



# Your NHS Pension Choice Employer Newsletter

Our ref: Choice Newsletter 1/ 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: 27 April 2009

## NHS PENSIONS CHOICE NEWSLETTER

### Purpose

1. The purpose of this Newsletter is to give employers notification of when the NHS Pension Choice Exercise (PCE) is expected to start, when and how the PCE will be delivered and how NHS Pensions will support employers and employees. The PCE will be described as 'Your NHS Pension Choice'. This Newsletter also highlights key issues that require employer action (see paragraph 12).

### Background

2. You may recall from previous communications about the changes made to the 1995 Section of the NHS Pension Scheme and the introduction of the 2008 Section that members of the 1995 Section would be offered the option of staying in the 1995 Section or transferring to the 2008 Section, which has a higher normal pension age of 65. More information is at Annex A. The one-off option for members to transfer is purely voluntary.
  - 2.1 Since the introduction of the 2008 Section NHS Pensions has been working in partnership with the Department of Health, NHS Employers and NHS trades unions to agree the administration of such an exercise for 1.3 million members.
  - 2.2 The logistics necessary to ensure the safe receipt and understanding of quite complex pension information for 1.3 million members is a huge challenge, but also presents employers with an unique opportunity to engage with their older staff in particular and consider how they might

align their ageing workforce strategies with the new pension flexibilities. We would ask that HR managers and Directors are made aware of this and any future Newsletters about the PCE.

### **New Pension Arrangements**

3. Following a review of the NHS Pension Scheme led by NHS Employers in partnership with NHS trades unions; the Scheme now has two Sections:
  - i) the 1995 Section, which applies to eligible members in service both before and after 1 April 2008. These members will retain a protected normal pension age (NPA) of 60 (55 for members of the Special Classes);
  - ii) the 2008 Section, which applies to new entrants who will join on a higher NPA of 65.

### **Effective Date of the Pension Choice Exercise**

4. To allow employers sufficient time to prepare for the changes, the PCE will be effective from **1 October 2009**. This means that members must be in service on 1 October 2009 in order to participate in the NHS PCE.

### **What will members receive?**

5. NHS Pensions will deliver Choice Packs to each organisation. The Choice Pack will include an Explanatory Booklet, a Choice Statement showing a comparison of pension benefits in the 1995 and 2008 Sections and a DVD. Members of the 1995 Section will be given the opportunity to transfer **all** their membership to the 2008 Section or remain a member of the 1995 Section.

### **Timeline for the NHS Pension Choice Exercise**

6. Given the scale of the exercise, Choice Packs will be delivered in a phased manner between July 2009 and December 2011.
  - i) **Phase One - Early Adopters** - we are pleased that the Yeovil District Hospital NHS Foundation Trust and Cornwall and Isles of Scilly Primary Care Trust have agreed to be the first employers to run the exercise and we are grateful for their support. Running the exercise with these employers first will enable NHS Pensions to gather useful information about the procedures being followed in advance of the main exercise starting. Those members who are aged 50 or over at these Trusts and those members who work in GP Practices within the Cornwall and Isles of Scilly Primary Care Trust region will receive their packs during July 2009.
  - ii) **Phase Two – Delivery to each organisation by SHA Region** - will be the start of the full-scale implementation of the PCE. Under Phase Two, the PCE will start in the South West by SHA region up to the North East and will end in Wales (see paragraph 13). During 2010/2011,

Choice Packs will be delivered to those who are aged 50 or over at 1 October 2009, followed by those aged 49 and younger at 1 October 2009 during 2011/2012. The PCE is planned to end by 31 March 2012. Phase Two also includes small employers such as GP practices and Practitioners, but due to the small numbers involved, delivery of the Choice Packs will not be split by age, e.g. all GP practice staff and Practitioners will receive their Choice Packs at the same time (see paragraph 13). However employees who leave the Scheme before 1 October 2009 will not be included in the Choice Exercise. Those who leave the Scheme after the 1 October 2009 but before receiving their Choice pack will be given the option to transfer should they later return to NHS employment and Scheme membership.

