

NHS Pensions - Lifetime Allowance: Loss of Enhanced Protection and Fixed Protection 2012 and 2014 because of the 2015 NHS Pension Scheme.

Members joining or moving to the 2015 NHS Pension Scheme

The 2015 NHS Pension Scheme has been registered as a new occupational pension scheme with HMRC.

Because it is a new scheme, rather than a new section of an existing scheme, HMRC have confirmed that Enhanced Protection, Fixed Protection 2012 and Fixed Protection 2014 will be lost when a member joins or moves to the 2015 Scheme and starts paying pension contributions.

Enhanced Protection, Fixed Protection 2012 and Fixed Protection 2014 are lost once a member begins contributing to a new pension arrangement. Joining or moving to the 2015 Scheme is considered a new arrangement once contributions begin to be deducted.

Active members of the 1995/2008 NHS Pension Scheme who do not have Full or Tapered Protection will be moved over to the new 2015 Scheme on 1 April 2015, at which point Enhanced Protection, Fixed Protection 2012 and Fixed Protection 2014 will be lost.

Opting out – automatic move to the 2015 Scheme

If you want to safeguard against the loss of any of these protections you may be thinking about a possible opt out of the 2015 Scheme. However the timing of the opting out is very important.

If you move from the 1995/2008 Scheme into the 2015 Scheme and immediately opt out of the 2015 Scheme you will be required to pay pension contributions for April 2015. This payment would result in a pension contribution being paid to a new pension arrangement and the loss of Enhanced Protection, Fixed Protection 2012 and Fixed Protection 2014.

This means that if you are an active member of the 1995/2008 Scheme you must opt out no later than your final month in that Scheme. To ensure that a new arrangement does not occur you should consider an opt out from the 1995/2008 Scheme no later than the end of March 2015.

This means you will cease paying contributions on the 31 March 2015 and will not join the 2015 Scheme.

Opting out – new joiner to the 2015 Scheme

If you join the 2015 Scheme for the first time after 1 April 2015, or have had a break in NHS membership of more than five years, and have Enhanced Protection, Fixed Protection 2012 and Fixed Protection 2014 while in a previous pension arrangement and opt out within the first pay period then you will be classed as never joining the 2015 Scheme.

As a result you will not have a new pension arrangement and not have lost any of these protections.

Before applying to opt out

Before applying to opt out of the NHS Pension Scheme you should first read the Leaving Early and Transferring Out guide, the 1995/2008 Member Guide and the 2015 Member Guide.

The Opt Out Calculator will illustrate the impact of your take home pay and contains some standard information outlining the benefits you would lose if you decide to opt out.

If you have decided to opt out and are not aware of the benefits you will be giving up on leaving the Scheme, you can read more information on our website.

To opt out of the NHS Pension Scheme you must complete the application form to leave the NHS Pension Scheme (SD502).

The form must be fully completed by you and your NHS employer.

A request to opt out that is made by any other means for example by letter, email or made verbally cannot be accepted.

Auto-enrolment

Cyclical automatic re-enrolment occurs approximately every three years. If you are automatically enrolled into the 2015 Scheme as a result of auto-enrolment then you have one month to opt out again to avoid losing Enhanced Protection, Fixed Protection 2012 and Fixed Protection 2014.

Loss of protection

Loss of Enhanced Protection and Fixed Protection 2012 and 2014 because of the 2015 Scheme
(04.2017) V3

If you lose Enhanced Protection, Fixed Protection 2012 or Fixed Protection 2014 then you are required to notify HMRC within 90 days of the loss taking place. Failure to do so may result in a penalty of up to £300. Following the issuing of an initial penalty there is an automatic daily penalty of up to £60.

Primary Protection and Individual Protection 2014

Moving or joining the 2015 Scheme has no effect on your Primary Protection or Individual Protection 2014. If you lose Enhanced Protection, Fixed Protection 2012 or Fixed Protection 2014 and have one of the other types of protection lying dormant it will be activated by HMRC once you have reported the loss to them.