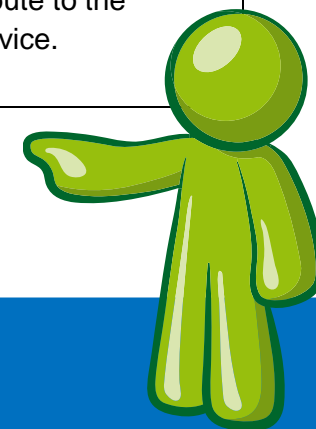


NHS Pensions Choice Roadshows FAQs

Technical

Question	Answer
<p>Can you clarify how the TPP will be calculated and from what point it would be calculated in the 2008 section from the best 3 out of the last 10 years and will this be indexed up prior to average?</p>	<p>The 10 year referencing period only starts on 1 April 2008 therefore a full 10 year referencing period will not be achieved until 31 March 2018. Further details on this will be added to the Choice factsheet for retirees in due course.</p>
<p>Early retirement – does 10 year still apply?</p>	<p>As above.</p>
<p>Does the pre 1995 section still exist?</p>	<p>Yes, the 1995 Section does exist and some individuals who return to an NHS employer following a break may be entitled to re-join the 1995 Section in circumstances where the person left and returns to NHS employment within 5 years of leaving.</p>
<p>How does the part-time calculation change between the old and new?</p>	<p>Membership in both Sections is calculated in exactly the same way.</p>
<p>An employee age 60 in the 1995 Scheme wishes to continue working until 65 but not change to the 2008 Scheme, will they get full benefits at retirement?</p>	<p>An employee in the 1995 section can continue to contribute to the Pension Scheme until they have 45 years maximum service.</p>



Question	Answer
<p>Why have you not mentioned the fact that if you transfer to the 2008 Scheme you have a lump sum based on service to 31 March 2008. How does this apply to staff who take a draw-down of pensions – ie what amount of lump sum will they receive?</p>	<p>This is covered in the Choice literature and also in the Choice Statement members will receive. Members who are entitled to and choose to draw down part of their pension from the 2008 Section will not receive their mandatory lump sum until they formally retire.</p>
<p>In the 2008 Scheme how is the pension increased as a result of late retirement?</p>	<p>Appropriate late retirement factors are used to calculate the boost to pension.</p>
<p>Can a Choice statement be obtained early even though the person has not got a retirement date?</p>	<p>No. To obtain a Choice statement outside the regional distribution a member must have agreed a leaving date with their employer. For further details see the Choice Opt in form.</p>
<p>Will the Choice statements include AVCs?</p>	<p>The Choice Statement will not include details of any money purchase AVCs. However, any Added Years purchased will be reflected in the Choice Statement.</p>
<p>Can an employee retire from the 1995 Section, draw pension and continue to work but also continue to contribute to the Scheme.</p>	<p>This depends on a number of issues. If a person retires from the 1995 Section on the grounds of Ill Health and return under the age of 50 they may rejoin the 1995 Section. Others who have retired from the 1995 Section may possibly join the 2008 Section, if they retired after 1 April 2008 and before 1 October 2009, however this would depend upon individual circumstances and would need to be checked.</p>

Question	Answer
Is a new member of the 2008 Section entitled to any lump sum at all?	For any new members of the 2008 Section there would be no automatic lump sum payable. The person can however convert part of their pension to provide a lump sum, up to 25% of the pension value.
What will happen to those members purchasing added years, can their contract continue?	No, for anyone contributing to an Added Years contract their contract would have to cease and they will receive a proportional credit if they decide to move to the 2008 Section.
How soon after moving to the 2008 Section can members draw down part of their pension?	A person must be at least aged 55 and have stepped down into a less demanding role/ lower paid employment or reduced their working hours (at least 10%) for a period of at least 12 months in order to draw down part of their pension. This also has to be certified by the individual employer.
In the 2008 Section what protection is there if a reduction in whole-time pay occurs more than 10 years prior to retirement, ie there appears to be no voluntary stepdown other than the 10 Year (3 year average).	That is correct the voluntary pay protection is only available from the age of 55 which is 10 years away from the normal retirement age of that Section.

