

NHS Pension Scheme: Pension Commutation – Member FAQs

Q. What is pension commutation?

- A. Members of the 1995 Section of the NHS Pension Scheme have the option to give up some of their annual pension for an additional tax-free lump sum, up to a maximum amount permitted under the HM Revenue and Customs (HMRC) rules.

Members of the 2008 Section of the NHS Pension Scheme do not have entitlement to an automatic lump sum. If they wish to take a lump sum they must give up some of their annual pension in exchange for a usually tax-free lump sum.

Q. Who is eligible for pension commutation?

- A. Members of both the 1995 Section and the 2008 Section are eligible for pension commutation, but members of the 1995 Section must have contributed to the scheme on or after 1 April 2008.

Q. Is there a limit on the amount of pension that I can give up for a tax-free lump sum?

- A. Yes, the maximum lump sum you can take is 25% of the capital value of your pension fund. This is determined by a limit set by HMRC.

Q. How much will it cost?

- A. Your pension will be converted to a lump sum at the rate of £12 additional lump sum for every £1 of pension given up.

Q. Do I have to commute part of my pension?

- A. No you don't have to commute anything. You can take the usual pension and lump sum in the 1995 Section, which is normally three times the pension amount, or only a pension in the 2008 Section.

Q. If I choose to commute some of my pension for a bigger lump sum, will it affect my survivor benefits?

- A. No your survivor's benefits are not reduced.

Q. Is there a facility for me to calculate my benefits if I opt to commute part of my pension?

- A. Yes on this [website](#). However before using the calculator you will need to know your estimated pension and lump sum amount at retirement.

You will be able to enter your expected pension and lump sum and look at different scenarios, from giving up £1 pension to the maximum permitted. Employers with access to our estimate tools can also provide this for you.

Please note:

The calculator is only for members of the 1995 Section of the NHS Pension Scheme. If you are taking Voluntary Early Retirement with actuarially reduced benefits, the reduced benefit amounts should be used.

If you are retiring on Redundancy grounds with enhanced benefits under Transitional Protection arrangements, the basic benefits only should be used. The enhanced element cannot be commuted.

Q. Who do I contact to request an estimate of my pension benefits?

- A. Members are entitled by law to request up to one estimate of pension and dependants benefits per year. Your current NHS /GPP employer has the facility to provide you with this information.

If you are employed by a Direction Body or ceased NHS employment, contact NHS Pensions by telephone, letter or email to request an estimate of benefits. You can also request an estimate by using the [contact us](#) page on this website.

Q. I stopped paying into the NHS Pension Scheme some time ago but I am applying for my benefits now. Can I still commute part of my pension?

- A. Only members who have contributed to the 1995 Section on or after 1 April 2008 or the 2008 Section are eligible to commute. If your contributions stopped before 1 April 2008, you will not be able to commute.