

## NHS Pensions - Member Allocation Factsheet

### Important note

Before you consider a request for allocation it is important to understand that an adult dependant's pension is automatically payable in the event of your death if you have an eligible spouse, civil partner or nominated qualifying partner. Where applicable, an adult dependant's pension is payable for life.

Entitlement to an adult dependant's pension is not affected by and should not be confused with a request for allocation, which is a separate and optional provision.

Please refer to guidance in the Member Hub under 'Applying for your pension' for more information about the adult dependant's pension as well as other retirement related topics.

You may also be interested in reading the separate section about 'Nominations' which details options you may have for nominating a person to receive an adult dependant's pension and lump sum on death benefit in the event of your death.

### What allocation is for

If you are in good health you can choose to allocate (give up) part of your own pension to provide an allocated pension to somebody else (your beneficiary) when you die. That person may be an eligible spouse, civil partner, nominated qualifying partner (a person who is eligible to receive the adult dependant's pension in the event of your death) or anyone else who is dependent upon you for support.

For pension purposes a dependant may fit into one of the following categories:

1. **Married spouse, civil partner or nominated qualifying partner** - A person you are legally married to, hold a civil partnership with or who is a nominated qualified partner.
2. **Dependant child** - This can be your own, legally adopted or in certain circumstances other dependant child who has not yet reached age 23, or who has reached that age and, in the opinion of the scheme administrator, was at the date of your death dependant on you because of physical or mental impairment. Detailed information about a dependant child can be found in the bereavement guide.

3. **Other dependant (not covered by 1 or 2 above)** - A person who you were not married to, in a civil partnership with or who was not a nominated qualifying partner and was not a dependant child in the opinion of the scheme administrator, at the date of your death. The person was financially dependant on you, their financial relationship was one of mutual dependence with yours or the person was dependant on you because of physical or mental impairment. For example; a family member or friend.

If an allocation is made in favour of the spouse, civil partner, or nominated qualifying partner, they will get the allocated pension in addition to their adult dependant's pension mentioned above.

Any allocated pension payments made to a dependant child who is not dependant on you because of physical or mental impairment, after they reach the age of 23 may be subject to Her Majesty's Revenue and Customs (HMRC) 40% tax liability as an 'unauthorised payment'. Your beneficiary would be required to record the allocated pension payments on an annual self-assessment form to HMRC. We would also report the unauthorised payments to HMRC each year.

Choosing to allocate part of your pension will result in a permanent reduction to your own retirement pension. Where applicable, there is no reduction to an adult dependant's pension.

## **Application conditions and limitations**

Allocation is available to all eligible 1995/2008 or 2015 Scheme members. You can choose to allocate from all or some of your pensions, if you have more than one and meet all other eligibility criteria.

You can apply for allocation as follows:

- on making a claim for payment of your own pension benefits (a request can be made at a later date if made before your own pension is put into payment)

If you are still in pensionable employment:

- at any time after completing 45 years pensionable membership, if you are not a member of the Special Classes\*
- at any time after reaching age 55 and completing 40 years pensionable membership if you are a member of the Special Classes\*
- at any time after reaching age 65 (age 60 for members of the Special Classes\*)

The Special Classes are certain grades with special retirement arrangements (for more information, see the Mental Health Officer and Special Class status factsheets in the Member Hub for more information).

You must be in good health for your age as confirmed by a medical examination. The examination must be arranged for and paid for by you.

Depending on your individual circumstances you may still be able to apply for allocation if you retire on the grounds of ill health. Assessing whether you are in good health for your age and obtaining details of current and past medical information will help establish if any health related issues will affect your life expectancy or not.

It is not necessary for the beneficiary to be medically examined but if you have nominated a dependant (other than an eligible spouse, civil partner or nominated qualifying partner), we may need you to provide additional medical supportive information.

You should consider if your beneficiary is likely to live as long as you because the allocated pension would only become payable in the event of your death and cannot be cancelled under any circumstances once it has been accepted. If your beneficiary predeceases you, the allocated pension is lost and your own pension remains at the reduced rate.

You can only apply, cancel or change an application to allocate **before** we have put your own pension into payment.

