

NHS Pensions - Fixed Protection 2016

The government reduced the lifetime allowance to £1 million from 6 April 2016.

They put in place new protections for those potentially affected by the reduction.

Once you have Fixed Protection 2016 (and it remains valid) we fix your lifetime allowance at £1.25 million.

Members with Fixed Protection 2016 may be able to take a tax free lump sum of up to £312,500.

This will be lower if the member already has benefits in payment.

You lose fixed protection if you move to the 2015 scheme from older schemes with tapered protection. Read the factsheet about this.

Applying for Fixed Protection 2016

You can apply, whether your benefits exceed £1 million or not, as long as you do not already have:

- Enhanced Protection
- Primary Protection
- Fixed Protection 2012
- Fixed Protection 2014

HMRC have indicated there will not be a deadline for Fixed Protection 2016.

You can apply for Fixed Protection 2016 via an [HMRC online self service tool](#).

You will need an account for HMRC online services. You can set one up when you start your application.

For the 2016 protections, HMRC will not be issuing a paper protection certificate. Instead, they will provide a protection reference number. You will need this when you come to retire.

HMRC is exploring ways in which pension scheme administrators can check protection status.

Information HMRC need to process the application is like the previous declarations for:

- Fixed Protection 2012
- Fixed Protection 2014
- Individual Protection 2014

Fixed Protection 2016 has precedence over Individual Protection if you apply for both.

Loss of Fixed Protection 2016

For Fixed Protection 2016 to remain valid there can be no benefit accrual after 5 April 2016. You lose Fixed Protection 2016 on the day benefit accrual occurs.

Benefit accrual includes:

- contributions paid to a defined contribution scheme, including NHS Money Purchase AVC Scheme
- pension growth in NHS pension benefits that exceed a relevant percentage

To avoid losing Fixed Protection 2016, some members opted out of the scheme before 6 April 2016.

One of the conditions for retaining it is you do not trigger benefit accrual on or after 6 April 2016.

It's where future accrual in any NHS scheme exceeds the value of benefits at 5 April 2016. It's indexed in line with inflation in the 12 months before September 2015.

This value was negative (-0.1% for the year to September 2015). If you are building up benefits from 6 April 2016, you will more than likely incur benefit accrual immediately.

An election to opt out of the NHS Pension Scheme takes effect from the first of the month after the month it's given.

The deadline for opting out was March 2016 to ensure this would have an effective date of 1 April 2016.

You must consider very carefully any decision to opt out. Take into consideration the valuable pension and attached risk benefits we provide.