

STRICTLY PRIVATE & CONFIDENTIAL

Mrs J Under60nonSC

Payslip / employer address

SD Number 71/123456

Which NHS Pension path will you take?

Your NHS Pension Choice Statement

A personalised comparison statement of the benefits you could receive from the NHS Pension Scheme 1995 Section and 2008 Section

This statement contains important information about your NHS Pension.

You should read the information carefully as you need to make an important choice about your future.

Your NHS Pension Choice decision is required by
1 August 2010

What's inside?

- Your personal benefit comparisons
- Important issues you should consider
- Your NHS Pension Choice Form



SAMPLE



What is included in this statement?

Your personal benefit comparisons

Your NHS Pension Choice is an important decision. You need to decide whether to remain in the 1995 Section or transfer to the 2008 Section. If you choose to transfer to the 2008 Section you will join that section from 1 April 2008 and the membership you have built up in the 1995 Section up to that date will transfer to the 2008 Section as well. You cannot choose to transfer to the 2008 Section without moving your 1995 Section membership.

To help you make your choice this statement provides you with a personal benefit comparison of the benefits you could receive at different ages if you remain where you now are in the 1995 Section compared with those you would receive instead if you decided to transfer to the 2008 Section. Your benefit comparisons are provided on pages 6-7. The information we have used to calculate these benefit comparisons is provided on page 4.

Important issues you should consider

Page 8 provides a brief review of some key issues which you need to consider in relation to your personal benefit comparison, to help you work out whether you should choose to remain in the 1995 Section or whether you should transfer to the 2008 Section.

Important terms you need to understand

Special words and phrases not in every day use are used throughout this statement. To help you understand what this statement is telling you we have provided a useful guide to these words and phrases on page 9.

Your NHS Pension Choice Form

You should read this statement carefully and consider your options. You will need to complete the NHS Pension Choice Form (at the back of this statement) once you have made your choice.

You should use the other information included in Your Pension Choice Pack to help you make your choice:

- Your NHS Pension Choice Guide
- Your NHS Pension Choice DVD

Further information including factsheets and modellers is available on the website.

When do I need to complete my NHS Pension Choice Form?

Your deadline for returning your form is **1 August 2010**

What happens if I miss the deadline?

If you do not return your form by **1 August 2010** you will remain in the 1995 Section and you will not have another opportunity to transfer to the 2008 Section.

Can I change my mind after I've made my choice?

No. You only have one choice – once you have made your choice it cannot be reversed.



Your personal benefit comparisons

What have your benefit comparisons been based on?

These benefit comparisons are personalised to you. The following information, which is the latest confirmed information provided by your employer(s), was used to work out the benefit comparisons.

- The benefit comparisons were calculated on **1 April 2009** using the latest pay and membership details notified by your employer up to <date to be inserted here>.
- The dates of the benefit comparisons are based on your date of birth of **06 September 1971**.
- Your **membership** is based on a start date in the NHS Pension Scheme of **16 May 1999**.
- The length of time you have been contributing to the NHS Pension Scheme since that date to the date these benefits were calculated is **8 years 321 days**.
- The amount of **membership** up to the date on which these benefits were calculated that counts towards your benefits from the 1995 Section is **7 years 329 days**. If you are or have been part-time this is the number of whole years and days of membership, rather than the length of time you have been in the Scheme.
- You will get the same amount of **membership** in the **2008 Section** if you choose to transfer to that section.
- The **membership in the 2008 Section that is used for the calculation of the 2008 Section lump sum in Table 1a is 7 years 37 days**. This is the same as the amount of membership you had in the 1995 Section up to 31 March 2008.
- The amount of **pensionable pay** used to work out your pension and lump sum in both sections is **£25,000**. For full-time members this is the annual amount of **pensionable pay** you receive. For part-time members, this is the equivalent of your **pensionable pay** if you worked full-time.
- The amount of **pensionable pay** used to work out your death in service lump sum is **£20,000**. This is the actual pensionable pay you receive and is also the amount on which contributions are paid.

Your comparisons are based on the Scheme's current factors used for reduction or increase of pension for early and late retirement. The factors are reviewed from time to time and may be different when you come to retire.

If you consider any of the above information to be incorrect then please contact the Helpline on 0300 123 1601. Calls are charged at local rate.

Which benefits are being compared?

