

NHS Pensions - 2008 Section Optants

Members who have elected to move from the 1995 Section to the 2008 Section during the Choice exercise (Scheme Optants).

If a member has elected to move to the 2008 Section their membership, up to 31 March 2008, will transfer from the 1995 section to the 2008 Section. The amount of membership they will get as a result of this transfer is dependent on their age on 1 October 2009. Any membership from 1 April 2008 will automatically become membership in the 2008 Section.

If a member is aged 60 or over on 1 October 2009 they will **not** get a 'day for day' credit for their membership up to 31 March 2008. The actual amount of membership transferred is converted depending on their age in years and complete months at 01 October 2009 and is worked out using the factors on the table in Annex A.

Final pensionable pay is calculated differently for members in the 2008 Section of the NHS Pension Scheme and is known as reckonable pay. Reckonable pay is the average of the best three consecutive years pensionable pay in the last ten.

The 10 year referencing period for the calculation of reckonable pay, which is used to calculate pension benefits in the 2008 Section, cannot start prior to 1 April 2008. Therefore the first full 10 year referencing period will not be achieved until 31 March 2018. This also applies to members who transfer to the 2008 Section as part of the NHS Pension Choice Exercise.

Although the 2008 Section does not have provision for an automatic lump sum to be payable at retirement, if a member elects to move from the 1995 Section to the 2008 Section (under the Choice Program) there is a mandatory lump sum payable, calculated on service up to 31 March 2008, which is based on a 1/80th accrual rate. The pension will be based on a 1/60th accrual rate.

The member will have the option to commute some of their pension to receive a bigger lump sum up to the maximum allowed.

If the member is aged 65 and 1 month or more at the date of retirement, the pension amount calculated for membership up to age 65 is increased by the factors on Table LRF 2.

Example of Age retirement

Date of Birth = 01/11/1948

Age @ 01/10/2009 = 60 years 11 months

Age @ payable date = 65 years 00 months

Service:-
01/09/1997 – 01/06/2002 WT = 4 yrs 274 days
05/06/2002 – 31/03/2008 WT = 5 yrs 300 days
Total @ 31.03.2008 10 yrs 209 days (3859 days)
01/04/2008 – 31/10/2013 WT = 5 yrs 214 days (2039 days)
Total Service 16yrs 058days

Reckonable Pay:

Based on pay from 01/04/2008 to 31/10/2013 = £18,114.30

Please see the reckonable pay factsheet for information on how to calculate reckonable pay.

Mandatory Lump Sum Calculation

As the member is over age 60 at 1 October 2009 the service accrued up to 31 March 2008 is subject to a conversion factor based on the members age at 1 October 2009, which is taken from Annex A.

10yrs 209days (3859 days) x 0.98000 = 3781.82 days (rounded up) = 3782 days

$\frac{£18,114.30 \times 3782}{29200 (80 \times 365)} \times 3 = £7038.52$ (Lump Sum)

$£7038.52 / 12 = £586.54$ (round down to the nearest whole pound)

$£586.00^* \times 12 = \mathbf{£7032.00}$ **Mandatory Lump Sum**

* Pension to be commuted for mandatory lump sum

Pension Calculation

Service up to 31/03/2008 adjusted with conversion factor = 3782 days

01/04/2008 – 31/10/2013 = 2039 days

Total Service = 5821 days

$\frac{£18,114.30 \times 5821}{21900 (60 \times 365)} = £4814.76$ (Pension)

Deduct pension to be commuted for mandatory lump sum

$\pounds 4814.76 - \pounds 586.00^* = \pounds 4228.76$ **Pension**

* Pension to be commuted for mandatory lump sum

Survivors Pension

$\pounds 4814.76 \times 37.5\% = \pounds 1805.54$ **Survivor Pension**

Summary of amounts payable:

Pension: $\pounds 4228.76$

Lump Sum: $\pounds 7032.00$

Survivors Pension: $\pounds 1805.54$