



Pensions

Leaving Early and Transferring Out

The aim of this booklet is to give information to members who are:

- leaving NHS employment without retirement benefits, or
- leaving the NHS Pension Scheme, but not NHS employment.

During your membership of the Scheme you will have built up benefits. You may also have been paying additional contributions to a NHS Money Purchase arrangement. Once you leave the Scheme you must decide what to do with these benefits. This factsheet explains the choices open to you. Please read it carefully before you decide.

1995 section **IMPORTANT**

If you are a member of the 1995 Section of the NHS Pension Scheme and return to work in the NHS after a break in pensionable employment of any one period of 5 years or more, you will only be eligible to join the 2008 Section of the NHS Pension Scheme.

Your Choices - Overview

If you return to the NHS within 12 months you can link your periods of Scheme membership and so build up valuable pension rights faster. If you intend to rejoin NHS employment within 12 months you do not need to take any action. If your plans change and you no longer intend to return to NHS employment within 12 months of leaving, you can still exercise your options later.

If you do not intend to rejoin the NHS within 12 months of leaving, your options are explained below.

The choices you have depend on how much membership you have in the Scheme and if you are paying additional contributions to a NHS Money Purchase arrangement.

If you have at least 2 years' membership your benefits will be deferred for payment when you reach your normal retirement age, unless you choose a different option.

Whatever your membership you can normally choose a transfer of your benefits to another registered pension scheme. But there are time limits.

If you have less than 2 years' membership you can choose a refund of your contributions instead of a transfer to another registered pension scheme. You do not have to wait until you have been out of NHS employment for 12 months to exercise this option. You can download a form to request quotations of the transfer payment and refund of contributions from our website.

1995 section

If you are a member of the 1995 Section of the NHS Pension Scheme and take a refund of your contributions you will only be eligible to join the 2008 Section of the NHS Pension Scheme if you later return to NHS work.

If you have a NHS Money Purchase arrangement

If you have a Money Purchase arrangement this factsheet will explain the choices open to you, but if you wish, you can decide separately about your Money Purchase arrangement. For example, defer your main scheme benefits, but transfer your Money Purchase arrangement.

Making your mind up

Your pension rights are valuable. Please read all of this booklet and think carefully about what you want to do with them. Remember, if you take a refund you are giving up all your pension rights in the NHS Scheme.

If you are thinking of transferring your NHS Scheme rights you should carefully compare what you are giving up with your new pension arrangement.

If you are staying in NHS employment but thinking about leaving the Scheme, you should speak to your Pension Officer and ask for form SD502 or download it from our website. If you are in any doubt you should seek independent financial advice. There is some information about this later.

Deferring your benefits

If you have 2 or more years' membership or you have less than 2 years, but transferred pension rights from a personal, money purchase or stakeholder pension, you can choose to leave ("defer") your benefits in the Scheme.

Your deferred main Scheme benefits will be increased each year by the rate of inflation to protect their value and will normally be paid to you when you reach your normal retirement age.

You do not need to apply to defer your benefits. We will automatically write to you about this if you do not rejoin the Scheme within 12 months of leaving. But please write to us if you change your address.

If you do rejoin the Scheme within 12 months, your membership will link up and all your membership will count when your retirement benefits are worked out.

Should you die before or after you take your deferred benefits, life assurance and family benefits may be payable.


NHS Money Purchase Arrangements

If you have a NHS Money Purchase arrangement, the fund will automatically be deferred with your main Scheme benefits. Your additional contributions will remain invested but the return is not guaranteed and they will not be increased each year by the rate of inflation.

You can, if you prefer, opt to transfer your NHS Money Purchase arrangement to either an existing freestanding AVC or personal stakeholder pension provided it has the relevant approval under the Finance Act 2004.

Claiming your deferred benefits

Deferred benefits are usually paid at your normal retirement age. Please write to us and ask for a claim form three to six months before you reach that age.



If you are a member of the 1995 Section of the NHS Pension Scheme and have 'special class' status and are made redundant before age 50, you may claim your deferred benefits at age 55.

Voluntary Early Retirement

If you leave the Scheme with deferred benefits and have reached minimum retirement age you may be able to claim your deferred main Scheme and any NHS Money Purchase benefits early, provided you are no longer in NHS employment. Your benefits will be reduced to cover the extra cost of being in payment longer.

If you are thinking of claiming your benefits early, you must first write to us for an estimate of your benefits.

You cannot take your deferred benefits on Voluntary Early Retirement grounds if you left the Scheme before 31 March 2000.

Ill-health retirement

If you become permanently unable to do any regular work because of ill-health before your normal retirement age, we may be able to pay your deferred benefits early. If this happens please ask us for form AW240, which gives more information about what you need to do.

