



Your NHS Pension Choice Employer Newsletter



Pensions

Our ref: Choice Newsletter 2/ 2009

All NHS Chief Executives
Payroll Managers and Pensions Officers
Directors of Finance and Human Resources
Direction Bodies, all GP Practices and
Out of Hours Providers

Date: June 2009

NHS PENSIONS CHOICE NEWSLETTER

Purpose

1. The purpose of this Newsletter is to provide NHS employers with further information about the NHS Pension Choice Exercise (PCE) for those employees who are NHS Pension Scheme members and for whom special arrangements must be made from **1 July 2009**. It is vital employers introduce effective procedures to enable them to meet their disclosure obligations.

1.1 The NHS Pension Scheme members we are concerned with are:

- Members approaching retirement;
- Members with special class retirement rights (i.e. Normal Pension Age 55) who are still in employment and are age 65 on or after 1 October 2009;
- Members retiring for the reason of ill health.

Background

2. Choice Newsletter 1/2009 set out when the PCE is expected to start, the anticipated timescale for delivery of Choice Packs, how to identify Choice products and a broad outline of the arrangements for those who intend to retire during the PCE. The Newsletter also asked employers to distribute a leaflet to **all** employees with their May pay slips to alert them about the PCE. The overall aim was to assist NHS employers in meeting their disclosure obligations and to ensure that those members who are contemplating their retirement are aware of the forthcoming PCE.

- 2.1 NHS Pensions is continuing to work in partnership with the Department of Health, NHS Employers and NHS trades unions in agreeing the publicity materials to be issued and administrative processes to be followed, and will do so throughout the PCE.

Retirees from 1 July 2009 up to 30 September 2009

3. It is **vital** that those members who are thinking of retiring in advance of the PCE receive the Choice payslip leaflet. The leaflet explains that the effective date for the PCE is 1 October 2009 and that members might wish to discuss with their employer the possibility of deferring their retirement so that they can participate in the PCE. They should also be provided with a copy of the Choice Guide and Choice DVD so that they have sufficient information to make an informed decision about their retirement plans. It is very important that these particular retirees understand that by taking retirement benefits before 1 October 2009, they will not be eligible to participate in the PCE. Whilst it is appreciated that employers are under no obligation to extend a person's retirement date, we hope that employers will work together with staff in such circumstances. It is important therefore that all our Newsletters (which will be available on the NHS Pensions website) are brought to the attention of all HR Departments and Managers. Supplies of the Choice Guide and Choice DVD will be delivered to employers as soon as possible.
- 3.1 A specific fact sheet for retirees will be made available shortly and will be posted on the Choice Section of the NHS Pensions website at <http://www.nhsbsa.nhs.uk/pensions>
- 3.2 For further information about the 'Member Retirement Process', see **Annex B**.

Retirees from 1 October 2009

4. Employers need to be aware that scheme members must be given the opportunity of receiving a Choice Statement where their agreed retirement date is on or after **1 October 2009**.
- 4.1 As mentioned in the first Choice Newsletter, to enable members retiring on or after 1 October 2009 to obtain a Choice Statement they will need to complete a special PCE declaration form [this form does not need to be completed if the retirement date is before 1 October 2009], which they will need to read and complete **before** their retirement application form (AW8) is submitted. The form will explain the process to be followed by the member. At the same time as being provided with the declaration form, retirees must also receive a copy of the Choice Guide and the Choice DVD so that they have sufficient information to make their decision. Supplies of the declaration form, the Choice Guide and the Choice DVD will be delivered to employers as soon as possible.

