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NHS Pensions Maximum Pensionable Membership and Age Restrictions guide

Employer guide

Contents

Part A 3
A breakdown of the maximum pensionable membership and age restrictions within the NHS Pension Scheme.

Part B 6
Reminders

Part C 7
Guidance on completion of forms for members with maximum pensionable membership and age restrictions within the NHS Pension Scheme.

Part A

A breakdown of the maximum pensionable membership and age restrictions within the NHS Pension Scheme.

General information

Members who remain in NHS employment but cease to contribute because they have attained 45 years pensionable membership have death benefits calculated in the same way as for active members i.e. they are entitled to death in service benefits. Please note that this does not apply to members who opt out on attaining 45 years membership.

Please see Part B for important information regarding the impact of opting out and details about retiring on attaining maximum membership.

Maximum pensionable membership and Age Restrictions - 1995 Section

1. This information applies when all membership is prior to 1 April 2008.

Mental Health Officer [MHO] and Special Class [SC] member

Members were restricted to 40 years pensionable membership at age 55 and 45 years overall.

When the maximum 45 years pensionable membership was reached before age 60 members continued to pay contributions until age 60 unless they opted out of the Scheme or retired and claimed their pension benefits.

Where maximum 45 years pensionable membership was reached after age 60 but before age 65 a member had to cease paying contributions when 45 years membership was achieved.

Members had to cease to pay contributions at age 65 regardless of the amount of pensionable membership they had achieved.

Non MHO/SC member

Members were restricted to 40 years pensionable membership at age 60 and 45 years overall.

When 40 years pensionable membership was reached earlier than 60 contributions continued until age 60 unless the member opted out of the scheme.

If a member continued in pensionable employment without opting out of the scheme or retiring contributions continued until 45 years' pensionable membership was reached and the member reached age 65.

Where a member did not reach the 40 years pensionable membership limit until after age 60, unless the member opted out, contributions were paid until 45 years pensionable membership was completed or the member reached age 70 whichever was earlier.

2. This information applies when membership spans 1 April 2008 (i.e. Membership before 1 April 2008 and membership either on or after 1 April 2008).

MHO/SC member

There has been no change to the membership limits applicable to MHO and SC members.

Members are restricted to 40 years pensionable membership at age 55 and 45 years overall.

Where maximum 45 years pensionable membership is reached before age 60 members must continue to pay contributions until age 60 unless they opt out of the Scheme or retire and claim their pension benefits.

Where maximum 45 years pensionable membership is reached after age 60 but before age 65 a member must cease paying contributions when 45 years membership is achieved.

Members must cease to pay contributions at age 65 regardless of the amount of pensionable membership they have achieved.

Non MHO/SC member

Membership must be restricted to 40 years pensionable membership at age 60 or 40 years pensionable membership at 1 April 2008 - whichever occurs first and 45 years overall.

When 40 years pensionable membership was reached earlier than age 60/1 April 2008 contributions continued until age 60/1 April 2008 unless a member opts out of the scheme. If a member then continues in pensionable employment without opting out of the scheme or retiring contributions are payable until the member completes 45 years pensionable membership.

Where a member did not reach the 40 years limit above, unless the member opts out or retires, contributions must be paid until 45 years pensionable membership is reached or the member reaches age 75 whichever is earlier.

All 1995 section members

Unless a member has attained the age of 75 (70 if the member was 70 prior to 1 April 2008) a member must retire by taking at least a 24 hour break in NHS employment to claim their pension benefits. The working after retirement factsheet provides more information on the pension effects of returning to work in the NHS after retiring.

Maximum pensionable membership and Age Restrictions – 2008 Section

1. General information

Members can accrue 45 years pensionable membership in total. If a member achieves 45 years pensionable membership and continues in NHS employment they can, if they wish, continue to pay contributions into the Scheme. To be eligible for this provision they must apply in writing giving notice of an intention to remain in pensionable employment beyond 45 years. NHS Pensions on behalf of the Secretary of State and the member's employing authority should receive that notice not earlier than 3 months before the member reaches the 45 year limit and by the end of the pay period during which the member reaches this limit. NHS Pensions will, exceptionally, consider late applications if there are extenuating circumstances.

Contributions can then be paid until the member reaches age 75, opts out or claims their pension.

For members who elect to contribute to the scheme after they have attained 45 years pensionable membership, any benefits payable will be assessed taking into account the reckonable pay up to the date they cease contributing to the scheme/retire. Pension benefits will be calculated using the most beneficial 45 years.