Question	Answer
<p>Do you think that NHS Pensions organisation is vulnerable to a challenge via the Pensions Ombudsman, given that the 60+ are penalised when transferring to the 2008 Section ie they receive a reduced transfer value, based on their age at 1.10.09 rather than the date of transfer.</p>	<p>NHS Pensions do not consider themselves to be vulnerable to such a challenge. The Review Partners made recommendation to Health Ministers regarding the conversion rates after taking advice from Government and Independent Actuaries. The actuarial analysis demonstrated that there were real risks that some Scheme members would gain unfairly at the expense of other Scheme members and that the risks are greater in respect of those over age 60 than under age 60. Consequently, the conversion rates for members aged 60 and over are less than year for year. NHS Pensions and the Review Partners are also content that this can be objectively justified under the Age Legislation.</p>
<p>When can a member step down?</p>	<p>For a member to step down in the 2008 Section they must be at least aged 55 and have stepped down into a less demanding role/ lower paid employment or reduced their working hours (at least 10%) for a period of at least 12 months in order to draw down part of their pension. This also has to be certified by the individual employer.</p>
<p>How will NHS Pensions get the last 10 years of pay history?</p>	<p>NHS Pensions will retain this information from the annual updates provided by employers.</p>
<p>If a 1995 Section member transfers to the 2008 Section can they take partial retirement (20%) and also a lump sum?</p>	<p>Yes, this is correct providing they have reached the minimum retirement age of 55 and they have, with the agreement of their employer reduced their work commitment/earnings by at least 10%, and have done so for at least 12 months.</p>

Question	Answer
What is the minimum age you can take partial retirement under the 2008 Section?	Age 55
Preservation of pensions 'at a higher rate of pay' in 1995 Section is downgraded through no fault of their own, is it still there? And can they still apply up to 3 months of pay going down?	Yes this provision still exists and yes in such circumstances the employer must certify such a reduction within three months of this occurring.
If an employee remains in the 1995 Section then leaves employment for a period of time, when they do return to NHS employment which Section will they have to rejoin?	This will depend on when they leave and when they return. If a member leaves the 1995 Section returns within 5 years of leaving they will be entitled to rejoin the 1995 Section.
Partial retirement – is this at an actuarially reduced rate?	If members retire early i.e. before normal retirement rate then this will be actuarially reduced but if it is after normal retirement age then there will be no reduction applied.
Will the Choice personal statement clarify impact of staying in 1995 Section and taking pension at 60 but working to 65 v moved to the 2008 Section and retiring at 65?	Yes
If a member stays in the 1995 Section can they still carry on working between 60 and 65 and decide at what time they wish to retire beyond 60? Or are they forced to take their pension at 60?	Members of the 1995 Section do not have to take their NHS retirement benefits at the age of 60. Where there is scope and where the regulations permit a member may contribute to the Scheme until the age of 75.

Question	Answer
What is the late retirement pension increase factor?	Late retirement factors only apply to members of the 2008 Section and where a member retires after the normal retirement age of 65. Details of the late retirement factors are shown in the Choice Guide, which will form part of the Choice Pack members will receive as part of the Choice Exercise.
Is there a compulsory maximum retirement age in the 1995 Section and 2008 Section?	Yes, this is age 75.
Will the modellers handle reduction to part time?	Yes this is possible using the Career Modeller Calculator.
Added Years – Will an employee of 62 years of age be able to by added years?	There is no longer a facility to buy added years but members may possibly purchase additional pension in both the 1995 and 2008 Sections.
Added Years – can a part-time worker buy additional years and is this facility available on both Sections of the Scheme?	The Added Years facility no longer exists in the 1995 Section nor does it in the 2008 Section. However, those members who are currently contributing to an Added Years contract may continue to do so providing they remain in the 1995 Section.
Who will be responsible for calculating the best average 3 years in 10?	NHS Pensions will gather and calculate this figure using information employers provide as part of their annual updates.

