

NHS Pension Scheme

Introducing changes to partial retirement



NHS Pensions LIVE event for employers
Wednesday 19 July 10am to 11:30am

Introduction

Angela McPhee

Daren Murray

Adrian Earnshaw

Sarah Booth

Objectives

This event is aimed at payroll providers and pension administrators.

It will focus on the updated partial retirement application process and the tools available to support members through that process.

NHS Employers will be delivering a separate webinar aimed at strategic and operational HR staff, workforce leaders and anyone with a specific interest in staff attraction or retention.

That webinar will provide more detail on agreeing new working arrangements and the 10% reduction in pensionable pay.

The webinar will be on Wednesday 2 August from 10am to 11am.

You can book a place via the events section of their website

What will we cover today?

- What is partial retirement?
- Who is eligible for partial retirement?
- How will members apply?
- Member guidance on applying for partial retirement
- Agreeing a new working arrangement – the 10% reduction
- Resources available from 1 October – Partial Retirement Calculator
- Members affected by the McCloud ruling
- Resources available from 1 August – McCloud Percentage Tool
- The McCloud Percentage Tool in more detail
- Resources on the NHS Pensions website
- Q&A

What is partial retirement?

Partial retirement allows members to claim some of their pension benefits whilst continuing to work. Taking part of your pension benefits is also sometimes known as 'draw down'.

Partial retirement is already available to members of the 2008 Section and 2015 Scheme. The Department of Health and Social Care (DHSC) is introducing changes from 1 October 2023 that will:

- expand partial retirement to members with 1995 Section benefits
- increase the percentage of benefits that members can claim

From age 55 members will be able to take between 20% and 100% of all of their pension benefits in one or two drawdown payments, without having to leave their current job.

Who is eligible for partial retirement?

To be eligible for partial retirement a member must:

- have reached their minimum pension age,
- be an active member of the Scheme,
- reduce their actual pensionable pay by at least 10% (for GP's, Dental Practitioners, Ophthalmic and non-GP Providers a 10% reduction in commitment is required),
- have a change in their terms and conditions of employment following the reduction in pensionable pay,
- have had the previous level of pensionable pay prior to partial retirement for at least 12 months,
- expect the new level of pensionable pay to last at least 12 months from the point partial retirement is taken,
- not have already claimed partial retirement on two occasions.

Who is eligible for partial retirement?

Members with a protected minimum pension age:

Members of the 1995 Section who have a protected minimum pension age of 50 will also be able to claim pension benefits without leaving their job.

To do this between the ages of 50 and 55, they will need to take 100% of their pension benefits. From age 55, they will be able to take between 20% and 100% of their benefits in one or two payments, without having to leave work.

Members will be able to continue building their pension in the 2015 Scheme and won't need to take a break or change jobs, but will need to reduce their pensionable pay by 10%.

How will members apply?

The application process for partial retirement is remaining the same but we're introducing some efficiencies / improvements.

The current process:

- Complete a paper AW8 form
- On a separate sheet of paper confirm
 - a) 10% reduction in pensionable pay
 - b) That the reduction will remain for 12 months
 - c) The percentage the member wants to take
- Send AW8 with separate sheet attached to NHS Pensions

The updated process:

- Complete a paper AW8 form
- Member uses the Partial Retirement Calculator to model percentage
- Complete the AW8 Partial Retirement supplementary form which provides the confirmations
- Send AW8 with supplementary form attached to NHS Pensions

Member guidance on applying for partial retirement

1. Talk to your HR team about new working arrangements that mean reducing your pensionable pay by at least 10% for the 12 months after taking partial retirement.
2. From 1 October use the Partial Retirement Calculator to decide what percentage of pension to take. If you're affected by McCloud and can't wait until then, use the McCloud Percentage Tool.
3. Ask your employer for the AW8 Retirement Benefits Claim Form and start your retirement application.
4. Complete the AW8 Partial Retirement Supplement Form – attach it to your completed AW8 and send it to your employer to finalise their sections and forward your application to us for processing.
5. Start your new partial retirement working arrangement, take some of the pension benefits you've already built up and continue to add to your pension in the 2015 Scheme.

Agreeing a new working arrangement - the 10% reduction

To take partial retirement, members will need to agree a new working arrangement with a member of their HR team that lets them reduce their pensionable pay by at least 10%.

For example, members could change their level of responsibility, work fewer hours, or move to a new role.

GPs, non-GP providers, and dental practitioners will need to reduce their NHS commitments by 10%.

- Pensionable pay must stay at the reduced level for at least 12 months after partial retirement, or the member will no longer be eligible for the pension they've taken.
- During this period, they may still be able to do additional work that doesn't count towards their pension, such as overtime or Bank work.

Partial Retirement Calculator - available from 1 October

From 1 October, members can use the Partial Retirement Calculator.

Unless a member has a good reason for their partial retirement arrangement to start as soon as possible from 1 October, we recommend waiting until this calculator is available.

If a member does want their partial retirement arrangement to start as soon as possible from 1 October they can submit their form in early August.

We'll do all we can to process these applications by this date. We'll also make it possible for applications to be backdated.

Members affected by the McCloud ruling

- As part of the McCloud ruling, affected members are due to have their pensionable service for the McCloud remedy period - 1 April 2015 to 31 March 2022 - put back into the 1995/2008 Section of the Scheme on 1 October 2023.
- Affected members will be contacted in the 12 months after they've partially retired and asked to choose between keeping these benefits in the 1995/2008 Section, or taking 2015 Scheme benefits for the remedy period, instead.
- The McCloud choice means there are other factors to take into account for members deciding what percentage of their pension to take at partial retirement, as it could affect their tax position, or their final salary link, if they have one. And if they later choose to take 2015 Scheme benefits for the remedy period, they may have overpayments to pay back.

McCloud Percentage Tool - available from 1 August

The McCloud Percentage Tool is an interim tool that will be available from 1 August.

It does not give members as much information as the Partial Retirement Calculator, but it allows members affected by McCloud to see what percentage of pension they could take to avoid having overpayments to repay when they make their McCloud choice later on:

- The tool will be available on the [‘Partial retirement’ page](#) of the NHS Pensions Member hub from 1 August.
- To use it members will need to know the membership used to calculate their pension benefits, known as pensionable service or reckonable .
- Members can find this figure on their Annual Benefit Statement (ABS)

McCloud Percentage Tool - Estimates

- If an affected member is fully protected, they can use the percentage from this tool and their ABS to estimate their benefits.
- If they're not a fully protected member, they can use the Member Estimate form which will be available on www.nhsbsa.nhs.uk/member-hub/getting-estimate-your-pension
- This needs to be sent to pensionscanquery@nhsbsa.nhs.uk
- The employer version of the estimate form (the updated AW295) is available on the employer hub now

Demonstration of resources

Summary of resources on the website

On the employer hub now:

- Employer factsheet
- AW8
- AW8 partial retirement supplementary form
- AW295 estimate form

All on the Employer Hub.

On the member hub by next week:

- Updated Partial Retirement webpage
- This will explain application process and expand on information already available
- Member factsheet
- Member estimate forms

Available later:

- Early August - McCloud Percentage Tool
- 1 October - Partial Retirement Calculator to model %
- Further member facing resources

Feedback

Please provide feedback on the event today by completing our online form:

<https://forms.office.com/e/yeDh52x0ym>

If you can scan the QR code below it will take you to direct to the form:



Questions

