

## NHS Pensions - Purchase of additional benefits election form (AB54)

### Part 1 - To be completed by the employer:

Surname

Other names

Date of birth

 /  / 

Has date of birth been verified?

Yes  No

Elections cannot be accepted until date of birth is verified.

NHS Pension Scheme membership number

 SD  / 

National Insurance number

Gender

Male = 1 Female = 2

Does the member have earlier election(s) for purchase of added benefits by **extra percentage contributions** under **current** provisions?

Added Years Yes  No  Unreduced lump sum Yes  No

#### Added Years election:

Is member a Mental Health Officer (MHO)? Yes  No

Does purchase include half-cost Added Years? Yes  No

#### Unreduced lump sum election:

Enter date membership attracts full lump sum, ignoring any earlier purchase  /  /

**I confirm the member was not on sick leave or absent without leave when the election was made.**

Signature

Date

 /  / 

EA/GP Code

**Part 2 - Member's election:** To be completed by the member  
Complete the part(s) that apply to you, and the declaration below.

**I elect to purchase Added Years** amounting to   years    days

and authorise deduction of additional contributions at the rate of   % of all my pensionable pay

from my next birthday on   /   /     until I reach age

(provided the election is not ended earlier)

**I elect to buy the unreduced lump sum** for membership amounting to   years    days

and authorise deduction of additional contributions at the rate of   % of all my pensionable pay

from my next birthday on   /   /     until I reach age

(provided the election is not ended earlier)

**Mental Health Officers only:** I intend to retire on   /   /

**Note:** This information about my election to buy Added Years and/or the unreduced lump sum does not commit me to retire on that date. I understand that if I do retire on a different date I cannot alter my purchase.

**Please read the statement carefully then sign and date the form**

**I have read and understand** the notes over the page. **I am not aware** of any reason why my health should prevent me from completing my purchase(s).

Signature

Date

  /   /    

### How we use your information

The NHS Business Services Authority – NHS Pensions will use the information provided for administering your NHS Pension Scheme membership and processing payment of your NHS pension benefits. We may share your information to administer and pay your NHS pension, enable us to prevent and detect fraud and mistakes, for debt collection purposes, or as required by law. For more information about who we share your information with and how long we keep your personal data and your rights, please visit our website at [www.nhsbsa.nhs.uk/yourinformation](http://www.nhsbsa.nhs.uk/yourinformation)

## **Notes – Limits on tax free pension savings**

On 6 April 2006 HM Revenue and Customs (HMRC) introduced new rules to limit tax free pension savings. If your pension savings exceed these limits you may have to pay a tax charge. To assist you here is a brief summary of those rules.

### **Lifetime Allowance**

The Lifetime Allowance is the maximum amount of pension saving you can build up that benefit from tax relief. If you build up pension savings worth more than the Lifetime Allowance you will pay a tax charge on the excess. Your pension savings from all your pension arrangements are assessed against the Lifetime Allowance, not just the NHS Pension Scheme. We calculate how much of the Lifetime Allowance is used, by multiplying the pension by 20, and adding this to your retirement lump sum.

From 6 April 2014 the Standard Lifetime Allowance reduced to £1 million.

In some circumstances an individual's personal Lifetime Allowance will be higher than the standard Lifetime Allowance because they have HMRC protection in the form of Enhanced Protection 2014 or 2016, Primary Protection, Fixed Protection 2012, 2014 or 2016, or Individual Protection.

### **Relevant Benefit Accrual (RBA) and Benefit Accrual (BA)**

You may be affected by RBA and BA if HMRC have granted you Enhanced Protection, Fixed Protection 2012, 2014 or 2016. HMRC sets limits on the amount by which pension savings are allowed to grow. If the capital value of your pension savings increase above HMRC's limits your protection is lost and you may have to pay a tax charge on your pension savings if they exceed the standard Lifetime Allowance.

### **Annual Allowance**

The Annual Allowance, set by HMRC, is the maximum amount of pension savings you can receive tax relief on each year. HMRC reduced the Annual Allowance from £255,000 to £50,000 from 6 April 2011, with the result that the total tax-free growth in the value of your NHS benefits and other pension arrangements you may have is capped at £50,000. The Annual Allowance reduces to £40,000 from 6 April 2014.

If the growth in your pension savings is more than the Annual Allowance then a tax charge may be payable on the amount over £50,000. (£40,000 from 6 April 2014) This is the Annual Allowance charge.

All pension savings, except a State Pension, must be tested against the Annual Allowance each tax year. This includes any other pension savings that you may hold outside the NHS Pension Scheme.

### **Recycling of Pension Commencement Lump Sums**

The Finance Act 2006 prevents an individual investing all or part of their tax-free retirement lump sum (the pension commencement lump sum) back into a registered pension scheme, automatically generating further tax relief on the amount reinvested. This is known as 'recycling' and will result in a tax charge (an unauthorised payments charge of 40% and possibly an unauthorised payments surcharge of a further 15%).

If you recycle your pension commencement lump sum then you or your representative must notify NHS Pensions.

### **Further information**

It is important to remember that NHS Pensions is unable to provide advice on personal tax circumstances. We would recommend that independent advice is sought if you have any uncertainty about the tax free limits on your pension savings.

Information about the Lifetime Allowance and the Annual Allowance can be found at:  
[www.nhsbsa.nhs.uk/nhs-pensions](http://www.nhsbsa.nhs.uk/nhs-pensions)

Tax information can also be found on HMRC's website at: [www.gov.uk](http://www.gov.uk)