

NHS Pensions - Individual 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. If:

- you hold enhanced protection or fixed protection
- your pension benefits value did not qualify you for:
 - primary protection
 - Individual Protection 2014

you need to consider if you now have enough pension benefits for Individual Protection 2016.

It will remain dormant while the existing protection remains valid.

Requesting an Individual Protection 2016 valuation

If you are applying for Individual Protection 2016, you will need to:

- know the value of your NHS pension benefits as at 5 April 2016
- apply for an Individual Protection 2016 valuation

You will also need to know the value of any other pension arrangements.

You can request an Individual Protection 2016 valuation by completing a form. Which form you should complete will depend on whether you were a GP or not on 5 April 2016.

A charge is payable for a valuation request. We provide details of the charge and how to pay on the forms.

Type 1 and 2 Medical Practitioner and non-GP Provider members

NHS Pensions will only provide Individual Protection 2016 valuations when we have confirmed:

- pensionable earnings
- revaluation information

up to 5 April 2016. These will not be final until May 2018.

For members who intend to retire before May 2018, we will provide a provisional valuation. We base this on information provided on form AW295 IP2016 (GP).

You must then request a final IP2016 valuation after May 2018, again using form AW295 IP2016 (GP). We expect to process the bulk of these requests after May 2018.

Dental Practitioner members

NHS Pensions will only provide Individual Protection 2016 valuations when we have confirmed:

- dental pensionable earnings
- revaluation information

up to 5 April 2016. These will not be final until May 2017.

For members who intend to retire before May 2017, we will provide a provisional valuation. We base this on information provided on form AW295 IP2016 (GP).

You must then request a final valuation after May 2017, again using form AW295 IP2016 (GP). We expect to process the bulk of these requests after May 2017.

Hospital, practice and approved employer staff members

If the member record is up to date to year end 31 March 2016, we will need pay and hours (if part time) for 1 April to 5 April 2016.

We need employers to provide pay and membership details up to 5 April 2016 when requested to do so.

Use the forms AW295 IP2016 (Officer) or Cash Equivalent Transfer Value (CETV) FA11a form.

Without this information, NHS Pensions will be unable to calculate a valuation.

Applying for Individual Protection 2016

You can apply to HMRC for Individual Protection 2016 as long as:

- you do not have primary protection (active or dormant)
- capital value of your pension benefits, from all your pensions schemes, is equal to or more than £1 million as at 5 April 2016

HMRC has not indicated an application deadline for obtaining Individual Protection 2016.

You can apply for Individual Protection 2016 via an [HMRC online self service tool](#). You will need the following:

- an account for HMRC online services - you can set one up when you start your application
- to know what your pension(s) were worth on 5 April 2016 and a breakdown of the amount

For the 2016 protections, HMRC will not be issuing a paper protection certificate. They will provide a protection reference number and electronic confirmation.

You will need these when you come to retire.

HMRC is also exploring ways in which pensions administrators can check protection status.

Information needed by HMRC to process applications will be like 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 Individual Protection 2016

You will have an individual lifetime allowance:

- equal to the capital value of your benefits at 5 April 2016
- subject to a maximum cap of £1.25 million

Pension benefits are up to this amount. As a result, you may be able to take a tax-free lump sum of up to 25% of your lifetime allowance.

This will be lower if you already have pension benefits in payment.

A lifetime allowance charge is due on benefits exceeding your lifetime allowance amount.

Individual Protection will remain dormant if you have one of the following:

- Enhanced Protection
- Fixed Protection 2012
- Fixed Protection 2014
- Fixed Protection 2016