To help you understand how the two sections compare, we have shown comparisons of certain benefits at different ages.

In both sections the standard benefits come in the form of a pension and a lump sum and in both sections you have the option to increase your lump sum. If you do this your annual pension will be reduced. See page 9 for further information.

The benefits which are compared are:

Table 1a

- **The standard benefits** - standard benefits are the pension and lump sum that you would get on retirement before taking any option to increase the amount of lump sum

Table 1b

- **The standard benefits with an equal lump sum** – to help you compare the relative value of standard benefits this shows the pension you would get from the 2008 Section if you opted to increase your lump sum to around the same as the standard lump sum in the 1995 Section

Table 2

- **Maximum lump sum** - pensions and lump sum you would get if you opted to increase your lump sum to the maximum allowed

Table 3

- **Survivor pension** – pension payable for the life of your surviving spouse, civil partner or partner you have nominated to receive a survivor pension on death after you have taken your pension.

SAMPLE

Lump sum payable on death in NHS employment as a member of the NHS Pension Scheme

A lump sum which is twice your actual pensionable pay is payable in the event of your death whilst in employment as a member of the NHS Pension Scheme.

Based on the latest confirmed information we have received from your employer, the death in service lump sum is **£40,000**.

State pension age

Your state pension age is another important factor to consider in making your choice. The state pension age is changing for some people. Based on your date of birth and your gender, you will reach state pension age on **6 September 2038**. You will be **67 years** old.

Your benefits at age 60

- The normal pension age for the 1995 Section is 60.
- For the 2008 Section the normal pension age is 65 and therefore if you chose to retire at age 60 from the 2008 Section your benefits are reduced to allow for them being paid for 5 extra years.

The table below shows your estimated [standard benefits](#) at age 60 from each section:

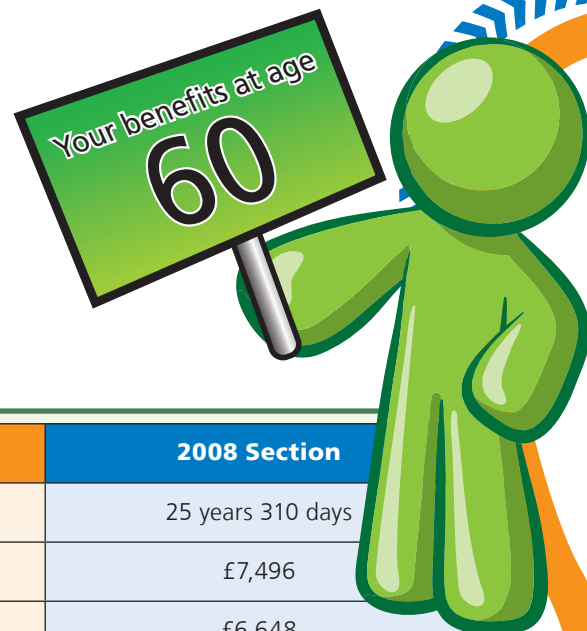


Table 1a – standard benefits	1995 Section	2008 Section
Membership	25 years 310 days	25 years 310 days
Annual pension	£8,078	£7,496
Lump sum	£24,234	£6,648

If you were to transfer to the 2008 Section and choose to increase your lump sum to an amount similar to the standard lump sum payable from the 1995 Section you would receive a smaller pension. Table 1b below shows your estimated reduced annual pension at age 60 from the 2008 Section if you take a lump sum similar to the standard lump sum from the 1995 Section.

Table 1b – equal lump sum	1995 Section	2008 Section
Annual pension	£8,078	£6,031
Lump sum	£24,234	£24,234

A minimum lump sum must be taken by members transferring from the 1995 Section. It is not optional. Please refer to page 9.

If you were to take the [maximum lump sum](#) allowed and the smaller annual pension your estimated benefits at age 60 from each section would be:

Table 2 – maximum lump sum	1995 Section	2008 Section
Annual pension	£6,492	£5,175
Lump sum	£43,266	£34,500

If you were to die in retirement the estimated [survivor pension](#) from each section would be:

Table 3 – survivor pension	1995 Section	2008 Section
Annual survivor pension	£4,039	£4,039

Your benefits at age 65

- The normal pension age for the 2008 Section is 65.
- For the 1995 Section the normal pension age is 60.



