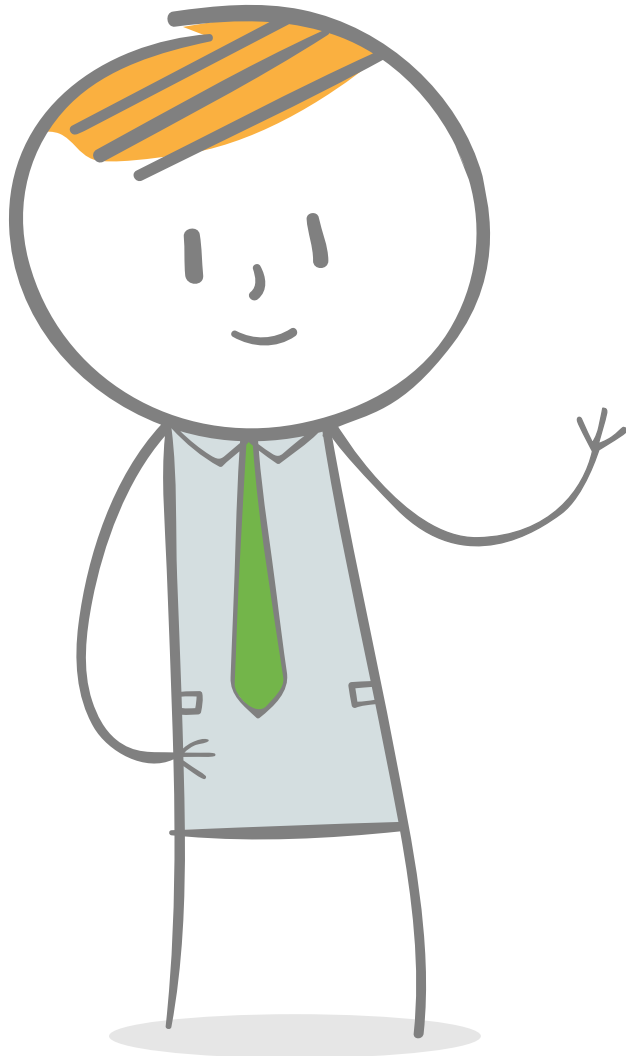




# NHS Pensions Jargon Buster

# Welcome to the NHS Pensions jargon buster



We know that understanding your pension entitlement is important and will help you make the right decisions about your future retirement plans.



We also know that the pension's world is full of jargon and complicated terms and phrases that sometimes make it difficult for you to find and understand information you need.

NHS Pensions are making a commitment to you to simplify our communications and where possible to avoid using jargon. Where it is not possible we have put together this jargon buster for you to reference.

We hope this helps and are always grateful for any feedback or suggestions for content which you can email to [nhsbsa.communicationsteam@nhs.net](mailto:nhsbsa.communicationsteam@nhs.net)



# A-C

 Term	 Explanation	Suggested alternative term ✓
<b>Abatement</b>	The process by which in certain cases your pension is reduced, pound for pound, if your earnings on re-employment in the NHS, plus your pension, or in certain cases an element of your pension, exceed your pre retirement earnings.	
<b>Accrual</b>	The way pension benefits build up in a scheme.	Build up
<b>Actuarial reduction</b>	A reduction in benefits payable if you retire before the normal pension age.	Reduced benefits
<b>Actuarial Reduced Early Retirement (ARER)</b>	You may take your pension benefits after reaching minimum pension age. The benefits will be reduced proportionately if taken before normal pension age because they are being taken earlier.	Retirement before normal pension age or Early Retirement
<b>Additional Pension (AP)</b>	An extra amount of annual pension that you (or your employer) have purchased by paying extra contributions.	AP



<b>Additional Voluntary Contributions (AVCs)</b>	Extra contributions that you decide to pay to increase your benefits.	AVCs
<b>Adult dependant's pension</b>	A pension paid to an eligible surviving spouse, registered civil partner or nominated qualifying partner after you die.	
<b>Allocation</b>	Giving up part of your pension to provide an income for someone else when you die.	
<b>Annual Allowance</b>	This is the maximum amount of tax free growth your pension savings can grow in one year.	
<b>Annual Benefit Statement</b>	An overview of your pension benefits based on information provided to us by your employer as at 31 March each year. Available via the TRS portal.	ABS
<b>Annual revaluation</b>	An adjustment applied annually to previous years' pension benefits built up (2015 Scheme only).	
<b>Auto enrolment</b>	The process of automatically signing employees up to the NHS Pension Scheme or if ineligible, another alternative pension arrangement.	
<b>Capital value</b>	This is the value placed on your NHS Pension Scheme benefits by HMRC and is calculated by multiplying the pension payable by 20 and adding any lump sum to be paid.	
<b>Career Average Revalued Earnings (CARE)</b>	A method of calculating your pension by reference to your earnings over your entire membership.	CARE