Members who cease to contribute because they have attained 45 years pensionable membership have death benefits calculated in the same way as for active members i.e. they are entitled to death in service benefits.

Pension benefits are not payable in full until members leave NHS employment and retire by taking at least a 24 hour break or reach age 75.

2. Members who transferred to the 2008 Section under Choice

If a member transfers to the 2008 section under choice and was age 60 or over on 1 October 2009, the pensionable membership up to the 31 March 2008, transferred to the 2008 section, has a conversion factor applied to it. This has the effect of reducing the pensionable membership.

3. Members with entitlement in both the 1995 and 2008 Sections

Where a member has entitlement to benefits in both sections of the scheme, the limit is 45 years pensionable membership in total across both sections.

Membership which counts as pensionable in the 1995 section will count as pensionable in the 2008 section for members with entitlement to benefits in both sections of the scheme.

Part B

Reminders

- Employers are reminded of the contents of Technical Newsletter 17/2008, which stated that if you use POL to produce an estimate and the output shows membership of 45 years or greater, do not issue it to the member; instead request a manual estimate from NHS Pensions.
- As part of our ongoing data cleanse exercise, NHS Pensions will be identifying individual members who have exceeded the maximum amount of membership or age limits allowable.

Where it is identified that members have exceeded the maximum and the record IS UPDATED beyond that date, we will close the employment down using an 11 exit code. We will then write to the Pensions Officer instructing them to return any over deducted contributions and to complete form SD55E notifying NHS Pensions of correct pay, contributions, and hours worked etc. The employer should also notify the member of the reason for the return of contributions. It is important that employers submit form SD55E supplying the correct figures where appropriate as, if this information is not provided, this may result in incorrect benefits being paid.

Where it is identified that members have exceeded the maximum and the record IS NOT UPDATED beyond that date, we will leave the record open and write to the Pensions Officer instructing them to return any over deducted contributions and to close the record on the relevant date with an 11 exit. The employer should also notify the member of the reason for the return of contributions.

- If a member opts out due to having achieved maximum pensionable membership, then they should be aware that they will be treated as a deferred member. This means that their benefits will be calculated using the best of the last 3 years pay (1995 Section) or the average of the best 3 consecutive years in the last 10 years pay (2008 Section) at the opt out date. Also, in the event of a member's death before retirement, then any death benefits due would be lower than if they were a contributing member.
- A member must take a 24 hour break from NHS employment in order to retire and claim their pension benefits, (unless they have reached the maximum age 75, 70 if the member was 70 prior to 1 April 2008). For more detailed information please refer to the re-employment factsheet in the Joiners section of the website.

Part C

Guidance on completion of forms for members with maximum pensionable membership and age restrictions within the NHS Pension Scheme.

1. SD55 termination form for members who have achieved maximum pensionable membership or age limits and are no longer eligible to contribute

The last day of pensionable membership will be the date the member achieves the maximum and the reason for termination will be "11". Exit codes "16" or "01" should not be used. However, occasionally POL (Pensions online) will not allow the use of the "11" exit in which case you should close the record with an "01" exit and email datamanagement@nhspa.gov.uk to ask them to amend the exit code to "11".

2. AW8 form for members who have achieved maximum pensionable membership or age limits

Where a member has already ceased paying contributions on reaching maximum pensionable membership/age, the date of termination on the front page of the AW8 will be the date the member ceased NHS employment or attained age 75. The payable date is therefore the day after this date.

For a MHO/SCS member where maximum 45 years pensionable membership is reached after age 60, but before age 65, the member must cease paying contributions when the 45 years membership is achieved and the record should be closed down with the last day of membership as the day the maximum is reached using exit code 11.

A MHO/SC member who is still in pensionable employment at age 65 must cease to be pensionable and the pension record should be closed down with the last day of membership as the day before the 65th birthday using exit code 11.

As long as the record has been closed with exit code 11, when you poll the AW8 you will be asked for the payable date, which should be input as the day after the member leaves your employment.

If you are uncertain as to whether the member has achieved maximum pensionable membership/age please contact NHS Pensions at awards@nhspa.gov.uk with —maximum age/membership as the subject line.

1995 Section members

The TPP period will be the last 3 years or part thereof, stepping back from the last day of pensionable membership, not the last day of employment.

Example 1995 Section - SCS/MHO member.