The table below shows your estimated **standard benefits** at age 65 from each section:

Table 1a – standard benefits	1995 Section	2008 Section
Membership	29 years 310 days	29 years 310 days
Annual pension	£9,328	£11,883
Lump sum	£27,984	£6,648

If you were to transfer to the 2008 Section and choose to increase your lump sum to an amount similar to the standard lump sum payable from the 1995 Section you would receive a smaller pension. Table 1b below shows your estimated reduced annual pension at age 65 from the 2008 Section if you take a lump sum similar to the standard lump sum from the 1995 Section.

Table 1b – equal lump sum	1995 Section	2008 Section
Annual pension	£9,328	£10,105
Lump sum	£27,984	£27,984

A minimum lump sum must be taken by members transferring from the 1995 Section. It is not optional. Please refer to page 9.

If you were to take the **maximum lump sum** allowed and a smaller annual pension your estimated benefits at age 65 from each section would be:

Table 2 – maximum lump sum	1995 Section	2008 Section
Annual pension	£7,496	£7,996
Lump sum	£49,968	£53,292

If you were to die in retirement the estimated **survivor pension** from each section would be:

Table 3 – survivor pension	1995 Section	2008 Section
Annual survivor pension	£4,664	£4,664

Important issues you should consider

Deciding whether to transfer from the 1995 Section to the 2008 Section is a significant financial decision. As each person's position will be different, it is important you consider all the issues.

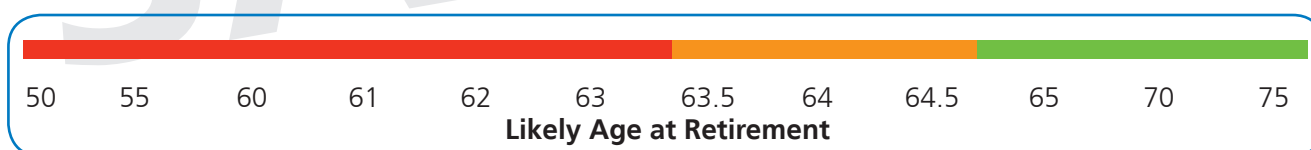
The two most important issues to consider are **the age at which you are going to retire** and **whether you are likely to leave the NHS Pension Scheme before retirement**. There are also a number of **other issues** which you should consider.

1. The age at which you are going to retire

Your benefits in the 1995 Section are paid unreduced from age 60. This applies both to the benefits you have already built up and those you build up in the future. If you transfer benefits to the 2008 Section and still retire at 60, and take the same lump sum as in the 1995 Section, your pension could be almost a quarter lower. So those retiring at 60 may not benefit from transferring. It is most likely that members retiring up to age 63 could receive lower benefits on retirement if they transfer to the 2008 Section.

Conversely, most members retiring at 64 or above may receive higher benefits if they did transfer to the 2008 Section. Members retiring at 65, who again take the same lump sum as they would receive in the 1995 Section, could get a pension which is around 8% higher. The benefits from moving to the 2008 Section may be higher if you work beyond 65 because a late retirement increase is applied in the 2008 Section.

The diagram below shows when you may be likely to benefit if you are looking at your benefits on retirement – the green areas broadly indicate ages when transferring to the 2008 Section might benefit you, the red areas indicate ages when transferring may be unattractive. Amber areas show where the benefits at retirement are likely to be very similar from both sections and you may then want to consider the other points mentioned below.



2. Will you leave NHS employment before retirement?

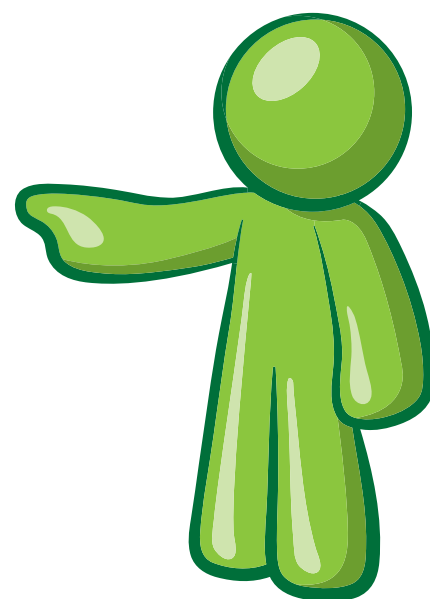
If you leave NHS employment before retirement and do not return, your retirement benefits will be lower if you transfer to the 2008 Section because benefits in the 1995 Section are available from 60 but benefits from 2008 Section are not paid until age 65 except with a reduction. So if you do not expect to remain in NHS employment until retirement, you will probably not benefit from moving to the 2008 Section.

