

**NHS Pension Scheme Purchase of Additional Benefits - Election form.**

**To be completed by the Employer:**

Surname

Other names

N I number  SD No.  /

Gender Male = M Female = F

Date of birth  /  /  Has date of birth been verified? Yes  No

**Elections cannot be accepted until date of birth is verified.**

Has the member earlier election(s) for purchase of added benefits by **extra percentage contributions** under **current** provisions?

Added Years Yes  No  Unreduced Lump Sum Yes  No

**ADDED YEARS ELECTION:** Is member a MHO? Yes  No

Does purchase include half-cost added years? Yes  No

**UNREDUCED LUMP SUM ELECTION:**

Enter date membership attracts full lump sum, ignoring any earlier purchase  /  /

**I confirm the member was not on sick leave, or absent without leave when the election was made.**

Signature \_\_\_\_\_ Date \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ EA / GP Code \_\_\_\_\_

**MEMBER'S ELECTION: Complete the part(s) that apply to you, and the declaration below.**

**I elect to purchase Added Years** amounting to  years  days and  
authorise deduction of additional contributions at the rate of  % of all my pensionable pay  
from my next birthday on  /  /  until I reach age  (provided the election  
is not ended earlier)

**I elect to buy the URLS** for membership amounting to  years  days and  
authorise deduction of additional contributions at the rate of  % of all my pensionable pay  
from my next birthday on  /  /  until I reach age  (provided the election  
is not ended earlier)

**Mental Health Officers only:** I intend to retire on  /  /

**Note:** This information about my election to buy added years and/or the unreduced lump sum does not commit me to retire on that date. I understand that if I do retire on a different date I cannot alter my purchase.

**Please read the statement carefully then sign and date the form:**  
**I have read and understand** the notes over the page. **I am not aware** of any reason why my health should prevent me from completing my purchase(s).

Signature \_\_\_\_\_ Date \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

## **NOTES – LIMITS ON TAX-FREE PENSION SAVINGS FROM 6 APRIL 2006 (A-DAY)**

On 6 April 2006 HM Revenue and Customs (HMRC) introduced new rules to limit tax-free pension savings. For most members this is an opportunity to increase their pension savings in a tax efficient way. If, however, your pension savings exceed the new limits you may have to pay a tax charge on them. To help you there is a brief summary of the rules below.

### Lifetime Allowance (LTA)

This is the maximum tax-free pension savings that HMRC will normally allow. LTA is based on savings in **all** of your pension arrangements, not just the NHS Pension Scheme (NHSPS). In the NHSPS we calculate how much of the LTA is used, by multiplying the pension by 20, and adding the lump sum.

The LTA is £1.6 million for 2007/08 increasing each year until 2010/11, when it will be £1.8 million.

Subject to certain conditions HMRC may allow you to protect your pension savings by giving you a bigger personal LTA. There are two types of protection known as “primary protection” and “enhanced protection”.

### Relevant Benefit Accrual (RBA)

You may be affected by RBA if HMRC have granted you “enhanced protection”. HMRC has set limits on the amount by which pension savings are allowed to grow after enhanced protection has been granted. If the capital value of the savings increases too quickly enhanced protection is lost and you may have to pay a tax charge on your savings.

### Annual Allowance (AA)

This is the most you can add to the capital value of **all** of your pension arrangements each year, before you will have to pay a tax charge. In the NHSPS we calculate the amount added by multiplying the extra pension earned during the year by 10, and adding to that, the increase in the value of the lump sum.

The AA is £225,000 for 2007/08 increasing each year until 2010/11, when it will be £255,000. The AA does not apply in the year in which benefits are taken.

### Recycling of Pension Commencement Lump Sums

HMRC will not allow you to withdraw a tax-free lump sum and receive further tax relief by reinvesting the money back into a registered pension scheme. This is known as “recycling lump sums” and could apply if the money is reinvested as a lump sum or in monthly payments.

It is possible that you could be affected by this rule if you retire within 2 years of making an election to buy additional benefits. If you think you could be affected discuss your plans with a professional financial adviser before completing this form.

### Further information

More detailed information including examples of how to calculate the above limits can be found on our website [www.nhspa.gov.uk](http://www.nhspa.gov.uk), under “Current Member”, “New Tax Rules from 6 April 2006.” But for full details contact HMRC ([www.hmrc.gov.uk](http://www.hmrc.gov.uk)) or discuss your plans with a professional financial adviser.