

## INFORMATION FOR DEFERRED MEMBERS

### What do you mean by a deferred member?

You are considered a deferred member if:

- You used to work in the NHS and made contributions to the pension scheme
- When you left the scheme you had enough membership to qualify for a pension
- You have not since transferred your membership to another pension scheme or received a refund of contributions

In other words you have “deferred” your NHS pension until normal retirement age.

### How am I affected by the changes?

As a deferred member, the changes to the NHS Pension Scheme will not affect you at all, **unless you are thinking of re-joining the NHS**. If you are considering this option, you should read carefully the important information in this leaflet and the information in some of the more detailed material we mention. The choices you make about the length of your break, and your date of re-joining the NHS will affect your pension scheme membership options and the benefits that will be available to you through the scheme.

### New arrangements for NHS Pensions 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.

## CHANGES FROM 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. 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, will remain subject to the current NHS Pension Scheme rules and benefits (i.e. pre 1 April 2008 terms).

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 can be found on the SPPA Website at [www.sppa.gov.uk](http://www.sppa.gov.uk)

### **Which scheme will I belong to if I return to NHS Employment?**

Deferred members who **return on or before 30 September 2008** will rejoin the current Pension Scheme which is being updated with new rules and benefits effective from 1 April 2008. These members will then have a choice, (a choice options exercise is planned for early 2009) of moving their pension into the New NHS Pension Scheme, which may better suit some members' retirement plans. Deferred members who **return on or after 1 October 2008 with a break in their NHS employment of less than five years** will rejoin the updated NHS Pension Scheme, and will have the choice of moving their pension into the New NHS Pension Scheme. As above, a choice exercise is expected to take place in early 2009 and if the deferred member returns after this period, choice will be offered on return. Deferred members who return on or after 1 October 2008, after a break in their NHS employment of more than five years, can only join the New NHS Pension Scheme for future membership. They will have the option on return of transferring all their earlier deferred benefits into the New NHS Pension scheme. Members who choose not to transfer will receive a separate pension and lump sum for their earlier service. These benefits will be:

- Subject to the rules of the NHS Scheme at the date the pension was deferred
- Based on final salary at the date the pension was deferred increased for inflation
- Payable at age 60 without the need to retire from the New NHS Pension Scheme (which has a later retirement age of 65)

## CHANGES FROM 1 APRIL 2008

Alternatively, they will have the option on return of transferring all their deferred benefits into the New NHS Pension Scheme. Deferred members who **left the NHS on or before 31 March 2008 and do not subsequently re-join the NHS** will remain subject to the rules and benefits of the NHS Pension Scheme terms applicable to the date they left the NHS.

### How do scheme rules and benefits differ?

The rules and benefits associated with the two NHS pension schemes that will operate after 1 April 2008 are different, and are also different from the rules and benefits associated with the current scheme. The updated NHS Pension Scheme in place from 1 April 2008 retains key benefits of the current Pension Scheme, like a pension based on final salary and a normal retirement age of 60, but also provides new benefits that will not be available to people without service in the NHS Pension Scheme after 1 April 2008, for example:

- Survivor pensions, which already include legal spouses and registered civil partnerships, will be extended to include nominated qualifying partners\*. 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 the same range of survivor benefits and 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.

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\* 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.