Other Issues

There are other aspects of the 2008 Section which could be advantageous to members. These are:

- it offers more flexibility in your choice between tax free cash and pension
- it gives more flexibility in allowing you to take some benefits whilst still working and building up pension
- it could deliver higher benefits if you were to retire in serious ill-health
- it offers higher partners pensions to members who joined before 1988 and have a long term partner other than a wife
- it offers more protection of your pension if your earnings drop significantly in the ten (rather than three) years before retirement

All these issues are covered fully in *Your NHS Pension Choice Guide*. For more details, you should read the relevant section of the guide and watch the DVD enclosed.



Important terms you need to understand

Some of the terms used in this statement have specific meanings and to help you understand your statement the definitions of these terms are given below. For further information please refer to the accompanying *Your NHS Pension Choice Guide* and the website.

Membership

Membership is the total years and days which count towards your pension calculations. It is used to work out your pension, lump sum and survivor benefits. Your membership may be different to the length of time you have worked and contributed to the Scheme, for example if you work or have worked part-time.

As the benefit comparisons on pages 6 – 7 are based on dates in the future we have assumed that you continue to have the same working pattern as the latest information we have been given from your employer. If your working pattern changed, e.g. from full-time to part-time these estimates would change.

The choice you need to make is whether you remain in the 1995 Section or transfer to the 2008 Section. If you decide to transfer to the 2008 Section your membership will be treated as follows:

Your membership in the 1995 Section, up to and including 31 March 2008, will change to membership in the 2008 Section.

Your membership from 1 April 2008 will automatically become membership in the 2008 Section. This part of your membership is not converted – the whole amount of membership will transfer directly across at the same value.

The benefit comparisons use the membership that you have earned in the 1995 Section as at 31 March 2008 as the starting point. Included in this will be any membership you have transferred in from other pension schemes and also any added years that you may have been buying. The benefit comparisons at age 60 and age 65 add on the time between 31 March 2008 and your 60th and 65th birthday. They are based on your latest working pattern which has been advised to us.

The membership shown is based on the latest information received from your employer. For further information on membership including common reasons why it may be different from what you expect, please refer to the website where a factsheet can be found on membership.

Pensionable pay

In a 'final salary' pension scheme such as the NHS Pension Scheme your benefits are calculated when you retire using your salary at, or near, retirement. In the NHS Pension Scheme we call your final salary your 'Final Year's Pensionable Pay' in the 1995 Section and 'Reckonable Pay' in the 2008 Section.

The way pensionable pay is worked out is different in each of the two sections (see *Your NHS Pension Choice Guide* for definitions). In either section your pensionable pay at or near retirement is not currently known so we use your current pensionable pay. Therefore we have used the same figure for all your benefit comparisons, based on the latest information from your employer – we have called this your pensionable pay. It is likely that this will change between now and when you leave the Scheme so the actual figures used at retirement will be different.

When you leave or retire from the Scheme we will calculate your final salary according to the Regulations for the section you choose to be in. This differs between the two sections (see *Your NHS Pension Choice Guide*).

Pension

Using the membership and pensionable pay we have produced estimates of your pension at the projected dates for both sections so that you can compare and consider how much you may receive should you choose to remain in the 1995 Section or choose to transfer to the 2008 Section. In the 1995 Section you get 1/80th of your pensionable pay for each year or part year of membership and in the 2008 Section you get 1/60th of your pensionable pay for each year or part year of membership. However pension is reduced if paid before the normal pension age. How much the reduction is depends on how much earlier than the normal pension age the pension is paid. The normal pension age in the 1995 Section for most members is 60 (55 for the special classes). In the 2008 Section the normal pension age is 65 for all members. Your pension in the 2008 Section is also reduced as this is used to pay for the standard lump sum you must take – this is explained below.

Lump sum

The 1995 Section automatically provides you with a lump sum at retirement that is normally three times your pension.

If you choose to transfer to the 2008 Section, when you retire you **must** take at least the same amount of lump sum that you had earned at 31 March 2008 in the 1995 Section. This is not optional. This standard lump sum in the 2008 Section will be paid by reducing your pension by £1 for every £12 of lump sum that you take.

