



## Impact of the Independent Public Service Pension Commission's [the Commission] review on the NHS Pension Choice Exercise – Frequently Asked Questions

### Q 1. What are the Commission's main recommendations?

A. The main recommendations are:

- public services, including the NHS, should introduce new pension arrangements for staff before the end of this Parliament in 2015.
- the pension benefits members build up before new arrangements are introduced should be retained, and calculated using final pay at retirement
- the 'normal pension age' in new arrangements should be the same age at which a member will be entitled to claim their State Pension. This would currently be age 65, for the oldest members, rising in steps to age 68 for the youngest members
- the new arrangements would be on a Career Average Revalued Earnings (CARE) basis, with benefits based on a proportion of pensionable earnings during your career, up rated in line with average earnings.

For further information read factsheet:

[How might changes in the NHS Pension Scheme affect my NHS Pension Choice Factsheet?](#)

- For Officers only.

[How might changes in the NHS Pension Scheme affect my NHS Pension Choice Factsheet?](#)

- For Practitioners, including GP's, Ophthalmic and Dental Practitioners and members with previous Practitioner membership

### Q 2. When will any changes be implemented to the NHS Pension Scheme and what process will be followed?

A. The Commission's view is that it should be possible to introduce the new schemes before the end of this Parliament. It recommended that the consultation process itself to determine what changes are made should be centrally co-ordinated to set the cost ceilings and timetables for consultation and overall implementation. This is now taking place via the Trades Union Congress ("TUC") and Government ministers. The Commission also recommends that the consultation on details should be conducted scheme by scheme involving employees and their representatives. In the NHS this will take place via the NHS Pension Scheme Governance Group.

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**Q 3. I have chosen to remain in the 1995 Section, how might I be affected by the recommendations?**

**A.** If the Commission's recommendations are implemented the 1995 Section of the NHS Pension Scheme would be replaced for future employment with a Career Average Revalued Earnings (CARE) arrangement common to all Scheme members.

This would mean that your 1995 Section benefits would remain payable unreduced from age 60, however to draw these you would still need to retire. Your benefits from the CARE arrangement would have to be drawn at the same time, and would be reduced if retirement was below normal pension age, which is the age at which you are entitled to draw your State Pension. This is currently age 65 for the oldest members, and rising in steps to age 68 for the youngest members. Upon retirement you must draw all your benefits, with your pension being uprated/reduced depending on your age at retirement and the age at which each part of your pension can be taken without reduction (i.e. normal pensionable age).

For further information read the factsheet: [How might changes in the NHS Pension Scheme affect the NHS Pensions choice I have made Factsheet?](#) - For all members of the Scheme who have already made their choice

**Q 4. I have chosen to move to the 2008 Section, how might I be impacted by the recommendations?**

**A.** If the Commission's recommendations are implemented, the 2008 Section of the NHS Pension Scheme would be replaced for future employment with a Career Average Revalued Earnings (CARE) arrangement common to all Scheme members.

This would mean that your benefits in the 2008 Section would still be subject to a normal retirement age of 65 and you would retain current flexibilities in respect of them. However, your benefits from the CARE arrangements would be reduced if drawn before normal pension age, which is State Pension Age. Upon retirement, you must draw all of your benefits, with your pension being uprated/reduced depending on your age at retirement and the age at which each part of your pension can be taken without reduction (i.e. normal pensionable age).

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**Q 5. I am a member of the special classes [including mental health officer (MHO)] in the 1995 Section will I be able to retain special class status until I retire?**

**A.** The Commission makes no specific recommendation regarding the special classes. However it recommends that the key design features in its report should apply to all public service pension schemes. The only exception the Commission recommends is in the case of the uniformed services (armed forces, police and fire service). If the Commission's recommendations are implemented, special class status and MHO status in the 1995 Section of the NHS Pension Scheme would be retained up to the date any new arrangement was introduced. This would include the right to retire at age 55 and to have any increase in benefits available to take account of MHO service provided existing conditions are satisfied at retirement. This would include any 'doubled years' applicable up to that date.

To draw your benefits at or after age 55 you would still need to retire and draw all your Scheme benefits. If the Commission's recommendations are accepted, there would not be any provision for special class rights or MHO status in the new arrangements. While you could draw your CARE arrangement benefits early they would be reduced if drawn before normal pension age, which would be State Pension Age.

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**Q 6. Will I be able to draw all my benefits when I retire from the 1995 Section?**

**A.** The terms for drawing your 1995 Section benefits are not expected to change. This would mean that if your benefits are in the 1995 Section, then you will not be allowed to draw down your benefits without also drawing your pension from the new arrangement. Any pension earned in the new arrangement would be reduced if drawn earlier than your State Pension Age.

