

## NHS Pensions Schemes - an overview

The information in this statement has been prepared by the NHS Business Services Authority.

### Member Contributions - Tiered Contribution Rates

Feature or benefit	NHS staff Practice and approved employer staff		Practitioners (NHS medical and ophthalmic practitioners)		All NHS workers and approved employer staff
Scheme	1995	2008	1995	2008	2015
Type of Scheme	<b>Final salary</b> based on the best of the last 3 years' pensionable pay	<b>Final salary</b> based on the average of the best three consecutive years, following the application of cost of living increases, within the last 10 years	<b>Earnings Accrual.</b> The final value of pensionable earnings after adding all years' earnings and applying revaluation factors	<b>Earnings Accrual.</b> The final value of pensionable earnings after adding all years' earnings and applying revaluation factors	<b>Career Average Re-valued Earnings</b> based on a proportion of pensionable earnings in each year of membership
Pension	A pension worth 1/80 <sup>th</sup> of pensionable pay per year and pro rata for any part year of membership	A pension worth 1/60 <sup>th</sup> of reckonable pay per year and pro rata for any part year of membership	A pension based on 1.4% of total up-rated earnings	A pension based on 1.87% of total up-rated earnings	A pension worth 1/54 <sup>th</sup> of each years' pensionable earnings, re-valued at the beginning of each following scheme year in line with a rate set by Treasury plus 1.5 % whilst in active membership

Feature or benefit	NHS staff Practice and approved employer staff		Practitioners (NHS medical and ophthalmic practitioners)		All NHS workers and approved employer staff
	1995	2008	1995	2008	2015
<b>Retirement lump sum</b>	3 x pension. Option to exchange part of pension for more cash up to 25% of capital value	Option to exchange pension for a lump sum, up to 25% of capital value. Certain members may have a compulsory amount of lump sum	3 x pension. Option to exchange part of pension for more cash up to 25% of capital value	Option to exchange pension for a lump sum, up to 25% of capital value. Certain members may have a compulsory amount of lump sum	Option to exchange part of pension for a lump sum up to 25% of capital value
<b>Normal pension age</b>	60 (55 for Special Class/MHO)	65	60	65	Equal to an individuals' State Pension Age or age 65 if that is later.
<b>Maximum age</b>	75	75	75	75	75
<b>Maximum membership</b>	Non Special Class/MHO 45 years in total. Special Class/MHO 40 years at age 55 & 45 years overall	45 years		45 years	No limit
<b>Minimum pension age</b>	Age 50 if joined pre 06/04/2006 and not had a break of 5 years or more. Otherwise age 55	Age 55	Age 50 if joined pre 06/04/2006 and not had a break of 5 years or more. Otherwise age 55	Age 55	Age 55
<b>Actuarially Reduced Early Retirement</b>	Yes	Yes	Yes	Yes	Yes

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	1995	2008	1995	2008	2015
<b>Late retirement</b>	No late retirement factors applied	Late retirement factors applied to pension earned before age 65	No late retirement factors applied	Late retirement factors applied to pension earned before age 65	Late retirement factors applied to all pension earned until retirement
<b>Pensionable re-employment following payment of pension</b>	Only available to eligible members who retire from active membership following ill health retirement who rejoin prior to age 50	Yes if eligible	Only available to eligible members who retire from active membership following ill health retirement who rejoin prior to age 50	Yes if eligible	Yes if eligible
<b>Partial retirement</b>	No	Yes	No	Yes	Yes
<b>Ill health Tier 1</b>	Built up benefits paid without reduction	Built up benefits paid without reduction	Built up benefits paid without reduction	Built up benefits paid without reduction	Built up pension paid without reduction
<b>Ill health Tier 2</b>	Tier 1 plus an enhancement of 2/3rds of prospective membership to normal pension age (NPA)	Tier 1 plus an enhancement of 2/3rds of prospective membership to normal pension age (NPA)	Tier 1 plus an enhancement of 2/3rds of prospective membership to normal pension age (NPA)	Tier 1 plus an enhancement of 2/3rds of prospective membership to normal pension age (NPA)	Tier 1 plus an enhancement of 1/2 of prospective pension to normal pension age (NPA)
<b>Increasing your pension</b>	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250

**Death benefits** – The following information only relates to death in membership. For death of a recent leaver, deferred member or pensioner please see the information available on our website: [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions).

