

## **NHS Pensions - Added Years**

Prior to 1 April 2008 most Scheme members who could not reach 40 years of Scheme membership by their Normal Pension Age could increase their Scheme benefits by buying Added Years.

Added Years are not a feature of the 2008 Section or 2015 Scheme, but members of the 1995 Section retained the following limited opportunities to buy them.

### **Full cost Added Years**

Eligible members who expressed an interest before 1 April 2008 had one final opportunity to buy full cost Added Years; expressions of interest made after 31 March 2008 would not be accepted.

If an application to buy full cost Added Years was approved, the contract had to start from the members birthday in the year 1 April 2008 to 31 March 2009. No new contracts to buy full cost Added Years could start after 31 March 2009 but existing contracts may be completed on the agreed terms.

### **Half cost Added Years**

Members may be eligible to buy Added Years at half the normal cost if they took a refund of NHS contributions for a period of membership prior to 6 April 1978, or for any period when they were a self employed GP.

It was not necessary to make an expression of interest about buying half cost Added Years before 1 April 2008. New contracts to purchase half cost Added Years can start after 31 March 2009 and enquiries should be referred to NHS Pensions to confirm eligibility.

## **Methods of payment and conditions**

The most common payment method is the deduction of additional contributions from pay. There is a limit on those contributions and this may affect the number of years that can be bought:

- If the standard membership contribution is 5% of pay, the maximum additional contribution is 10% of pay.

- If the standard membership contribution is more than 5% of pay, the maximum additional contribution is 9% of pay.

In addition, half cost Added Years are limited by the amount of refunded membership.

A contract to pay by regular contributions must run for a minimum of two years. It will start from the members next birthday, but they can choose to complete it either at age 60 or 65. Members of the Special Classes can also choose to complete a contract at age 55.

Instead of making payment by regular additional contributions members who are eligible to buy half cost Added Years may be able to pay by a single lump sum contribution; this option is only available in the first 12 months after re-joining the Scheme, following a break in membership of 12 months or more.

HM Revenue and Customs (HMRC) allow tax relief on pension contributions up to 100% of relevant UK earnings for the tax year.

## Other options for increasing retirement benefits

Options to increase benefits from the NHS Pension Scheme are purchase of:

- an Additional Pension
- an unreduced lump sum

Options, which do not increase scheme benefits, include investing in:

- a Money Purchase AVC arrangement with an NHS provider
- a Free Standing Money Purchase AVC with a provider of your own choice
- a Stakeholder Pension with either an NHS provider or a provider of your own choice

## Added Years - FAQs

### **Can an application be made whilst a member is absent from work or when their pay is reduced?**

No. An application cannot be made when absent from work or during a period when earnings are reduced or have ceased. The application will only be accepted if we are satisfied that the member is in good health and there is no reason why their health would prevent them from completing the payments.

### **How is an application for payment by regular contributions made?**

An application is made on form AB54. The NHS employer must verify the members date of birth before sending the application to NHS Pensions. The contributions should be deducted from the pay at the same time as the standard membership contribution.

### **How is an application for payment by lump sum made?**

If the member is eligible to buy half cost Added Years by a single payment, an application should be made on form AB20 (full time staff) and AB21 (part time staff), which are available from NHS Pensions. The member must pay the employer the full gross cost and apply to HMRC for tax relief. The members date of birth must be verified before sending the application to NHS Pensions.

### **Can an Added Years contract be cancelled?**

A member will normally be expected to pay the extra contributions until their chosen end age. If payments change or stop before that age, the number of Added Years they are buying will normally be affected. Any request to stop making payments should be made in writing and sent to NHS Pensions for approval.

### **Can a member buy Added Years and an Additional Pension at the same time?**

Yes, this may be possible.