

NHS Pensions - Transferring out of the Scheme

Transfer of benefits

If you decide to opt out or leave the NHS Pension Scheme, you may be able to transfer your pension benefits to another pension provider. A transfer payment is worked out by converting the value of your pension rights to a Cash Equivalent Transfer Value (CETV).

Before you can request a transfer payment to another pension provider you must have been provided with a statement of entitlement (the guaranteed CETV).

A CETV is the capitalised value of your accrued rights and any associated rights at the calculation (or guarantee) date.

Accrued rights means the pension, lump sum and survivor pension respectively that you would have become entitled to if you had retired on the date you left the NHS Pension Scheme. Associated rights means any increase to the value of those accrued rights as a result of NHS Pension Scheme benefits being index linked.

Important changes from 6 April 2015.

A new NHS Pension Scheme will be introduced from 1 April 2015. For further information please visit our website at: www.nhsbsa.nhs.uk/pensions

The Pension Schemes Act 2015 also introduces changes to transfer rules. These changes mean that from 6 April 2015 a transfer of pension benefits to a defined contribution scheme is not possible.

Which members are affected by the changes?

Members affected by the change are members with deferred benefits.

Which members are not affected by the changes?

Members not affected by the changes are those who have:

1. Requested a transfer to another defined benefit scheme, or
2. Left the NHS Pension Scheme with less than two years membership, where the alternative to a transfer is a refund of pension scheme contributions

Transfers already in progress

Some members will already have a transfer out request in progress. Where a member has been provided with a statement of entitlement (the guaranteed CETV) and the receiving scheme is a DC scheme, all properly completed option forms requesting the transfer payment must be received by NHS Pensions no later than **5 April 2015***

Applications for a transfer payment to schemes which provide flexible benefits received after this date will not be accepted.

Members who have requested a transfer to a Qualifying Recognised Overseas Pension Scheme (QROPS)

The position in respect of members transferring to a QROPS has not yet been confirmed, however, the same restriction is expected to apply and all properly completed option forms requesting the transfer payment must be received by NHS Pensions no later than **5 April 2015***

* Although the CETV is guaranteed under the Pensions Act for a period of three months which ends on or after 5 April 2015, applications for a transfer payment to schemes which provide flexible benefits received after 5 April 2015 will not be accepted. 5 April 2015 is Easter Sunday, therefore please consider the possible effect that Easter may have on receipt of the option forms by NHS Pensions. Regardless of the date the completed option forms are returned, NHS Pensions will not accept forms received after 5 April 2015.

Important note: In ALL cases the transfer must be completed and the transfer payment made before you reach the Normal Pension Age for the Section of the Scheme you belonged to. You should be aware of this for the timing of any transfer request you make.

If you leave the Scheme you may be able to transfer your pension rights to one or any combination of these:

- The NHS Pension Scheme in Scotland or Northern Ireland, if you are employed there. These Schemes are separate from the NHS Pension Scheme (England and Wales) and a formal transfer application must be made.
- Another registered occupational pension scheme.
- A registered insurance company to purchase an annuity contract, which satisfies the requirements of HMRC (Buy Out Policy)
- A registered personal pension plan, including a stakeholder pension arrangement.
- A Qualifying Recognised Overseas Pension Scheme (QROPS).

If you have left the Scheme but not NHS employment, you may still be able to transfer, although certain conditions may apply.

If the new pension scheme is contracted out of the State Second Pension Scheme (S2P), you will normally be able to transfer all of your pension rights. If the new scheme is not

contracted out it may be unable to accept some or all of your NHS transfer value. If this happens you may still be able to transfer them to a registered pension scheme which is either a personal pension or provides a Section 32 Buy Out Policy.

There is no administration charge for providing a transfer value of NHS pension benefits if you have not received one in the previous 12 months. (This is subject to the request being within age and time limits.)

If this is the second request for a transfer value of NHS Pension benefits there may be an administrative charge.

It is in your own interests to make sure you know what pension rights your new scheme or plan is offering you before you make your decision. NHS Pensions recommends that members consider taking financial advice before making decisions about transfers

Guaranteed Minimum Pension (GMP) / Section 9(2B) Rights

If the member was contracted out of the State Second Pension (S2P), the NHS Pension Scheme takes on the liability to pay a pension at least equal to the S2P or one that satisfies the Reference Test under the Pensions Act 1995.

Contracted-out membership post April 1997 is known as Section 9(2B) Rights. Any added years, doubled years and some transferred in membership do not form part of the Section 9(2B) Rights.

Transferring contracted out membership is at the member's own risk. When the member retires, it is possible that the pension benefits they receive from their new scheme may be less than the benefits they would have received in the NHS Pension Scheme, or the S2P in the UK. The member, their spouse or civil partner, would have no claim against the NHS Pension Scheme or the S2P for any shortfall in the benefits paid by their new scheme.

For those members with deferred benefits, if the receiving scheme is unable to accept the liability for any GMP/Section 9(2B) Rights, it will be necessary for the member, after taking advice about the best option for them, to choose to discharge the liability by either:

1. Securing these rights in a Registered Pension Scheme, which is either a Section 32 Buy Out Bond or Appropriate Personal Pension in the UK.

Or

2. Leaving the liability with the NHS Pension Scheme.

Please note that GMP will be payable from State Pension Age, not necessarily the Normal Pension Age, but Section 9(2B) Rights are payable at the Normal Pension Age.

The transfer is at the member's own risk and there is a possibility that they may lose discretionary benefits from the NHS Pension Scheme.

The following organisations provide information about transfers that may assist you when deciding whether to transfer. They are:

The Financial Conduct Authority who can be contacted at: <http://www.fca.gov.uk> or at the Financial Conduct Authority, 25 North Colonnade, Canary Wharf, London, E14 5HS.

The Pensions Regulator can be contacted at <http://www.thepensionsregulator.gov.uk/> or at the Pensions Regulator, Napier House, Trafalgar Place, Brighton, BN1 4DW.

The Pensions Advisory Service can be contacted at <http://www.pensionsadvisoryservice.org.uk/> or at 11, Belgrave Road, London, SW1V 1RB.

The Pensions Regulator has published guidance for members, pension scheme administrators, pension providers and independent financial advisers (IFAs) to raise awareness of Pension Schemes.

NHS Pension scheme members thinking about transferring out of the NHS Pension Scheme should read the Pension Regulator guidance for scheme member's, which is available for download from the Pensions Advisory Service website.

For further information about applying for a transfer value, the key points and the time limits, please refer to the Leaving Early and Transferring Out Booklet available in the Options on Leaving the Scheme section of our website.