Question	Answer
At what age will the lump sum be paid if changing from the 1995 to the 2008 Section?	Members transferring from the 1995 Section to the 2008 section will receive their lump sum at the same time they receive their pension from the 2008 Section.
In the 1995 Section there is a facility to voluntarily preserve pay – does the employer have a right to say no?	No, only if the conditions are not met.
Will a member who wants to take their pension at pension age and carry on working have to take a 24 hour break or can the pension be taken without stopping work?	A 24 hour break is required.
What is the difference in accrual rate between the 1995 Section and 2008 Section?	The accrual rate in the 1995 Section is 80ths and in the 2008 Section it is 60ths. Therefore for every full year of Scheme membership in the 1995 Section a member would expect to receive 1/80 th of the pensionable pay used in the calculation of their pension benefits in the form of a pension and 3/80ths of that pay in the form of a lump sum. In the 2008 Section a member would expect to receive 1/60 th of the reckonable pay used in the calculation of their pension benefits for each full year of membership. There would be no automatic lump sum payable from the 2008 Section for all new members of the Scheme from 1 April 2008.
What salary will be used to calculate the compulsory lump sum in the 2008 Section if you have transferred from the 1995 Section?	This will be the reckonable pay used in the calculation of the 2008 Section benefits.

Question	Answer
<p>Current NHS pensioners receive an inflation increase each year on their pension. However, if deflation occurs will NHS Pension benefits be reduced?</p>	<p>In such circumstances we do not anticipate pensions will go down, they may remain the same however.</p>
<p>In the 1995 Section can a member continue to work until age 65 if they have 40 years service at 60?</p>	<p>Members of the 1995 Section can potentially accrue up to 45 years membership up to the age of 65.</p>
<p>If a member in the 1995 Section retires at age 61 or 62 do they get the extra years as increased pension ie added to their total years and divided by 80ths to establish their pensionable pay to their final salary.</p>	<p>Providing a member has scope to accrue further membership of the Scheme and contributions have been paid in respect of that membership then yes, this will count towards the pension benefits paid from the 1995 Section.</p>
<p>Does the average best 3 consecutive years apply to reduction in working hours?</p>	<p>When considering pay it is the Notional Whole Time pay that is used i.e. the pay a member would have received had they been employer whole time.</p>
<p>In the 1995 Section - How long is the pay protection in place for, and will it supercede local long term pay protection on basic salary?</p>	<p>Once pay is protected it is protected until retirement however, at retirement we work out the most beneficial pension so if the pay protection is no longer relevant we will not use it.</p>
<p>Members who transfer from the 1995 Section to the 2008 Section have to take a lump sum. This will reduce pension, will it be less than what they would get under the 1995 Section?</p>	<p>Depending on when the member retires benefits may be more beneficial in the 1995 Section.</p>

Question	Answer
<p>Is it correct that if someone applies for a Choice transfer statement and leaves the employment before the statement is given they lose the right to have a Choice and must take their pension on 1995 Section?</p>	<p>This will depend upon the circumstances and the reasons for leaving. If a member is planning their retirement in advance of Choice arriving in their area they will be given the opportunity of receiving a choice Statement in advance of their retirement. In circumstances where a member is being forced to leave the Scheme as part of a TUPE, again the member should be given the opportunity of receiving a Choice Statement before they leave. However a person simply leaving the Scheme will not be eligible to Choice, unless their date of leaving is after 1 April 2008 and they subsequently return to Scheme membership within 5 years of leaving, in which case they will be offered Choice on their return.</p>
<p>Can an employee stay in the 1995 Section and still accrue pension benefits to age 65, assuming they do not exceed the maximum membership?</p>	<p>Yes, that is correct.</p>
<p>Should the contribution rate for those members purchasing Added Years have changed in light of the new tiered contribution rates?</p>	<p>No, the contribution rate in respect of the Added Years being purchased should remain the same as before.</p>