In either section you can increase the amount of lump sum you take (and have a smaller pension). This is also paid by reducing your pension by £1 for every £12 of extra lump sum you choose to take.

You cannot have a smaller lump sum than the standard lump sum shown in the standard benefit comparison.

Lump sum payable on death

If you die whilst still a member of the NHS Pension Scheme a lump sum payment of twice your actual pensionable pay is normally payable. You can nominate who you would like to receive this.

Survivor pension

In both sections there is a provision for benefits to be paid to your surviving spouse, civil partner or partner you have nominated to receive a survivor pension. The amounts paid are based on your relationship status and are calculated by using your length of membership and pensionable pay.

What to do next

Making Your NHS Pension Choice

IMPORTANT

If you wish to transfer to the 2008 Section you must complete Your NHS Pension Choice Form opposite and return it in the enclosed reply envelope by **1 August 2010**.

If you do not return Your NHS Pension Choice Form you will remain in the 1995 Section.

If you return Your NHS Pension Choice Form indicating your choice you will be sent an acknowledgement when the form is processed.

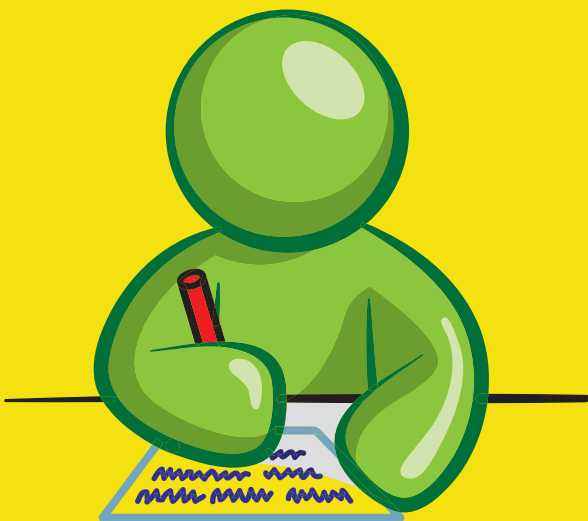
What if you want to stay in the 1995 Section?

If you wish to stay in the 1995 Section you do not need to do anything. However, if you wish to register your choice to stay in the 1995 Section you may complete and return part 2 of Your NHS Pension Choice Form. **If you do not send in Your NHS Pension Choice Form you will stay in the 1995 Section.**

Disclaimer

The information contained within your statement is based on the most up to date information held by NHS Pensions. The figures are therefore illustrative of (and not a guarantee of) both the pension savings you have built up in the 1995 Section and how your pension savings might change if you decide to transfer your service to the 2008 Section.

Subject to the approval of Parliament, benefits provided under the National Health Service Regulations may change.



Your NHS Pension Choice Form

I understand that I am making a choice about my pension benefits in the NHS Pension Scheme.

My choice is indicated below. After receiving the information in my personalised statement and the *Your NHS Pension Choice Guide* and considering the points and information provided I have made my choice. I understand that if I choose to be a member of the 2008 Section all of my membership will be treated using the Regulations that apply to the 2008 Section.

I understand that I am not able to change my choice once it is recorded by NHS Pensions.

Customer Name
 Customer Address 1
 Customer Address 2
 Customer Address 3
 Town / City
 County
 Post Code

IMPORTANT: Please include your date of birth for verification purposes.

Without this we may not be able to make your changes.

Date of Birth / /

If any of the above details are incorrect, please use the space below to enter the correct details.

You should only enter the correct details for any information that is incorrect. Please enter all changes in black ink, using capital letters.

Title (e.g. Mr/Mrs/Miss)

First Name Initial

Last Name

House Name

House Number and Street Name

Additional Address Line

Town / City

County

Post Code

My NHS Pension Choice is (tick one of the options below)

Part one

Yes I want to transfer to the 2008 Section

Signed: _____ Date: _____

Part two

No I wish to remain in the 1995 Section

Remember. If you do not return this form you will stay in the 1995 Section.

Signed: _____ Date: _____

When you have completed this form and made your choice, please return it to the NHS Pension Choice processing team using the enclosed reply envelope.

NHSB/CSTATE/V1/0609



Mrs J Under60nonSC
 SD Number 71/123456

SAMPLE