- 4.2 To ensure that retirement intentions are clearly understood by the employee and employer, those intending to retire must complete the declaration form regardless of whether or not they wish to request a Choice Statement. The retiree should pass the completed declaration form back to their employer.
- i) If the retiree does not wish to receive a Choice Statement they must complete the declaration form followed by the AW8 retirement form. The AW8 form should be submitted in the normal way and the hard copy declaration form should be returned to NHS Pensions.
 - ii) If the retiree does wish to receive a Choice Statement, they must complete the declaration form but not the AW8 retirement form. The employer should then forward the hard copy declaration form to NHS Pensions. NHS Pensions will 'fast track' the production of the Choice statement and will aim to provide such statements within 10 working days from receipt of the completed declaration form. It is important therefore that employers give priority to staff who plan to retire on or after 1 October 2009 but before they have received their NHS Pension Choice Pack.
- 4.3 Those retirees who request a Choice Statement will have 4 months from the date of the Statement in order to make their choice. They must be made aware that their benefits cannot be put into payment until they have made their choice and no interest will be paid for late payment. Should the retiree fail to make a choice by the end of the 4 month period, their NHS retirement benefits will automatically fall to be paid from the 1995 Section of the Scheme, providing the AW8 has been submitted.
- 4.4 A supply of the declaration form, Choice Guide and Choice DVD will be sent to employers as soon as possible.
- 4.5 For further information about the 'Member Retirement Process', see **Annex B**.

AW8's Already Submitted for retirements from 1 October 2009

5. NHS Pensions will contact those employers who have already submitted completed AW8 forms for members who plan to retire on or after 1 October 2009. NHS Pensions will explain that the employer must provide the member with the Choice Guide and a Choice DVD so they are able to make an informed decision about whether they wish to seek to participate in the PCE. Following receipt of this material, the member must complete the declaration form mentioned earlier to confirm whether or not they wish to receive a Choice Statement.

Again, NHS Pensions will 'fast track' requests for a Choice Statement and the same rules will apply if they fail to make a choice by the end of the 4 month period.

Ill Health Retirement applicants

6. The same principle for retirement will apply to those in the process of applying for ill health retirement. The main difference here is that these particular retirees may not know the outcome of the ill health application at the point they are invited to make their Choice. So they are able to make an informed decision, those in the process of retiring on ill health grounds will be able to defer their Choice until the outcome of their ill health retirement application is known. A fact sheet which will provide more detailed information about members applying for ill health retirement benefits and the procedures to be followed will be finalised shortly and placed on the Choice section of the NHS Pension's website at <http://www.nhsbsa.nhs.uk/pensions>

Special Class Members who will be age 65 on or after 1 October 2009

7. Special Class members i.e. nurses, midwives, physiotherapists, health visitors and members with mental health officer status are usually eligible to retire at age 55 provided they were in post on 6 March 1995. Special Class Status does not apply to members who joined the NHS Pension Scheme for the first time on or after 6 March 1995 or for members who have had a break in Scheme membership of 5 years or more. Members of the Special Classes are not eligible to remain in the Scheme after their 65th birthday. It is vital that members of the Scheme in these groups are identified so that they can be included in the PCE prior to their 65th birthday. This means that members of the Special Classes approaching age 65 who have not already received their Choice Pack will need to be given the opportunity of receiving a Choice Statement early should they wish. Employers should follow the procedure outlined at paragraphs 4 to 4.4 so that NHS Pensions is able to 'fast track' any Choice Statements requested.
 - 7.1 Every effort will be made by NHS Pensions to identify such members in advance of the member reaching their 65th birthday through an automated process. However NHS employers are asked to also identify these members as the PCE is only applicable to active members of the Scheme. Once a member is no longer eligible to be in the Scheme they are also no longer eligible for a Choice Pack.

Transfer to the 2008 Section (How transferred membership is valued)

- 8.. Members who move to the 2008 Section before attaining age 60 will receive a 'day for day' credit for the membership they transfer over. In other words, 1 day of membership in the 1995 Section will equate to 1 day in the 2008 Section. The position for members aged 60 and over is different, such members will not receive a day for day credit. The membership

they transfer over will be subject to factors, which will decrease from age 60 onwards. A table of the factors which will apply is at **Annex A**.

Role of the NHS Employers organisation

9. NHS Employers will provide guidance, through their web site, to employers on the importance of identifying those scheme members who should be made aware of the implications of retirement before, and soon after, 1 October 2009. In parallel, NHS Pensions will continue to provide information on the steps employers should take in distributing the Choice Packs and the various support mechanisms. However, employers will want to ensure that they are able to align the new pension flexibilities with local retention and return strategies. NHS Employers will assist employers in understanding the strategic opportunities for local workforce planning and how they might best improve the employment offer to their older workforce in particular. Further guidance and information for employers can be found on the NHS Employers website at:
www.nhsemployers.org/PensionChoiceExercise.

