

## **NHS Pensions - About your 2015 Scheme annual pension**

### **How your 2015 Scheme pension is worked out**

Your annual pension is equal to one-fifty fourth of your pensionable earnings for each Scheme year or part year of membership. The calculation is as follows:

$$\frac{1}{54} \times \text{pensionable earnings for the Scheme year}^*$$

\*This will be subject to revaluation annually on 1 April each year.

The revaluation rate is determined by Treasury Orders plus 1.5% each year you are an active member. Treasury Orders are the method by which the Treasury notifies the value of the change in prices or earnings to be applied as part of revaluation.

If you left this Scheme before becoming entitled to claim your retirement benefits, annual revaluation stops and is replaced at retirement by the addition of Pensions Increase. Pensions Increase is used to maintain the value of your pension against rises in the cost of living.

We then add any additional pensions you may have bought by the date of retirement.

If, at the date of retirement, you decided to give up some of your pension to provide a lump sum retiring allowance, we will deduct £1 from your annual pension (including any additional pensions) for each £12 of lump sum retiring allowance you choose to receive.

Your annual pension will be increased for each complete month you work after reaching your Normal Pension Age if you were an active member of the Scheme at retirement.

### **Optional lump sum retiring allowance**

When you applied for your pension, you were given the option to exchange some of your pension (including any additional pensions you may have bought) for a lump sum. For every £1 of pension you give up, you will receive £12 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 individual circumstances and may be:

1. higher than the current maximum possible tax free PCLS if you 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 you 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>

### **Normal Pension Age**

The Normal Pension Age for members of the 2015 Scheme is age 65 or your State Pension Age, whichever is later.

### **Increasing your pension**

Your pension may have been increased if, by the date of retirement:

- you had transferred your pension rights from another scheme into the NHS Pension Scheme, or
- you retired because of ill health.

### **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.

## 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 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, civil partner or qualifying nominated partner. The rate of adult dependant's pension depends on your circumstances at the time of death.

If you retire and are in receipt of your annual pension at the time of your death, an adult dependant's pension is normally paid at an initial rate equal to your standard annual pension for three months (six months if there is at least one dependent child). After this initial period, the pension is paid at a rate equal to 33.75% of your standard annual pension.

The long term rate of an adult dependant's pension is equal to 33.75% of your annual pension before for the cost of exchanging pension for any lump sum and before any addition for working beyond your Normal Pension Age.

If, by the date of retirement, you had 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, and they are:

- 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 and before your Normal Pension Age, your pension benefits have been reduced because they are being paid early. The reduction is based on how many years and months you have retired before your Normal Pension Age (NPA). The following table shows how much of your built up pension you will receive after the reduction has been applied.

Years before NPA	12	11	10	9	8	7	6	5	4	3	2	1
Pension	55.4%	57.8%	60.5%	63.3%	66.3%	69.5%	73.0%	76.7%	80.7%	84.9%	89.6%	94.6%

If you exchanged some of your pension for a lump sum the calculation is based on the actuarially reduced annual pension.

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>