to three times the yearly pension, but will be able to increase the lump sum to up to 25% of the value of their total pension in return for a smaller pension.

The New NHS Pension Scheme provides even greater flexibility, allowing members to take part of their pension whilst continuing in a less demanding role, but protecting the value of their pension by basing it on the best three consecutive years of service in the last ten. This Scheme has a later normal pension age, which is 65, but the pension builds up at a faster rate.

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<sup>2</sup> someone nominated as the Scheme member's partner on the basis that they have an exclusive and long-term committed relationship of at least 2 years, and are financially dependent or inter-dependent with them

# NHS PENSION SCHEME

## CHANGES FROM 1 APRIL 2008

### What about pensionable re-employment?

- If you retire before 1 April 2008 and return to work in the NHS any further employment will not be pensionable.
- If you retire between 1 April 2008 and when the choice exercise takes place then, two years after retirement, if you have returned to work in the NHS you will be allowed to join the New NHS Pension Scheme.
- If you retire after the choice exercise then your position is determined by which Scheme you retired from. If you retire having taken the option to remain in the NHS Pension scheme then any subsequent NHS employment will not be pensionable. But if you have taken the option to transfer to the new NHS Pension Scheme (or are otherwise a member of that Scheme) then any future employment will be pensionable.

### Further information

A table that shows how the rules and benefits differ for the current NHS Pension Scheme and the two schemes that will operate after 1 April 2008 can be found on the SPPA website at [www.sppa.gov.uk](http://www.sppa.gov.uk) If you still have a query you can email us at:

[nhspensionsreform@scotland.gsi.gov.uk](mailto:nhspensionsreform@scotland.gsi.gov.uk)

or contact your scheme administrator by telephoning 01896 893100 or by writing to:

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

### PLEASE NOTE:

- The SPPA cannot, by law, advise you on your options. For advice, you are recommended to contact an independent financial adviser.
- Changes described in this document are subject to Parliamentary approval.