

NHS Pensions – Additional information about the NHS Money Purchase AVC Scheme

Eligibility to contribute to the NHS MPAVC Scheme

Members who are paying contributions to the main NHS Pension Scheme can choose to also contribute to the NHS MPAVC Scheme.

Contributions to the MPAVC Scheme must cease when contributions to the main NHS Pension Scheme stop. This could happen when a member leaves pensionable NHS employment, opts-out of the main scheme or retires.

Cost of a NHS MPAVC and collection of the contributions

There is no set cost. Members choose how much they would like to contribute and can usually change or stop their payments. Contributions are deducted through payroll and sent direct to the MPAVC provider. Lump sum contributions can also be made at any time.

Tax relief on the contributions

HM Revenue and Customs (HMRC) will allow tax relief on pension contributions up to 100% of relevant UK earnings for the tax year. The available relief takes account of contributions paid to the main NHS Pension Scheme and any other pension arrangement that the member is contributing to.

Investment of the contributions

NHS MPAVC providers offer a range of different investment funds. Contributions can be made to one or more of the available funds and can also be switched between funds. The NHS Pension Scheme **cannot** guarantee the value of the fund or the pension it will produce.

Charges applied by NHS MPAVC providers

There are no commission charges. Depending on the investment funds selected, the provider may apply a fund management charge or a deduction for their costs. Details for each fund are available from the provider.

Annual statement showing the value of the NHS MPAVC fund

The NHS MPAVC provider will send an annual statement showing the value of the fund and how much pension it might buy. The provider will answer any questions about the investments.

Using the MPAVC investments to increase benefits from the main NHS Pension Scheme

The main NHS Pension Scheme and the NHS MPAVC Scheme are separate registered pension schemes. The MPAVC fund does not increase the benefits paid from the main NHS Pension Scheme and cannot be used to buy added years or Additional Pension in the main scheme.

Benefits paid from the NHS MPAVC Scheme

There is a choice of benefit options including:

- Up to 25% of the MPAVC fund value can be taken as a tax-free lump sum and the rest may be used to buy an extra pension;
- All the MPAVC fund may be used to buy an extra pension, or
- Benefits may be flexibly accessed.

More information about accessing NHS MPAVC benefits is available on the providers websites. The contact details of each provider, including a link to their dedicated NHS website can be found on our website.

A lump sum taken from the MPAVC fund is in addition to any lump sum paid from the main NHS Pension Scheme.

Taking benefits from the MPAVC Scheme

Benefits are usually taken at the same time as the main scheme benefits but can be taken earlier or deferred for payment at a later date. To be taken earlier the member must have reached their minimum pension age. If the MPAVC benefits are deferred, they **must** be taken before reaching age 75.

Taking the maximum tax-free lump sum from the NHS MPAVC Scheme

The maximum tax-free cash from the MPAVC is 25% of the proceeds of the investment made in the NHS MPAVC Scheme. More than 25% can be taken as cash but Income Tax is payable on the excess.

It is not possible to combine the value of the MPAVC fund with the value of the main NHS Pension to increase the amount of tax-free lump sum to be taken from the MPAVC Scheme.

Transferring NHS MPAVC investments

NHS MPAVC investments can be transferred to any other registered pension scheme that a member is participating in but cannot be transferred into the main NHS Pension Scheme. The request to transfer the MPAVC investments must be received before the member reaches age 75.

Obtaining further information and applying to contribute to the NHS MPAVC Scheme

Further information about the NHS MPAVC Scheme is available from the providers directly. The contact details of each provider, including a link to their dedicated NHS website, are available on our website.