<b>Children's pension</b>	A pension paid for an eligible dependant child or children after you die.	
<b>Contribution</b>	As a Scheme member you pay a contribution toward your pension based upon your pensionable pay: the more you earn, the higher your contribution rate may be. Scheme employers pay the rest.	

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# D-F



**Term**



**Explanation**

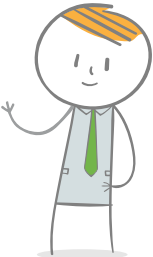
**Suggested alternative term**





<b>Deferred benefits</b>	A deferred pension is a pension which is not in payment and is not being added to through active scheme membership.	
<b>Deferred members</b>	Members who have left the Scheme but have not yet taken their pension.	
<b>Dependant</b>	A spouse, civil partner, nominated qualifying partner or dependant child who qualifies to receive a pension after you die.	
<b>Disallowed days</b>	Periods of time when a member receives no pay due to unpaid sick leave or unauthorised absence, for example due to strike action.	
<b>Draw Down</b>	2008 Section members can take a minimum 20% and a maximum 80% of their own pension and continue to build up future membership. Certain conditions apply.	
<b>Early Retirement Reduction Buy Out</b>	In the 2015 Scheme the facility for buying out the reduction that would apply if retirement benefits were claimed before Normal Pension Age.	ERRBO

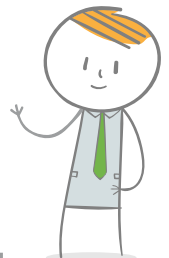


<b>Final salary linking</b>	Paying your final salary benefits based on the pay on or near retirement or when you leave NHS Service.	
<b>Final salary scheme</b>	A form of Defined Benefit pension scheme. The benefits you receive at retirement are based on your earnings and your length of membership in this type of scheme.	
<b>Flexibility rules</b>	A number of calculation tests applied to practitioner benefits only to ensure that the most beneficial method of calculation is used.	





# G-1

 <b>Term</b>	 <b>Explanation</b>	<b>Suggested alternative term</b> ✓
<b>Greenbury</b>	This is an annual exercise which is undertaken by qualifying NHS organisations to provide details regarding the pension entitlement of senior managers for accounts and annual reports.	
<b>Guaranteed minimum pension</b>	As this Scheme is contracted out of the State Second Pension, this is the minimum amount of pension you will receive from this Scheme. <sup>5</sup>	GMP
<b>Ill health retirement</b>	If you have at least two years membership and are too ill to work in your present job then you may be able to retire early and take your pension benefits.	










 <b>Term</b>	 <b>Explanation</b>	<b>Suggested alternative term</b> ✓
<b>Late retirement</b>	If you do not take your pension benefits at normal pension age, you may continue to build benefits as long as you stay in the Scheme, up to age 75 (65 if you have special class status). At age 75 you must claim your benefits and do not need a 24hr break in your employment.	
<b>Life assurance</b>	The lump sum and pension benefits that may be payable to your dependants in the event of your death.	
<b>Lifetime Allowance (LTA)</b>	The limit on the value of retirement benefits that you can draw before tax penalties apply.	LTA
<b>Lump sum on death benefit</b>	A benefit that may be paid if you die before retirement or within a certain time after retirement. It is paid to your spouse, registered civil partner or qualifying nominated partner unless you have nominated someone else to receive it.	



# M-O




 Term	 Explanation	Suggested alternative term 
<b>Maximum lump sum</b>	<p>The maximum cash you can take from your pension benefits when you retire. HMRC determine this as being the lower of:</p> <ul style="list-style-type: none"> <li>• 25% of the available Lifetime Allowance</li> <li>• 25% of the capital value of your benefits to be paid.</li> </ul>	
<b>Membership</b>	<p>The time you spend at work that counts towards your pension.</p>	
<b>Membership number</b>	<p>Your individual NHS Pension Scheme number</p>	
<b>Mental Health officer (MHO)</b>	<p>A member working in an approved place used for the treatment of patients suffering from mental disorders, and employed for the whole or almost the whole of their time in the direct treatment or care of those patients. MHO's in post before 7 March 1995 with at least 20 years MHO membership, who have not had a break in pensionable employment of any one period of five years or more may have the right to retire from age 55.</p>	MHO



