

NHS Pensions - About your 1995 Section annual pension

How your 1995 Section pension is worked out

Your annual pension is equal to one-eightieth of your final pensionable pay for each year and part year of Scheme membership. The calculation is as follows:

$$\frac{1}{80} \times \text{final pensionable pay} \times \text{years of membership}^*$$

* For example, 5 years and 213 days of membership is equal to 5.58 years of membership.

If, at the date of retirement, you decided to increase your lump sum retiring allowance, we have deducted £1 from your annual pension (including any additional pensions) for each £12 of additional lump sum retiring allowance you choose to receive.

Lump sum retiring allowance

Your lump sum retiring allowance is usually equal to three times your annual pension, which is payable on your retirement. However, if you have taken your benefits on or after your 75th birthday, it may not be possible to pay you a lump sum retiring allowance. In which case, we would increase your annual pension.

If you have bought any additional pensions they will not be included in the calculation of your lump sum retiring allowance.

Maximum lump sum

HMRC has restrictions on the amount of tax free pension commencement lump sum (PCLS) paid by a pension scheme, unless the individual has a protected lump sum or other types of protection. The PCLS is the lower of:

- 25% of the capital value of the benefits to be paid (after the exchange of pension for lump sum and not the basic amounts), or
- 25% of the available standard Lifetime Allowance (LTA).

The actual amount of tax free lump sum available at retirement will depend on your circumstances and may be:

1. higher than the current maximum possible tax free PCLS if they hold certain types of protection or have a protected lump sum from HMRC, or
2. lower than the current maximum possible tax free PCLS if they already have benefits in payment (either from the NHS Pension Scheme or another pension provider) which reduces their available LTA.

If the maximum lump sum after commutation exceeds 1 above, then not all the lump sum may be tax free.

More detailed information about maximum lump sums and tax can be found on our website at: <https://www.nhsbsa.nhs.uk/nhs-pensions>

Your final pensionable pay

The pay used to calculate your pension benefits is normally the best of your last three years pensionable pay. If you worked part time, we calculated your final pensionable pay as if you worked full time.

Protected pay

If you have one or more periods of deferred or protected membership, we calculate your pension using the most beneficial of the following two methods:

- Calculating a pension for each period of membership using the pay earned in that period, and adding the pensions up, or
- Calculating your pension using your pay at retirement for all periods of membership.

Normal Pension Age

The Normal Pension Age for members of the 1995 Section is age 60. Members who hold Special Class status may have the right to retire from age 55 without a reduction to their pension.

Your membership

If you worked full time, you built up one day's membership for each day you were a member of the Scheme. If you worked part time, the membership you built up is proportional to the hours or sessions you worked when compared with the whole time equivalent hours or sessions.

Increasing your membership

Your membership may be increased if, by the date of retirement:

- you had transferred your pension rights from another scheme into the NHS Pension Scheme
- you had bought additional membership*

- you had been a Mental Health Officer
- you retired because of ill health.

*Benefits may be reduced if you have retired before completing the contract to buy additional membership.

Limiting your membership

Your membership is subject to certain limits. When applying the limits all membership is counted at calendar length.

You are not allowed to have more than 40 years' membership at the earlier of:

- your Normal Pension Age, or
- 1 April 2008.

If you then continued in the Scheme, you were allowed to build up more membership up to a total membership limit of 45 years.

If your Normal Pension Age is 60 years, your Scheme contributions would cease when you have:

- built up 45 years of membership, or
- reached age 75 years.

If your Normal Pension Age is 55 years, the maximum amount of membership you were allowed to build up is 40 years at age 55. Your Scheme contributions would cease when you have:

- built up 45 years of membership and you are at least 60 years of age, or
- reached age 65 years.

Calendar length membership must not exceed 45 years overall.

Additional Pension purchases

If you have purchased Additional Pension this has been shown separately in our calculation.

Scheme Pays election

If you are subject to an Annual Allowance charge and have elected for NHS Pensions to pay some or all of the charge, on your behalf, from your NHS pension, a Scheme Pays deduction has been made.

Pension Sharing and Earmarking Orders

If you are subject to a Pension Sharing Order or an Earmarking Order, the pension benefits shown include any adjustments in accordance with the terms of the Order.

Earnings cap

If you joined the NHS Pension Scheme on or after the 1 June 1989, you will be subject to the earnings cap for membership built up to 31 March 2008. The pension benefits shown have taken this into account where it is applicable.

Pensions Increase

Once in payment NHS pensions are reviewed annually and are increased to keep pace with the cost of living.

