



NHS Pension Scheme 2015 England & Wales

**New Arrangements with Effect
from 1st April**

To cover

- Final salary v Career Average (CARE) and accrual
- Contributions
- Those with 'full protection'
- Those with 'tapered protection'
- Those outside protection
- New arrangements from 2015
- Choice 2
- Protection 'opt-out'

Final Salary, CARE and accrual

- Both are 'defined benefit' – pension will be guaranteed
- Final Salary – best of last three (or ten in 2008 section) years of pensionable employment go towards pension
- CARE – each years pensionable service goes towards their pension. www.nhsbsa.nhs.uk/4059.aspx
- Accrual is the rate your pension benefits build up – a proportion of your pensionable pay e.g. $1/80^{\text{th}}$, $1/60^{\text{th}}$, $1/54^{\text{th}}$
- E.g $1/54^{\text{th}}$ of £30k is £555.

Employee contributions

- Average contributions of 9.8% of WTE Pensionable Pay - contribution rate (gross) 2015-2019. Employer will pay in 14.3%
- \leq £15,431 - 5.0%
- £15,432 - £21,477 - 5.6%
- £21,478 - £26,823 - 7.1%
- £26,824 - £47,845 - 9.3%
- £47,846 - £70,630 - 12.5%
- £70,631 - £111,376 - 13.5%
- \geq £111,377 - 14.5%

What is 'Full Protection'?

- In the 1995 section NPA is 55 (Special Class and MHO) or 60. In the 2008 section NPA is 65.
- Those due to reach normal pension age **within ten years from 1 April 2012** will remain in their current scheme and be able to retire at their normal pension age (NPA) or later.
- MHOs will continue to 'double up'.
- All have to pay any increase in employee contributions.

The 'taper'

- Those who are due to reach their NPA between 10 and 13.5yrs of April 2012 will also receive some protection.
- They will move to the new scheme at some point **after** 1 April 2015.
- MHOs will not continue to 'double up' but will get some benefit from 'Uniform Accrual'
- The nearer someone is to within ten years from 1 April 2012, the later they will transfer to the new scheme.
- All service until transferring to the new scheme will be '**fully protected**' at their current NPA. The 'final salary' that will be used to calculate this element of their service will be their 'final salary' at actual retirement.

Examples of the ‘taper effect’

Years to NPA age after ten years from 1 April 2012	Date of switch to the new pension scheme for future service
3.5 years and over	1/04/ 2015
3 years	1/04/2016
2.5 years	1/04/2017
2 years	1/04/2018
1.5 years	1/04/2019
1 year	1/04/2020
0.5 years	1/04/2021

What if you are not in the protected groups?

- You will move to the new scheme for 'future pensionable service' on **April 1 2015**.
- This future pensionable service will have a normal pension age equal to your state pension age
- The pension value you build up to 2015 will be fully protected on a final salary (and 1995 section lump sum) basis as will the pension age for that service.
- Your final salary on actual retirement will be used to calculate any 'final salary benefits' built up before transfer to the new scheme.

New scheme from 1st April 2015

- For new entrants and those without full protection
- Career average pension scheme (CARE) with accrual rate of 1/54th.
- Pension earnings in service uplifted by Consumer Price Index (CPI) plus 1.5%
- Normal Pension Age (NPA) equal to and rising with your state pension age
- Pensions in retirement increased by CPI
- No automatic lump sum.
- Access to NHS pension scheme for those TUPE'd out of the NHS and Access to the scheme for those delivering NHS contracted services

What happens when I retire?

- If you are 'fully protected' you will retire as planned on your current arrangements even if you retire later than your NPA
- If you are in the current sections (1995 and 2008) and transfer to the 2015 section your pension will be made up by:
 - Service in the old section: fully protected at the NPA, accrual rate and calculated at your final salary plus
 - Service in the 2015 section: built up on CARE at 1/54th with NPA equal to your state pension age
 - If pension is taken from the 2015 CARE section before your state pension age that element will be reduced for taking it 'early'.
 - When you retire you will take your pension all in one go. You can't take one pension (pre 2015) without taking the other (post 2015)

Choice 2

- Choice 1 – (2009) members could choose to move 1995 benefits (NPA 55/60 accrual 1/80th) to 2008 Section (NPA 65 accrual 1/60th)
- Choice 2 – those who are not ‘fully protected’ and did not take the Choice 1 get an option to move 1995 benefits to 2008 section retrospectively. They will have all their service in the 2008 section to 31/3/2015 and will move to the 2015 scheme in April 2015
- Exercise will run until 16th March 2015.

Option to forgo protection

- All protected members in the 2008 section will be given an option to give up protection and move to the new 2015 scheme
- The majority of 2008 members may benefit
- Three month window once exercise starts

paulb@sor.org

Further information from www.sor.org