<b>Minimum Pension Age</b>	This is the earliest age you can take your pension benefits, unless you are taking ill health retirement benefits.	MPA
<b>National Employment Savings Trust</b>	National Employment Savings Trust (NEST) is the name of the national workplace pension scheme. NEST operates as a centralised scheme, regulated by The Pensions Regulator.	NEST
<b>Normal Pension Age</b>	The age at which benefits can be paid in the scheme without reduction or enhancement.	NPA



# P-R



 <b>Term</b>	 <b>Explanation</b>	<b>Suggested alternative term</b> 
<b>Pension commutation</b>	<p>The term for exchanging part of your pension for a lump sum or bigger lump sum. You will receive £12 of lump sum for every £1 of pension you give up.</p> <p>It is possible to take up to a maximum lump sum of 25% of your capital value. The amount of lump sum you take is governed by a limit set by Her Majesty's Revenue and Customs (HMRC) and adopted by the Scheme Regulations. It applies across your entire pension arrangements so your NHS retirement lump sum may be limited to a smaller amount if you have other pension savings in payment. You cannot give up pension to provide a lump sum that would cause you to exceed HMRC's limit.</p>	Retirement lump sum
<b>Pension Credit</b>	Pension benefits received from a former spouse or civil partner as part of a divorce or dissolution settlement.	
<b>Pensionable pay</b>	The amount of your salary that is used to calculate the amount of contributions you pay.	



<b>Personal pension</b>	An alternative type of pension savings plan.	
<b>Practice and approved employer staff</b>	Staff who work for a General Practice or for other employers connected to the NHS for whom agreement has been reached that they can participate or continue in the NHS Pension arrangements.	
<b>Premature retirement</b>	If you are retired prematurely because of redundancy or in the interest of the efficiency of the service your benefits may be paid immediately.	
<b>Re-employment</b>	Returning to NHS work after taking pension benefits from the NHS Pension Scheme.	
<b>Reckonable pay</b>	2008 Section members only: The average of the best three years pensionable pay in the last 10 years before leaving or retirement, revalued by increases in inflation.	
<b>Regulations</b>	The legal framework that sets out the rules of the Scheme.	





 <b>Term</b>	 <b>Explanation</b>	<b>Suggested alternative term</b> ✓
<b>Salary sacrifice</b>	An arrangement with your employer to provide such things as childcare vouchers, lease car, etc in return for giving up some pay before tax, National Insurance and Pension Scheme contributions.	
<b>Scheme Pays</b>	A method of paying the Annual Allowance charge recoverable from member's benefits.	
<b>SD number</b>	Your individual NHS Pension Scheme number.	Membership number
<b>Special Class member</b>	Nurses, midwives, health visitors and physiotherapists who are members of the 1995 Section before 6 March 1995 and who have not had a break in pensionable employment in any one period of five years or more and whose last five years of membership is in one of these roles.	
<b>State Pension Age</b>	The age at which your State Pension is payable in the United Kingdom and the Normal Pension Age for the 2015 Scheme.	SPA



<b>Tier 1</b>	Ill health retirement tier: Awarded to members who are unable to do their current job due to permanent ill health. The benefits will be based on membership built up to date without reduction or enhancement.	Basic ill health benefits
<b>Tier 2</b>	Ill health retirement tier: Awarded to members who are unable to carry out regular employment of like duration due to permanent ill health. The benefits will be enhanced based on the built up membership to date plus a percentage of the prospective service to your normal pension age.	Enhanced ill health benefits
<b>The Pensions Regulator</b>	The Pensions Regulator is the UK regulator of work based pension schemes.	TPR
<b>Total Reward Statement</b>	A personalised summary that shows you your full employment package including: <ul style="list-style-type: none"> <li>• Basic pay</li> <li>• Allowances</li> <li>• NHS Pension benefits</li> </ul>	TRS
<b>TUPE</b>	This refers to the Transfer of Undertakings (Protection of Employment) Regulations 2006. These regulations protect employees' terms and conditions when they have to transfer to an organisation outside the NHS.	
<b>Voluntary protection of pay</b>	A provision in the 1995 Section only to protect a higher rate of pay when voluntarily taking a step down to a lower paid job after reaching minimum pension age.	