In the case of a Special Class member who ceases to pay contributions at age 65 (age 65 on 15/04/2012 so last pensionable day will be 14/04/2012), but continues in NHS employment until 25/07/2012, the date of termination on the front page of the AW8 will be the date NHS employment ceased, 25/07/2012 meaning benefits will be payable from 26/07/2012. The date for form SD55 on POL will be the day before age 65 (14/04/2012) because this is the last day of pensionable membership and the date up to which retirement benefits will be calculated. The TPP period will be the last 3 years, or part thereof, stepping back from 14/04/2012.

Example 1995 Section - Non SCS/MHO member

In the case of a non SCS/MHO member who has reached maximum 45 years pensionable membership on 10/05/2012 but continues in NHS employment until 30/06/2012, the date of termination on the front page of the AW8 will be the date NHS employment ceased, 30/06/2012, meaning benefits will be payable from 01/07/2012. The date for form SD55 on POL will be the day the maximum 45 years was achieved, 10/05/2012, because this is the last day of pensionable membership and the date up to which retirement benefits will be calculated. The TPP period will be the last 3 years, or part thereof, stepping back from 10/05/2012.

2008 Section members

For 2008 Section members who **cease to pay contributions** beyond the maximum 45 years pensionable membership, the reckonable pay will be calculated by NHS Pensions using the average of the best 3 consecutive years in the last 10 years pay, or part thereof, stepping back from the last day of pensionable membership, not the last day of employment.

Example 2008 section

In the case of a member who **ceases to pay contributions** due to attaining 45 years maximum pensionable membership on 16/05/2012 but continues in NHS employment until 10/06/2012, the date of termination on the front page of the AW8 will be the date NHS employment ceased, 10/06/2012 meaning benefits will be payable from 11/06/2012. The date for form SD55 on POL will be the date that maximum pensionable membership was achieved, 16/05/2012 because this is the last day of pensionable membership and the date up to which retirement benefits will be calculated. The reckonable pay period will be the average of the best 3 consecutive years in the last 10 years pay or part thereof, stepping back from 16/05/2012.

For 2008 Section members who **choose to continue to pay contributions** beyond the maximum 45 years pensionable membership, the reckonable pay will be calculated by NHS Pensions using the average of the best 3 consecutive years in the last 10 years pay, or part thereof, stepping back from the last day of employment.

Example 2008 section

In the case of a member who **chooses to continue to pay contributions** after attaining 45 years maximum pensionable membership on 16/05/2011 and then continues in NHS employment until 10/06/2012, the date of termination on the front

page of the AW8 will be the date NHS employment ceased, 10/06/2012 meaning benefits will be payable from 11/06/2012. The date for formSD55 on POL will also be the date NHS employment ceased, 10/06/2012 because this is the last day of pensionable membership and the date up to which retirement benefits will be calculated. The reckonable pay period will be the average of the best 3 consecutive years in the last 10 years pay or part thereof, stepping back from 10/06/2012.

3. AW171 form for members who have achieved maximum pensionable membership or age limits

If the last day of employment differs from the last day of membership, then the form should be completed follows: -

The original leaving date (box 5) and the new leaving date if applicable (box 9) should always be the date the member leaves employment. The new last day of pensionable membership (box 10) however will always be the last day of pensionable employment

The TPP period (boxes 7 & 8) for 1995 Section members should always be the best of the last 3 years or part thereof, stepping back from the last day of pensionable membership. For 2008 Section members this box is left blank as NHS Pensions will calculate the reckonable pay.

Example 1995 Section

SCS/MHO member who ceases to pay contributions at age 65 on 18/02/2012, but continues in NHS employment and leaves NHS employment on 30/06/2012. Due to an annual leave adjustment, the last day of NHS employment is changed to 02/07/2012. The AW171 should be completed as follows: -

- Original leaving date in box 5 will remain as 30/06/2012
- New leaving date in box 9 will be 02/07/2012
- New last day of pensionable employment in box 10 will remain as 18/02/2012
- TPP dates will remain unchanged.

Example 2008 Section

Member ceases to pay contributions on 10/04/2012 due to attaining 45 years membership and did not want to continue paying contributions. They continue in NHS employment until 20/06/2012 (day before age 65). Due to an annual leave adjustment, the last day of NHS employment is changed to 23/06/2012. The AW171 should be completed as follows: -

- Original leaving date in box 5 will remain as 20/06/2012
- New leaving date in box 9 will be 23/06/2012
- New last day of pensionable employment in box 10 will remain as 10/04/2012
- No entries required in boxes 7 & 8.