### **Notifying NHS Pension Scheme members about the Pension Choice Exercise**

7. Employees will need to make an informed decision about whether to stay in the current 1995 Section (protected pension age of 60) or transfer to the new 2008 Section (normal pension age of 65). To help employees understand the key differences between the two Sections of the Scheme, NHS Pensions are developing a range of communication materials including support networks such as help lines, website information and pension modellers.
  - 7.1 Under disclosure legislation, employers must ensure that **all** their staff, not just scheme members have advance notice of the PCE. To ensure employers meet their disclosure responsibilities, NHS Pensions is in the process of producing a pay slip leaflet for employers to distribute with **May 2009** pay slips. Supplies of the leaflet should reach payroll or service providers for hospital staff and Direction Bodies by 8 May 2009 and GP Practices and Out of Hours Providers by 19 May 2009. If you do **not** receive supplies of this leaflet by those dates or you need additional supplies, please telephone the employer helpline for Choice on **0300 123 1701**. In order to deal effectively with any future disputes or complaints about disclosure, employers are reminded that they should keep records of how the Choice material was distributed, that all their staff received the pay slip leaflet and that staff had access to any additional Choice material provided by NHS Pensions.
  - 7.2 In addition, you will also receive a supply of posters and tent cards in order to alert staff of the PCE. Employers must ensure that these are placed in prominent places where staff are most likely to see them. In the event that you do not receive a supply or you need additional copies, please contact the employer helpline number shown at paragraph 7.1.

### **Retirees - General**

8. Again to meet disclosure legislation:

- 1995 Section members who intend to retire **on or after 1 October 2009 and before they are sent a Choice Pack**, must be given the option to request a Choice Statement and to move to the 2008 Section.
- Retirees who agree a last day of service of 1 October 2009 or after should be provided with a Choice Guide. A small quantity of Choice Guides will be sent to employers in early July 2009.
- Employers must be able to identify such retirees and offer them an opportunity to receive a Choice Statement.
- Employees can delay payment of their pension until they have received a Choice Statement and made a choice.
- Requests for statements for these members must be brought to the attention of NHS Pensions as soon as possible.

8.1 We will provide more detailed information in our next Choice Newsletter, in the meantime, please ensure that members receive the PCE pay slip leaflet described earlier. It is important that those who plan to retire on or after **1 October 2009** or before they are expected to receive their Choice Statement as part of the anticipated delivery schedule are given the opportunity to make an informed decision about the PCE.

8.2 To do this we will provide a special PCE declaration form, which retirees must read and complete **before** they submit their retirement application form (AW8). We will also provide employers with copies of the Choice Guide for their retirees. The form will explain the process. Retirees must complete this form regardless of whether or not they wish to request a Choice Statement. If the retiree wants to take part in the PCE, on receipt of their confirmation we will then produce a Choice Statement. Because these members may be close to retirement, NHS Pensions will fast track any such requests as quickly as possible. It is important therefore that employers give priority to staff that plan to retire from 1 October 2009 or before the expected delivery of their Choice Statement.

### III Health Retirees

9. The same principle for normal age retirement will apply to those in the process of applying for ill health retirement. However, in order to ensure that members in the process of applying for ill health retirement benefits are able to make an informed decision, they will be able to delay their Choice until the outcome of their ill health retirement application is known. More information about this arrangement will be provided in a further Choice Newsletter.

- 9.1 To assist both Employees and Employers specific information for retirees will also be posted to the NHS Pensions website shortly.

### **How Should Employers prepare for the Pensions Choice Exercise?**

10. In addition to the actions set out earlier in this Newsletter to enable the production of accurate Choice Statements, pension's data must be clean and up to date. Under our Data Governance Project, we have been working with all employers to deal with any errors or anomalies so that their pension data is up to date before the PCE begins in their respective regions. Newsletters TN3/2008 and TN20/2008 provide more information about the Data Governance work; newsletters can be downloaded from NHS Pensions website <http://www.nhsbsa.nhs.uk/pensions>

### **Support for NHS employers**

11. Throughout the PCE we will work closely with NHS employers. A Choice Task Team will provide dedicated support for employers in each region. More information will follow in our next Choice Newsletter.

### **Important Points to Remember**

- 12 To meet your disclosure responsibilities, you should:
- Ensure all your staff receive a copy of the PCE payslip leaflet in May 2009;
  - Ensure you are able to identify staff who plan to retire on or very soon after 1 October 2009;
  - Ensure you are able to identify staff who are in the process of retiring on ill health grounds;
  - Ensure that pensions data is clean and up to date as this will help staff make an informed decision. Employers with any concerns about their data or who would like advice or support should contact [datacleanse@pensionsagency.nhs.uk](mailto:datacleanse@pensionsagency.nhs.uk)

