

SoR Briefing – NHS Pensions – Choice 2 reminder, Scheme Guides and Information Resources and some more new concepts

As we move into the last few weeks before the 2015 scheme comes into place the pace of activity is really gathering for unions, the Pensions Agency (NHSBSA), NHS Employers and the Department of Health alike:

1. The consultation on the detailed draft legislation and regulations for the 2015 Scheme and associated transition arrangements has closed and these are making their way through the formal parliamentary processes which must conclude before Parliament rises on 30th March.
2. The Pensions Agency, in partnership with NHS Employers and NHS unions, has released additional communications, both written and videos, to help scheme members (and employers) understand the changes. These can be accessed via the Pensions Agency web site at <http://www.nhsbsa.nhs.uk/Pensions.aspx> and follow the link to the Members Hub.
3. Members should have or will shortly be receiving a pay slip leaflet with a Choice 2 reminder and further information. This can also be downloaded from: [http://www.nhsbsa.nhs.uk/Documents/Pensions/Payslip_Leaflet_2015_\(V1\)_online_22.12.2014.pdf](http://www.nhsbsa.nhs.uk/Documents/Pensions/Payslip_Leaflet_2015_(V1)_online_22.12.2014.pdf)

A Choice 2 Decision Tree has also been posted to indicate what you should be thinking about: [http://www.nhsbsa.nhs.uk/Documents/Pensions/decision_tree_-_choice_and_tapering_\(V0.8\)_-_Formatted.pdf](http://www.nhsbsa.nhs.uk/Documents/Pensions/decision_tree_-_choice_and_tapering_(V0.8)_-_Formatted.pdf)

4. Again, in partnership NHSBSA, NHS Employers and unions have been running a series of 4 webinars to brief employing authorities on the new scheme and what they have to do in readiness. The content of these can be accessed via the NHS Employers web site at: <http://www.nhsemployers.org/events/2015/03/new-2015-nhs-pension-scheme-arrangements>
They have been increasingly popular and we might suggest that local employers and their union representatives could benefit by viewing them together. The last one is on 3rd March 2015.
5. NHSBSA have recently published an updated (v13) Guide to the 1995 & 2008 Schemes and now a separate (v0.1) Guide to the 2015 Scheme. These can be downloaded from: [http://www.nhsbsa.nhs.uk/Documents/Pensions/SD_Guide_\(V13\)__\(website\)_11.2014.pdf](http://www.nhsbsa.nhs.uk/Documents/Pensions/SD_Guide_(V13)__(website)_11.2014.pdf)
and [http://www.nhsbsa.nhs.uk/Documents/Pensions/SD_Guide_\(V0.1\)_Published_01.2015.pdf](http://www.nhsbsa.nhs.uk/Documents/Pensions/SD_Guide_(V0.1)_Published_01.2015.pdf)
6. **Scheme identifier logos.** Although it may seem trivial the communications team are seeking to use every device to help members follow the information for the schemes relevant to them. The colour code of orange for 1995, blue for 2008 and violet for 2015 will be used in all their literature.

Choice 2 Reminder

If you are eligible for Choice 2 but have not yet made your deliberate decision now is the time to dig the letter and information from the bottom of your “to do” pile, consider the issues for you and make your considered choice. DO NOT DELAY further! The closing date is 16th March 2015 (except for relevant staff in Public Health England (PHE) where it is 29th May 2015 due to late inclusion in the exercise). In the absence of an expression to opt into the 2008 scheme with its Normal Pension Age (NPA) more closely aligned to the new 2015 scheme the “default” choice is that you will stay in the 1995 scheme. The key issue then is that to take your 1995 final salary benefit at the 1995 NPA of 60 you will not be able to accrue further pension in the 2015 scheme,

The Choice 2 Decision Tree on the NHSBSA web site has useful prompts to help you make your decision,

Choice 2 for Public Health England staff

The Choice 2 decision for PHE members is more complicated. The underlying rationale for Choice 2 is the same: Your original Pensions Choice decision to stay in the 1995 scheme would have been made on the assumption of an enduring NPA of 60. Transfer (at some point on or after 1st April 2015) to a new scheme with a later NPA means that this assumption is no longer valid.

Choice 2 in PHE will only affect how your previously accrued NHS benefit is calculated. PHE members have the additional complexity of a compulsory transfer to equivalent Civil Service Schemes – final salary based for those with full or tapered protections and a CARE-based scheme for those who would otherwise have transferred to

the NHS 2015 scheme.

The original DH presumption had been that PHE members will take an offer of a bulk transfer of their preserved pension rights from the NHS 1995 or 2008 schemes into the Civil Service schemes. However the details of the terms of that transfer are not yet known. It is likely that the bulk transfer will be beneficial for many members as it will preserve the pension's final salary link until your eventual retirement.

However some may wish to preserve their previous accrual in the NHS scheme (albeit as deferred members, losing the final salary link). This will be a very personal decision based on your own career and pay circumstances and retirement plans. Members who may benefit from becoming NHS deferred members are likely to be those already at the peak of their career expectation and on maximum pay points. Choice 2 would let you choose the most beneficial option for such a deferred pension.

As PHE staff were originally excluded from the Choice 2 exercise they have a later decision date of 29th May. Hopefully the Bulk Transfer Terms will be known by then. For you this is a decision that needs to be made even more carefully.

OTGUP & ERRBO

These acronyms may sound like minor characters in Harry Potter but refer to two new provisions arising from the 2015 scheme.

OTGUP is "Option to Give Up Protection" and will apply to a relatively small number of members with protection in the 2008 scheme for whom the 2015 option maybe better.

ERRBO is "Early Retirement Reduction Buy Out" and will let anyone in the 2015 scheme, with its NPA the same as State Pension Age (SPA), pay extra into the scheme to retire earlier than SPA without actuarial reduction.

You do not need to make any decisions about them just yet.

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