You can allocate up to a maximum of one third of your own pension to your chosen beneficiary.

The allocated pension must be an exact number of pounds and the amount of pension the beneficiary will receive for each £1 allocated will depend on your age and your beneficiary's age.

Your remaining pension must be at least equal to the Guaranteed Minimum Pension (GMP). This is an amount you must receive by law from a pension scheme if you worked between 6 April 1978 and 5 April 1997. Your NHS pension will usually be larger than the GMP amount but we will need to check this if you wish to proceed with a request for allocation. More information about GMP is available in the Members Hub.

If allocating to an eligible spouse, civil partner or nominated qualifying partner, the total amount of allocated and adult dependant's pension must not exceed your own remaining pension amount.

The allocated pension must be enough to provide your beneficiary with an amount of at least £260 a year or, if greater, above the current trivial commutation amount (this is the amount at which small pensions can normally be converted to a one-off lump sum payment). More information about trivial commutation is available in the Members Hub.

Should your allocation request be accepted but you die before your own retirement, the allocated pension will be put into payment as though you had retired on the day before the date of death.

## **Process for applying for allocation**

All requests must be made using the AW8/11A initial enquiry form which can be downloaded from the Member Hub. Unless otherwise stated below, you must apply for allocation at the time of your retirement.

### **Deferred member at retirement age**

If you no longer contribute to the NHS Pension Scheme, send the AW8/11A to NHS Pensions when submitting the completed 'deferred benefits claim form' (AW8P) which is available on our website.

### **Active member at retirement age**

If you are currently working and paying pension contributions, you will need to obtain the 'retirement benefits claim form' (AW8) from your employer. Send the AW8/11A initial enquiry form to your employer with the completed AW8 retirement claim form.

### **Other conditions**

If you are applying for allocation after already submitting your retirement application (this must be before your pension has been put into payment), you should complete and send an AW8/11A initial enquiry form to us. If you wish to apply and have reached the maximum membership/age limits described under 'Application conditions and limitations', you should also complete and send an AW8/11A to us.

The AW8/11A initial enquiry form will ask you to confirm which Section or Scheme you wish to allocate from (refer to the membership section of the website if you are not sure which Section/Scheme you are in). If you have pension benefits in more than one Section/Scheme, you can choose all or some of your pensions to allocate from if you meet the eligibility criteria noted above. You can only allocate from a Section/Scheme that has not yet been put into payment.

## **What happens next**

### **Estimate**

On receipt of your completed application form AW8/11A, we will calculate and provide you with an estimate of pension benefits based on the information you have provided, in order that you can make an informed decision. This will include an estimate of your own pension benefits, adult survivor pension, and information about the minimum and maximum amounts that you can choose to allocate to your beneficiary.

### **Option forms**

Option forms will be included with the estimate so that you can tell us if you wish to continue or not and if so, how much to allocate. You can choose to cancel the allocation request by replying to the option form or by telephoning our helpline number 0300 3301 346 (0044 191 279 0571 from abroad) which may speed up the process if you are waiting for payment of your own pension.

If you do wish to proceed with an allocation request, you will need to arrange and pay for a medical with your GP at this point. Depending on your choice of beneficiary, we may also need to see some certificates and or some supporting medical evidence. Instructions will be provided on the option forms about what documents you need to provide.

When you return these option forms to us, the medical report must be returned separately to us by your GP. We suggest you provide a stamped self-addressed envelope for your GP to contact us.

We use an independent panel of medical advisors to process the medical information provided. They will verify that you are deemed to be in good health for your age and confirm any other relevant beneficiary medical evidence that we may have asked you to provide.

Once your option form and the doctors medical report has been returned, we will write to you and record the allocation details on our records. Your own remaining pension will also be put into payment where relevant.

Payment of your own pension benefits may be delayed during the allocation enquiry process.

The information we provide in this factsheet, associated application and estimate letters is designed to help you decide what to do with the pension flexibilities we provide but we are not able to provide you with financial advice. You may wish to seek independent financial advice before making a decision to allocate part of your pension to your beneficiary.

### **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 whom 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)