### **Delivery of the Pension Choice Exercise**

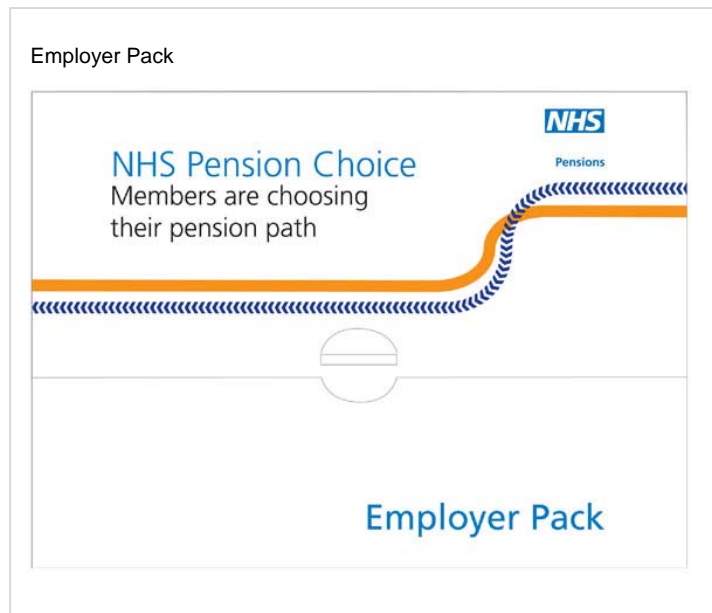
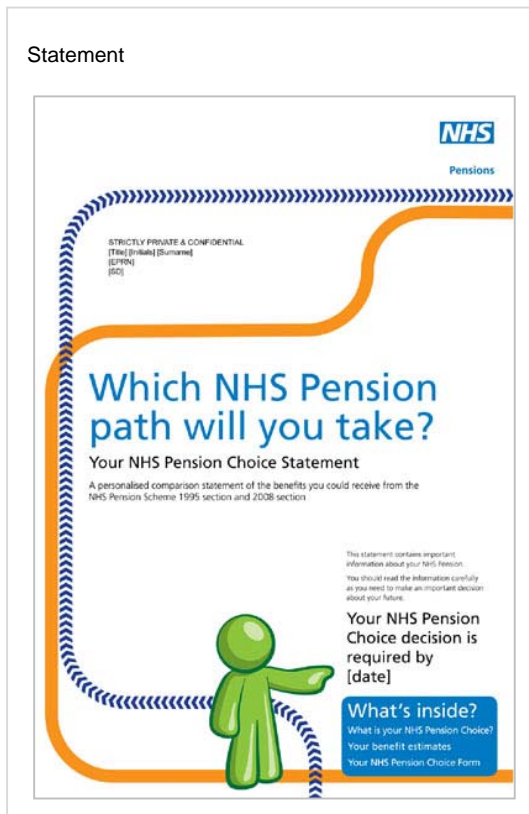
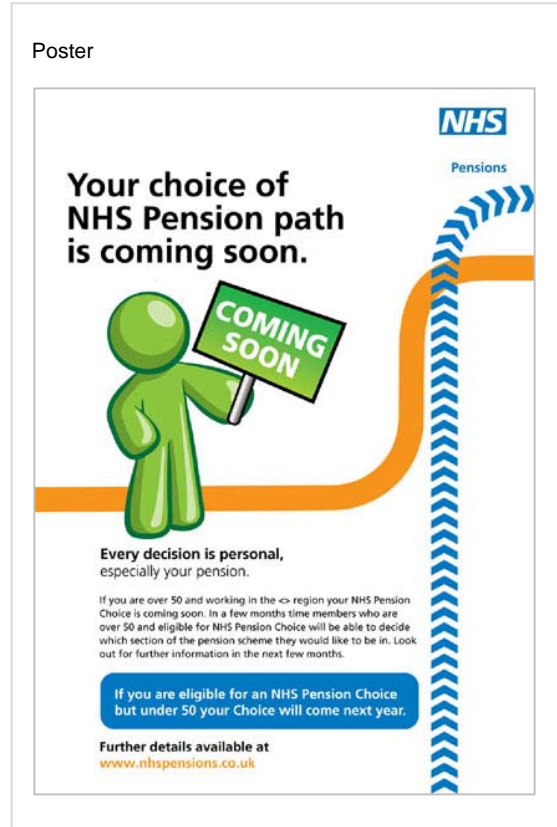
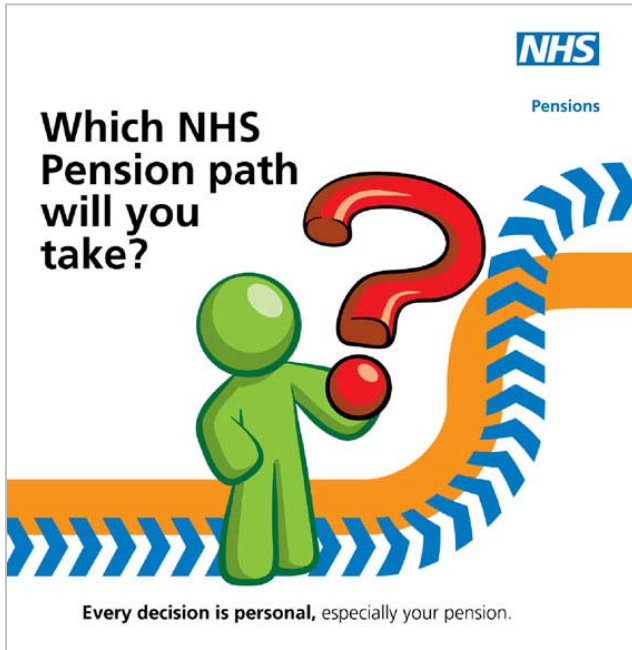
13. The table shown on the following page sets out a broad timetable of when it is anticipated the main PCE will run for eligible members. These are anticipated delivery dates and may be subject to some change. It is important that employers check the NHS Pensions website regularly for any changes at: <http://www.nhsbsa.nhs.uk/pensions>