Question	Answer
<p>Who can voluntary protect their pay in the 1995 Section?</p>	<p>Members can apply for voluntary pay protection on one occasion only and the application must be made in writing to the Secretary of State within 15 months of the member's pensionable pay being reduced.</p> <p>The member must also have at least two years qualifying service and have reached their normal minimum pension age (for those members of the 1995 Section who started for the first time on or after 6 April 2006 or who returned on or after that date with a previous leaving date of on or before 1 April 2000 their normal minimum pension age will change from 6 April 2010 to age 55).</p> <p>The member's employer must also certify that:</p> <ul style="list-style-type: none"> • the member's pensionable pay has reduced by at least 10 per cent for a period of at least one year; • for a period of at least 12 months ending immediately before the reduction, the member's pensionable pay had not been subject to any other reduction, and • the reduction to the member's pensionable pay is the result of a change to their duties so that the new, or remaining duties are less demanding and carry less responsibility than the member's previous duties. <p>Further information about voluntary protected pay can be found in the NHS Pension Choice Guide and on the Employer's area of the NHS Pensions website.</p>

Question	Answer
<p>What will happen if someone has agreed to buy additional pension by regular contribution under the 1995 Section and subsequently transfers across to the 2008 Section as part of the Choice Exercise?</p>	<p>If you have already purchased an additional pension in the 1995 Section, this will be transferred to the 2008 Section and will be adjusted to take account that it is being paid later than expected. If you are still in the process of buying some additional pension, as the normal retirement age in the 1995 Section is age 60 and 65 in the 2008, there may also have to be some adjustment to the amount of pension being purchased. Please see the Added Years factsheet for further information.</p>
<p>Can someone retire from the 2008 Section between 60 and 65 but not take their pension until they reach age 65.</p>	<p>Yes a member who leaves the 2008 Section before reaching their age 65, with sufficient membership to preserve their benefits in the Scheme, can if they wish then claim those benefits at age 65 should they wish. They could claim their pension before age 65 but they would need to have attained the minimum retirement age of 55 and those benefits would be reduced to take account of the early payment.</p>
<p>If a member transfers to the 2008 Section as part of the Choice Exercise are the years before 31 March 2008 reckoned at 80ths or 60ths.</p>	<p>When a member transfers to the 2008 Section the years before 31 March 2008 are reckoned as 60ths.</p>
<p>If a member remains in the 1995 Section then leaves and has a break of more than 5 years then returns to the NHS will they go into the 2008 Section and therefore possibly receive two pensions?</p>	<p>Yes this is correct someone in this particular situation would receive two pensions one from the 1995 Section and one from the 2008 Section. They would have the option of transferring to the 2008 Section on their return but not on Choice terms. There is an exception to this. Where a member returns to the 1995 Section having had a break of over 5 years, but this would only occur where a member was TUPE transferred out of the 1995 Section and TUPE'd back in to the NHS from the same or similar Scheme. Full details are available on our website.</p>

Question	Answer
Members with added Years contract who transfer to the 2008 Section, what will they receive?	Such members will receive a proportionate credit up to the point of their decision. They will not be able to continue buying Added Years in the 2008 section.
If I return to NHS employment after taking my pension would my NHS pension be affected?	Yes, in certain circumstances an NHS pension can be affected. However, it would only be in cases where the person has received an enhancement to their NHS pension because of ill health or redundancy.
Members, such as Mental health Officers who attain maximum membership before age 65 and who have to stop contributing to the scheme, are they still covered for death in service benefits?	Yes as long as they remain in NHS employment, although the benefits payable would be based upon earnings up to the point at which the person had to stop contributing to the Scheme.
If a member moves to the 2008 Section and the employer (rather than the member) decides to terminate their employment before the age of 65, would an actuarial adjustment be made to the benefits should they take them?	If the member has reached the age of 55 and the member is made redundant then the member would be entitled to retirement benefits and they would not be subject to adjustment.
If a member voluntary protects their pay in the 1995 Section will their future contributions be based on the reduced pensionable earnings?	Yes
Are survivor pensions only paid to those who are contributing to the Scheme immediately prior to death?	No, survivor pensions can also be paid in respect of members who leave and defer their membership.

Question	Answer
Can members reduce their contributions if they are not going to leave a survivor pension?	No, contributions cannot be reduced to take account of this.
Do Employers have to offer flexible retirement?	This is not really a question for NHS Pensions. However, it is important for all NHS employers to understand the NHS Pension Scheme allows for flexible retirement options.
When is the mandatory lump sum paid from the 2008 Section?	This is paid at retirement.
If someone has capped and uncapped membership will the Choice reflect this?	Yes