Transferring your pension rights

You can only transfer your NHS Scheme benefits to another scheme that is registered with HM Revenue and Customs (HMRC).

If you are leaving NHS employment or leaving the NHS Scheme but not NHS employment, you may be able to transfer your pension rights to one or any combinations of these:

- The NHS Pension Scheme in Scotland, Northern Ireland or the Isle of Man, if you are employed there. These Schemes are separate from the NHS Pension Scheme (England & Wales) and a formal transfer application must be made.
- Another registered occupational pension scheme.
- A registered insurance company to purchase an annuity contract, which satisfies the requirements of HMRC ("Buy-Out Policy")
- A registered personal pension plan, including a stakeholder pension arrangement.
- A Qualifying Recognised Overseas Pension Scheme (QROPS).

A transfer is normally possible if:

- your new pension arrangement is registered with HMRC, **and**
- your new pension provider is willing and able to accept the transfer payment, **and**
- you leave the NHS Scheme in all your employments.

If your new pension scheme is contracted out of the State Second Pension Scheme (S2P), you will normally be able to transfer all of your pension rights. If your new scheme is not contracted out it may be unable to accept some or all of your NHS transfer value. If this happens you may still be able to defer these rights in the NHS Scheme for payment when you retire or transfer them to an appropriate registered personal pension or a registered insurance company to buy a Section 32 Buy-Out Policy.

NHS AVC Scheme from Prudential, Standard Life or Equitable Life

If you are transferring your benefits out of the NHS Pension Scheme and you have also paid contributions to the NHS AVC Scheme, your AVC fund will remain invested with the above providers. No new contributions can be added. When you retire you can take up to 25% of your fund as tax-free cash and use the remainder to buy an annuity.

You may be able to transfer your NHS AVC to any other registered pension scheme in which you are participating (for example another AVC scheme, a personal or stakeholder pension) .

If you have been a member of the NHS Pension Scheme for less than two years and do not transfer your benefits to another pension scheme your contributions will be refunded. You will also receive a lump sum equal to the realisable value of the investments you have made in the NHS AVC. Both the refund and the lump sum are subject to tax.

Please contact your AVC provider to discuss the options.

Key points and time limits

Transfer to a registered occupational pension scheme

If you have at least 2 years' membership you can apply for a transfer at any time before you reach normal retirement age.

If you have less than 2 years' membership you must:

- join your new registered pension scheme within 12 months of leaving NHS pensionable employment, and

- apply for a transfer within 12 months of joining your new scheme **or** before you reach *normal retirement age*, whichever is earlier.

Transfer to a registered insurance company

If you have at least 2 years' membership you can apply for a transfer at any time before you reach normal retirement age.

If you have less than 2 years' membership, the same age limits apply but your application for a transfer must be within 12 months of leaving NHS employment.

Some members of the 1995 Section who choose to leave the Scheme whilst still in NHS employment, may only be entitled to receive a transfer of their membership from 05/04/1988.

Transfer to a registered personal pension plan / stakeholder pension arrangement

If you have at least 2 years' membership you can apply for a transfer at any time before you reach normal retirement age.

If you have less than 2 years' membership the same age limits apply, but you must also:

- take out a personal pension including a stakeholder pension arrangement within 12 months of leaving NHS employment, and
- apply for a transfer within 12 months of taking out that personal pension or stakeholder pension arrangement.

Some members of the 1995 Section who choose to leave the Scheme whilst still in NHS employment, may only be entitled to receive a transfer of their membership from 05/04/1988.

Transferring Overseas

If you are leaving the country you may be able to transfer your pension rights outside the UK, if the receiving scheme is either an HMRC Registered Pension Scheme or a Qualifying Recognised Overseas Pension Scheme (QROPS). The normal time limits apply equally to overseas transfers. You can find out more information in the Transfers Overseas - SDTO booklet on the website at: [http://www.nhsbsa.nhs.uk/Documents/Pensions/SDTO_\(V2\)_14.04.2011.pdf](http://www.nhsbsa.nhs.uk/Documents/Pensions/SDTO_(V2)_14.04.2011.pdf) or you can write to us for more information.

Applying for a transfer value

Before requesting a transfer value, please consider the different types of legislative and non-legislative information that NHS Pensions provides. NHS Pensions provides legislative and other non-legislative information free of charge, however in some instances administrative charges will apply for some additional services. More information is available from the website at www.nhsbsa.nhs.uk/Pensions/3364.aspx

You can:

- ask your new registered pension scheme to apply on your behalf. They will need your written permission to do this. Tell them that they must apply within the time limits set out in this booklet, or
- write to us yourself.

You or your new pension provider should give as much detail as possible about your new pension arrangements. This is important because some schemes will be unable to accept your NHS transfer or be able to accept only part of it. We will then calculate the cash value of the benefits to be transferred so that you can decide whether to transfer.