Strategic Health Authority region	Anticipated Choice pack distribution	
	Members aged 50 or over on 1 Oct 2009	Members aged under 50 on 1 Oct 2009
Southwest	Jan 2010 – Mar 2010	Oct 2010 – Dec 2010
South Central		Jan 2011 – Mar 2011
South East Coast		
London	Apr 2010 – Jun 2010	Apr 2011 – Jun 2011
East of England		
West Midlands		
East Midlands	Jul 2010 – Sep 2010	Jul 2011 – Sep 2011
Yorks and North Humber		
North West		
North East	Oct 2010 – Dec 2010	Oct 2011 – Dec 2011
Wales		

- 13.1 It is anticipated that those members who work for a GP Practice, Direction Body or who are General Medical or Ophthalmic Practitioners will receive their Choice packs during the first period allocated to their Strategic Health Authority or region regardless of their age. Dental Practitioners are expected to receive their packs, regardless of age between October 2010 and December 2010 along with the North East region.

#### How to recognise NHS Pension Choice

14. We have developed a unique brand identity for Your NHS Pension Choice. The brand and some examples of how it will be used are shown on the following page. Whenever you see this branding the documents refer to the NHS PCE. This brand will be used on all employer and employee communications so whenever you see it please pay close attention and make sure you understand the actions that you are required to take.



**Next Steps**

15. A further Choice Newsletter will follow shortly and it will include more detail about publicity, employer roles and responsibilities during the PCE and how employers will be supported on the ground. Work is currently underway on the following communications material:

- Employees Pay slip Leaflets

- Workplace Posters
- Employer Newsletters
- Employer Workshops
- Employee Choice Packs
- Employer Information Packs
- FAQs
- DVD
- Individual Modelling Arrangements (pension calculators)
- Dedicated NHS Pensions Helpline Facilities
- NHS Pensions website Information

### **Further Information**

16. More detailed information will follow shortly and will also be posted on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Please note that website information will become available from 5 May 2009. The helpline facility for employers mentioned earlier will be available throughout the Choice Exercise. The information provided in this Newsletter is the latest available at this moment in time.

Yours sincerely

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

Ian Merga  
Choice Communications  
and Stakeholder Manager

## **Annex A**

### **Background**

1. Following an extensive review of the NHS Pension Scheme, a new more flexible NHS Pension Scheme was introduced from 1 April 2008. NHS Employers led the review in partnership with NHS trades unions. The overall aim was to address longevity and the increasing costs of providing final salary pensions, whilst introducing more flexible arrangements.
2. The NHS Pension Scheme now has two Sections, a modified 1995 Section for staff who joined the scheme prior to 1<sup>st</sup> April 2008 and a new 2008 Section for staff joining for the first time on or after 1 April 2008. The key differences include:

#### **1995 Section**

- protected normal pension age of 60 (55 for members of the special classes and Mental Health Officers)
- retained final salary and the accrual rate of 1/80<sup>th</sup> with a fixed lump sum of 3/80ths but the ability to increase this up to a maximum of 25% of the overall value of the pension
- retained best of the last 3 years pay which is used to calculate retirement pension
- ability to voluntarily protect pensionable pay where members age 50 or over decide to reduce their commitment and their pay.
- two tier ill health retirement arrangements

#### **2008 Section**

- increase in the Normal Pension Age to 65
- increased accrual rate of 1/60th based on pension with no automatic lump sum, but with the option to commute part of the pension for a lump sum payment
- final pensionable pay based on the average of the best 3 consecutive years in the last 10 years of service
- ability to draw down pension prior to retirement
- two tier ill health retirement arrangements
- pension enhancements available for those who work beyond age 65
- ability to rejoin the scheme after retirement and build another pension