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**Q 7. Will I be able to draw all my benefits when I retire from the 2008 Section?**

**A.** The terms for drawing your 2008 Section benefits are not expected to change. Any pension earned in the new arrangement would be reduced if drawn earlier than your State Pension Age.

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**Q 8. Is the choice I have made still valid?**

**A.** Your Choice statement estimated the benefits you would build up by retirement, at ages 60 and 65, both if you remained in the 1995 section of the Scheme or switched to the 2008 section. If the Government accepts the Commission's recommendations, the 1995 and 2008 benefits would not continue to build up after the introduction of any new arrangement.

This means the figures in your Choice statement no longer indicate the level of benefits you could expect at retirement, but comparing the two sets of figures will still give you an indication of the relative value of your benefits from the 1995 and 2008 sections up to the date of any new arrangement.

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**Q 9. I am a practitioner. How do the Commission's recommendations affect me?**

**A.** These recommendations, if implemented, would replace the 1995 and 2008 Sections of the NHS Pension Scheme for future employment, with a CARE benefit arrangement common to all Scheme members, including practitioners.

Existing 1995 and 2008 practitioner CARE benefits have each year's earnings revalued in line with price inflation plus 1.5% per annum. 'Practitioner flexibilities' rules are also used to calculate the best of practitioner and any final salary benefits. These arrangements would be retained up to the date any new arrangement is introduced. The CARE benefit for future employment will not necessarily be the same as the current CARE benefit for practitioners.

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**Q 10. Will the terms for drawing my pension benefits change?**

**A.** The terms for drawing your 1995 or 2008 Section benefits are not expected to change. This could mean that if your benefits are in the 1995 Section, then you will not be allowed to draw your benefits without also drawing your pension from the new arrangement. If your benefits are in the 2008 Section you may be able to draw down some of your pension early. Any pension earned in the new arrangement would be reduced if drawn earlier than your State Pension Age.

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**Q 11. I am approaching my 60th birthday at which point I intend to retire. If new arrangements are brought in before I reach 60 will I be able to remain in the current arrangement because I am so close to retirement?**

**A.** No, if the Commission's recommendations are implemented the 1995 Section of the NHS Pension Scheme would be replaced for your final year(s) of employment with a Career Average Revalued Earnings (CARE) arrangement common to all Scheme members. Please also see the answer provided to Q.3.

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**Q 12. I have made my Choice recently and decided to stay in the 1995 Section. Having now read the Commission's report I can foresee myself having to work to at least 65. Can I change my mind and move to the 2008 Section?**

**A.** If you have already made your NHS Pensions Choice, your choice will apply to the benefits you build up until the date any new arrangements are introduced. However, if scheme changes are made which substantially alter the terms of the NHS Pension Scheme, the Choice exercise that members have undertaken and its outcome will be reviewed.

The information you received in the 'Choice pack' still provides a basis for your decision but now requires some re-interpretation.

In your Choice Statement "Which NHS Pension Path will you take?" there is a page entitled "Important Issues you should consider". On that page we have said that the two most important things to think about when making a choice are:

- the age at which you are going to retire, and
- whether you are likely to leave the NHS Pension Scheme before retirement

These considerations retain their importance and members yet to make their Choice are still being advised to consider carefully all the information provided on that page.

For further information read the factsheet: [How might changes in the NHS Pension Scheme affect the NHS Pensions choice I have made Factsheet?](#) - For all members of the Scheme who have already made their choice

**Q 13. I've just received my NHS Pension Choice pack. Can I wait to make my decision until the Government has made a formal announcement about the Commission's recommendations?**

**A.** No, Scheme members will not be able to defer making their Choice. It is not possible for the decision date to be extended in this type of situation.

The information you have received in the 'Choice pack' still provides a basis for your decision but now requires some re-interpretation.

In your Choice Statement "Which NHS Pension Path will you take?" there is a page entitled "Important Issues you should consider". On that page we have said that the two most important things to think about when making a choice are:

- the age at which you are going to retire, and
- whether you are likely to leave the NHS Pension Scheme before retirement

These considerations retain their importance and members yet to make their Choice are advised to consider carefully all the information provided on that page.

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**Q 14. Why has the online Career Calculator been removed?**

**A.** The Career calculator is intended as a tool to help members to come to a decision during the Choice exercise. It demonstrates the different benefits of the two sections, including the added flexibility of the 2008 Section – in particular the ability to draw down benefits and continue working.

It is not yet clear whether any new arrangements introduced will incorporate similar flexibilities. In the absence of information about the new arrangements, it was felt that the career modeller might be misleading to members in suggesting that members who switch to the 2008 Section would have greater flexibility over the whole of their future benefits than those who do not.

A new Career calculator will be re-introduced once further information on any new arrangement is available.