It is in your own interests to make sure you know what pension rights your new scheme or plan is offering you before you make your decision. If you are in any doubt you should seek independent financial advice.

If you decide to go ahead with your transfer, we will send your new scheme a cash payment.

How is my transfer payment calculated?

Your transfer payment is calculated by converting the value of your NHS pension rights to a current cash equivalent using factors supplied by the Scheme Actuary. These vary according to your age. The calculation also takes account of the current level of the stock market.

Taking a refund of contributions

You will have to take a refund of contributions, if:

- you have less than 2 years' membership, and
- you have left NHS pensionable employment or the Scheme, and

- you have no membership after your normal retirement age (because after that age you are entitled to retirement benefits regardless of how long you have been a member of the Scheme), and
- you have no deferred membership, and
- you have never had a transfer of pension rights into the Scheme from a personal, money purchase or stakeholder pension, and
- you have not requested a transfer to another pension arrangement, and you have a break in pensionable employment of 12 months or more.

NHS Money Purchase Arrangements

Any additional contributions will be refunded by the provider.

You may, however, opt instead to transfer them to another pension provider – see earlier section on transfers.

Avoiding a refund of contributions

Most advisers agree that receiving a pension benefit is nearly always better than taking a refund of contributions.

If you leave NHS employment or just the Scheme and have less than 2 years' membership you can apply for a refund immediately. But you do not have to do this until you have a disqualifying break in membership of more than 12 months.

Study courses, training or approved employment

You may be able to avoid taking a disqualifying break if on leaving you:

- undertake a course of study or training, which will improve your usefulness to the NHS, or
- if you undertake certain work comparable to NHS work and you cannot transfer your benefits to another pension provider.

You should ask us for approval as soon as possible after commencing the employment or course of study. You must also return to the NHS as soon as is reasonably practicable after finishing the employment or course.

By avoiding a disqualifying break you will be able to keep all the benefits you have built up in the Scheme.

Applying for a refund

If you are thinking of claiming a refund you must first request a quotation of the transfer payment that could be payable to another pension arrangement and the amount of the refund of contributions you receive. You can do this by completing and returning form SDKTO on our website or by writing to us.

Deductions from refunds

If you claim a refund, you will get your own contributions back, but not your employer's. Deductions will be made from the refund for:

- your share of the National Insurance contributions which must be paid to secure your rights in the State Second Pension Scheme (S2P) during your period of NHS Scheme membership, and
- income tax at 20% for refunds up to £10,800, and at 40% for refunded contributions above £10,800.

The amounts to be deducted will be detailed in the quotation we send you. If any of your personal details change, e.g. your address, bank details etc, after you have applied for a refund, you must let us know at once

Qualifying membership

Qualifying membership counts towards the 2 years' membership needed for deferred benefits but it may not count when we work out benefits.

Qualifying membership can include:

- transferred in membership - if you transferred any pension rights into the Scheme from another scheme, the difference between the length of membership it buys in the NHS Scheme, compared with its actual length, counts as qualifying membership;
- part time pensionable membership - this counts as qualifying membership at full length, but when we work out benefits we only count the hours worked;
- breaks of not more than 3 months between periods of employment for casual employees or freelance locum medical practitioners;
- membership you had in your previous pension scheme, if you transferred to the NHS under a TUPE arrangement, and decide not to transfer those pension rights.

Independent financial advice

If you are in any doubt which pension arrangement will be best for you, you should seek independent financial advice.

Under legislation all financial advisers have to decide whether to be "independent" or "tied". A financial adviser who is independent can offer a range of financial services and products, whereas a financial adviser who is tied can only offer the products of one company. Before you ask for advice, make sure you know which type of adviser you are dealing with.

Most financial advisers charge for their advice. The charge may be in the form of a fee payable by you or commission payable by any company that you decide to invest in. If the adviser you choose charges on a commission basis, you should ask how your investments are affected by these charges.

Your Pension Officer or employer may be able to help you find a source of independent financial advice or you can contact:

IFA Promotions Limited
17-19 Emery Road
Brislington
Bristol BS4 5PF

for a list of companies.

Telephone: 0800 085 3250
or visit their website at:
www.unbiased.co.uk

It is advisable to check that the company you have chosen is authorised with the

Financial Services Authority
25 The North Colonnade
Canary Wharf
London E14 5HS

Telephone: 0845 606 1234
or visit their website at:
www.fsa.gov.uk

Please ensure you give details of our Scheme to your financial adviser so they can give you the best advice.

Show your adviser your Guide to the NHS Pension Scheme booklet. You can get a copy from your Pension Officer, employer or visit our website.

If you have benefits in our Scheme your adviser should see details of these. Please write and ask us for details.

NHS Pensions Contact Details:

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www.nhsbsa.nhs.uk/pensions