Lifetime Allowance

The Lifetime Allowance (LTA) is the limit, set by HMRC, on the capital value of benefits you can take without incurring a tax charge.

Pension benefits payable after your death

Depending on circumstances, the Scheme may pay one or more of the following benefits:

- lump sum on death benefit
- adult dependant's pension
- children's pension.

Lump sum on death benefit

A lump sum on death benefit is a normally tax free sum of money that may be payable following your death in retirement if you have been in receipt of your pension for less than five years.

The lump sum is paid to the organisation, or one or more persons, you have specifically nominated to receive it. If you have not made a nomination, the lump sum will be paid to your legal spouse, registered civil partner, qualifying nominated partner, if you have one; otherwise, it will be paid to your estate.

For more information about benefits payable on death please refer to the Survivor's Guide available on our website at: <https://www.nhsbsa.nhs.uk/nhs-pensions>

Adult dependant's pension

A pension may be payable for life to your legal spouse, registered civil partner or qualifying nominated partner. The rate of adult dependant's pension depends on your circumstances at the time of death.

The initial rate of adult dependant's pension is equal to your annual pension if you were to die while in retirement.

The long term rate of an adult dependant's pension is payable after three months (six months if there are dependent children) following your death while in retirement.

For a widow of a male member, the long term rate of an adult dependant's pension is equal to half your annual pension.

For a widower, qualifying nominated partner and registered civil partner of either sex the long term rate of a adult dependant's pension is normally equal to one half of what your annual pension would be if it were based only on the membership you built up after 5 April 1988. However, the adult dependant's pension will be increased if, by the date of retirement, you have bought a bigger survivor pension.

If, by the date of retirement, you have bought one or more additional pensions with dependant cover, a proportion of these additional pensions have been added to the adult dependant's pension.

For more information about benefits payable on death please refer to the Survivor's Guide available on our website at: <https://www.nhsbsa.nhs.uk/nhs-pensions>

Children's pension

A pension may be paid if the child is dependent on you, both at retirement and on your death.

If your pensionable employment ended on 31 March 2008 or earlier, and they are:

- under age 17, or
- aged 17 or over and have been in continuous full time education or training since the age of 17, until they reach a maximum age of 23, or
- aged 23 or over and incapable of earning a living due to permanent physical or mental disability from which the child was suffering at the time of your death.

If your pensionable employment ended ceased on 1 April 2008 or later:

- under age 23, or
- aged 23 or over and incapable of earning a living due to permanent physical or mental disability from which the child was suffering at the time of your death.

The pension will be based on a minimum of 10 years pensionable membership.

Actuarially Reduced Early Retirement

If you chose Actuarially Reduced Early Retirement (ARER) after reaching minimum pension age or protected minimum pension age and before age 60, your pension benefits have been reduced because they are being paid early. The reduction is based on your age in years and complete months when your pension starts. The following table shows how much of your built up pension and lump sum you will receive after the reduction has been applied.

Age	50	51	52	53	54	55	56	57	58	59
Pension	63.9%	66.5%	69.2%	72.2%	75.4%	79.0%	82.7%	86.7%	90.9%	95.4%
Lump sum	73.4%	75.7%	78.0%	80.5%	83.0%	85.6%	88.3%	91.1%	94.0%	97.0%

If you have chosen to increase your lump sum at retirement by giving up part of your annual pension the calculation is based on the actuarially reduced annual pension.

Please note:

Pensions paid before age 55 do not normally attract cost of living increases. At age 55 they are increased to take account of rises in the cost of living since the date when the pension began.

Dependant's benefits remain unaffected and suffer no reduction on ARER.

Please also inform us of any changes to your address details, by contacting us at:

NHS Pensions, PO Box 2268, Bolton, BL6 9JR

Telephone: 0345 121 2522

From abroad: +44 191 283 0303

Failure to maintain contact may lead to suspension of your NHS pension payments.

Please also inform us if you need to change the bank account that your pension is paid into.

Certificates

If we have asked you to send us certificates, please provide either the original certificates or a certified copy. To certify documents, ask a professional person or someone well respected in your community (of good standing) for example a:

- Bank or building society official
- Councillor

- Dentist
- Police Officer
- Solicitor
- Teacher or lecturer.

The person you should ask should not be:

- related to you
- living at the same address
- in a relationship with you.

NHS Pensions will not accept an uncertified photocopy.

For more information regarding your pension benefits or ill health retirement, please visit our website at: <https://www.nhsbsa.nhs.uk/nhs-pensions>