Feature or benefit	NHS staff Practice and approved employer staff		Practitioners (NHS medical and ophthalmic practitioners)		All NHS workers and approved employer staff
<b>Lump sum on death</b>	2 x annual pensionable pay *	2 x reckonable pay *	2 x average uprated earnings *	2 x average uprated earnings *	The higher of: 2 x the relevant earnings in the last 12 months of pensionable service or 2 x the revalued pensionable earnings for the Scheme year, up to 10 years earlier, with the highest revalued pensionable earnings*
<b>Adult dependant's pension for spouse / civil partner / nominated partner</b>  Must have at least two years' membership unless stated otherwise.	50% of the †notional Tier 2 ill health retirement pension if under age 60 at date of death, or 50% of the notional age pension if over age 60 at date of death. This is based only on membership from 6 April 1988** (If you are the widow of a male member, the above will include membership prior to 6 April 1988) Short term pension payable at rate of your pensionable pay for the first six months	37.5% of the †notional Tier 2 ill health retirement pension if under age 65 at date of death or, 37.5% of the notional age pension if over age 65 at date of death. Short term pension payable at rate of your pensionable pay for the first six months	50% of the †notional Tier 2 ill health retirement pension if under age 65 at date of death or, 50% of the notional age pension if over age 65 at date of death. This is based only on membership from 6 April 1988** (If you are the widow of a male member, the above will include membership prior to 6 April 1988) Short term pension payable at rate of your pensionable pay for the first six months	37.5% of the †notional Tier 2 ill health retirement pension if under age 65 at date of death or, 37.5% of the notional age pension if over age 65 at date of death.  Short term pension payable at rate of your pensionable pay for the first six months	Either: 33.75% of the †notional Tier 2 ill health pension if under normal pension age (NPA) at date of death or 33.75% of the notional age pension if over NPA at date of death Short term pension equal to the rate of pensionable earnings†† for six months
<b>Children's pension***</b>	25% of your notional Tier 2 ill health retirement pension for one child	18.75% of your notional Tier 2 ill health retirement pension for one child	25% of your notional Tier 2 ill health retirement pension for one child 50% shared equally if two	18.75% of your notional Tier 2 ill health retirement pension for one child 37.5% shared equally if	16.875% of the †notional Tier 2 ill health pension 33.75% shared equally if two or more children

Feature or benefit	NHS staff Practice and approved employer staff		Practitioners (NHS medical and ophthalmic practitioners)		All NHS workers and approved employer staff
	50% shared equally if two or more children	37.5% shared equally if two or more children	or more children	two or more children	Short term pension equal to the rate of pensionable earnings†† for the first three or six months****

\*A death gratuity lump sum is payable for members with less than two years' membership.

\*\*These benefits may be higher if you have purchased additional survivor pension cover for your dependants.

\*\*\*Higher rates may be payable if there is no adult dependant's pension payable.

\*\*\*\*Three months where the child is not dependant on the adult receiving the adult dependant's pension, or six months where there is no adult dependant's pension payable.

† a 'notional' pension is the amount that would have been payable as at the member's date of death

†† if the member was in a practitioner or non-GP provider employment, it is the rate of pensionable earnings during the last complete quarter before the member's death

### Important note: HMRC tax charge

HMRC has strict rules about the payment of the lump sum on death benefit. The lump sum on death benefit must be paid within two years of the member's death first being notified to us.

After two years the lump sum will be subject to a HMRC tax charge of up to 45%. NHS Pensions has no discretion and must deduct this tax charge from the lump sum payment.

If you die after reaching age 75 and you were 75 on or before 5 April 2011 the lump sum will be converted to an annual pension paid to your dependant.

If you die after reaching age 75 and you were 75 on or after 6 April 2011 the lump sum is subject to a lump sum death benefit charge of 45% if paid to an organisation or the marginal rate of the recipient. This tax charge is deducted from the lump sum before payment.