Important Reminders

Payslip Leaflet

10. NHS employers should have received supplies of the Choice pay slip leaflet for distribution to all employees with May pay slips. If you did not receive your supply or you did not receive sufficient, please telephone the PCE helpline for NHS employers on **0300 123 1701**

Disclosure Obligations

11. Distribution of the payslip leaflet to all staff is a critical part of employer obligations under disclosure legislation. If, for any reason employers have been unable to distribute the leaflets in May we would urge you to do so as early as possible in June. Employers failing to deliver this information will be in breach of disclosure responsibilities. Our aim is to mitigate as far as we can the possibility that employers are challenged by staff claiming that they did not receive information or given any warning about the PCE taking place. Such disputes are often referred to the Pensions Ombudsman who will investigate the steps taken in order to disclose information about the PCE. It is important therefore that you consider very carefully how such material is distributed and maintain records demonstrating the approach you have taken so you are better able to defend any future challenge.

Choice Statements to be fast tracked

12. It is important for employers to remember that certain members will have to be given priority as we approach 1 October 2009 and during the PCE. Employers should be aware that the following members will have to be given the option of receiving their Choice Statement early:

- Members retiring on or after the 1 October 2009;
- Members who agree their retirement date before receiving their Choice Statement;
- Members of the Special Classes who are age 65 on or after 1 October 2009.

Distribution of Choice Packs

13. Where an NHS organisation has more than one office or location, Choice Packs will be distributed to the Head Office. For example, National Blood Authority staff are based around the country, however their head office is in Newcastle therefore members will receive their Choice Packs in line with the anticipated delivery dates for the North East.

Further Information

14. More information will follow in the form of Choice Newsletters and will also be posted on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The helpline facility for employers and employees will be available throughout the Pension Choice Exercise.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'I. Merga'.

Ian Merga
Choice Communications
and Stakeholder Manager

Annex A

	Completed years of age												
Completed months of age	59	60	61	62	63	64	65	66	67	68	69	70	71
0	1.00000	0.99833	0.97833	0.95833	0.93833	0.91833	0.89667	0.85667	0.81667	0.77667	0.73667	0.69667	0.65667
1	1.00000	0.99667	0.97667	0.95667	0.93667	0.91667	0.89333	0.85333	0.81333	0.77333	0.73333	0.69333	0.65333
2	1.00000	0.99500	0.97500	0.95500	0.93500	0.91500	0.89000	0.85000	0.81000	0.77000	0.73000	0.69000	0.65000
3	1.00000	0.99333	0.97333	0.95333	0.93333	0.91333	0.88667	0.84667	0.80667	0.76667	0.72667	0.68667	0.64667
4	1.00000	0.99167	0.97167	0.95167	0.93167	0.91167	0.88333	0.84333	0.80333	0.76333	0.72333	0.68333	0.64333
5	1.00000	0.99000	0.97000	0.95000	0.93000	0.91000	0.88000	0.84000	0.80000	0.76000	0.72000	0.68000	0.64000
6	1.00000	0.98833	0.96833	0.94833	0.92833	0.90833	0.87667	0.83667	0.79667	0.75667	0.71667	0.67667	0.63667
7	1.00000	0.98667	0.96667	0.94667	0.92667	0.90667	0.87333	0.83333	0.79333	0.75333	0.71333	0.67333	0.63333
8	1.00000	0.98500	0.96500	0.94500	0.92500	0.90500	0.87000	0.83000	0.79000	0.75000	0.71000	0.67000	0.63000
9	1.00000	0.98333	0.96333	0.94333	0.92333	0.90333	0.86667	0.82667	0.78667	0.74667	0.70667	0.66667	0.62667
10	1.00000	0.98167	0.96167	0.94167	0.92167	0.90167	0.86333	0.82333	0.78333	0.74333	0.70333	0.66333	0.62333
11	1.00000	0.98000	0.96000	0.94000	0.92000	0.90000	0.86000	0.82000	0.78000	0.74000	0.70000	0.66000	0.62000

Annex B

NHS Pensions - Member Retirement Process

