



The government's response is NOT enough!

Message from the president

In this briefing we are advising SoR members what the result has been from ongoing negotiations between the health unions (including the Society) and the government regarding pensions for staff who work in the National Health Service.

The much delayed final proposals have finally been published. Members of UK Council are not impressed with what they contain. The fundamental issues have not changed:

We will be paying more, working longer and getting less.

Read the information and make sure that you understand what is

being offered.

Council is clear that these final proposals do not provide a satisfactory response to our demands.

We now want to know whether you are prepared to continue with ongoing industrial action, which will include strikes, with the aim of making the government change their stance. This could be a long fight and we need to ensure we have our members' commitment to continue that fight.

I am asking you to think hard about the actions you are willing to take. Be aware that a decision to continue to fight for fairer pensions will mean members who

work in the NHS being expected to take further strike action.

I am keen to spell this out so there can be no confusion after this consultation exercise.

If you vote 'No', Council will understand that you want to continue the fight. We will work with the SoR staff to implement the next phase of our strategy and work with the other unions to co-ordinate action.

Council is very willing to do this work if our members are with us.



Sue Johnson, President, Society of Radiographers

We will be paying more, working longer and getting less... Council is clear that these final proposals do not provide a satisfactory response to our demands.

A full copy of the proposed Final Agreement is on the SoR website:

www.sor.org/news/final-proposals-nhs-pension-scheme



NHS PENSIONS SPECIAL BRIEFING: What you need to know

Summary of the Agreement

This Briefing contains a summary of the NHS Pension Scheme proposed final agreement.

The proposed final agreement on the scheme design for changes to the NHS Pension Scheme, to be introduced in 2015, was published on 9th March.

Proposed Final Agreement

The outline summary set out below highlight the six key points for employees under the following headings:

1. Transitional protection for existing members
2. The main parameters of the new scheme for 2015
3. Reviewing members' contribution levels and scheme opt-out rates
4. Future increases to state pension age
5. Employer cost cap
6. 25 year guarantee

I am asking you to think hard about the actions you are willing to take. Be aware that a decision to continue to fight for fairer pensions will mean members...being expected to take further strike action.

1. There will be transitional protection

(a) All accrued rights are protected and those past benefits will be linked to final salary when members leave the scheme. Existing arrangements with respect to the Uniform Accrual Formula for Mental Health Officers (MHOs) will continue to apply for staff who move to the new arrangements.

(b) The current rules requiring staff in the 1995 scheme to retire, take all benefits and be prohibited from further pension scheme membership will be retained, but with the following changes: Staff on taking their 1995 benefits after the age of 55, will be able to defer their 2015 benefits, but without the possibility of further accrual in the NHS Pension Scheme.

(c) All active NHS Pension Scheme members in the 1995 arrangements with a current Normal Pension Age of 60 or 55, who as of 1 April 2012, have 10 years or less to their current Normal Pension Age or are over their current. Normal pension age will have their future benefits protected. This will be achieved by their remaining in the 1995 arrangements on their current benefit terms until they retire.

(d) Members in the 1995 arrangements who are within a further 3 years and 5 months of their current Normal Pension Age (ie up to 13 years and 5 months from their NPA), will have limited protection with linear tapering so that for every month of age that they are beyond 10 years of their current Normal Pension Age, they lose 2 months of protection. At the end of the protected period, they will be transferred into the new pension arrangements. Paragraph 2 below also refers to these members.

(e) All active NHS Pension Scheme members in the 2008 arrangements who, as of 1 April 2012, have 10 years or less to their current Normal Pension Age of 65, or are over 65 will be given protection by their being allowed to remain in their current arrangements until they retire. A tapered arrangement (on the same basis as (d) above) will apply to those within a further 3 years and 5 months of their current Normal Pension Age as of 1 April 2012.

However, whilst these members are covered by protection, they will be given a one-off option to opt-out of protection and transfer to the new scheme in 2015. This opt-out is being made available because modelling of the impact of the new scheme on these protected members has suggested that the majority could be better off if they transfer to the new arrangements.

(f) Members with protection who leave active service and return within five years will be able to return to their current arrangements

with final salary linking if they are in the fully protected group. If they are in the tapered protection group, they will return to the scheme arrangements that they would have been in had they remained in service, again retaining final salary linking. Members not covered by protection will be able to re-link their accrued rights to final salary on retirement if they return within five years. Those who return after more than 5 years will, as now, be offered the choice of converting their past service to the current scheme terms on a Cash Equivalent Transfer Value (CETV) basis or leaving it as an accrued benefit without final salary linkage.

(g) The anticipated costs associated with the protection outlined above in paras a-d and f sit outside the costs of the reference scheme. The cost of the choice exercise to opt out of protection is accommodated within the cost ceiling set for the reference scheme.

Currently the NHS Pension Scheme for England and Wales is completing the Pensions Choice Exercise to allow staff to choose to move their total pensionable service from the 1995 Section to the 2008 Section and to transfer to the 2008 section of the Scheme. This was to give staff who expect to be working for the NHS until they are 65 the opportunity to transfer to a more flexible scheme with a better accrual rate.

It is recognised that the implementation of the changes set out in this agreement, may mean that some members who chose to remain in the 1995 section and are not covered by full protection (as per paragraph 1(c) above), may wish to change their retirement plans and retire later. For this reason, these staff will be offered a second chance to transfer to the 2008 section for their service up to 2015 on the same conversion terms as originally agreed. This is likely to take place in 2013 or 2014. Those with full protection in the 1995 Scheme and those who have already chosen to move to the 2008 Scheme will not receive another Choice opportunity.

2. The main parameters of the new scheme for 2015:

(a) A pension scheme design based on career average.

(b) An accrual rate of 1/54th of pensionable earnings each year with no limit to pensionable service.

(c) Revaluation of active members' benefits in line with CPI plus 1.5% per annum.

(d) A Normal Pension Age equal to the State Pension Age, which applies both to active members and deferred members (new scheme service only). If a member's SPA rises, then NPA will do so too for all post 2015 service (see para. 5 below). Those within ten years of current NPA are excluded and accrued rights in pre-2015 schemes will also be related to current NPA.

(e) Pensions in payment to increase in line with inflation (currently CPI).

(f) Benefits to increase in any period of deferment in line with inflation (currently CPI).



(g) Member contributions on a tiered basis to produce a total yield of 9.8% of total pensionable pay in the Scheme'. (Subject to the detailed arrangements for determining future contribution structures set out in paragraph 3).

(h) Optional lump sum commutation at a rate of £12 of lump sum for every £1 per annum of pension foregone up to the maximum limit on lump sums permitted by HMRC.

(i) The current flexibilities in the 2008 section: early/late retirement factors on an actuarially neutral basis, draw down of pension on partial retirement and being able to retire and return to the pension scheme will be included in the 2015 scheme.

(j) Ill-health retirement pensions to be based on the current ill-health retirement arrangements, but with enhancement for higher tier awards to be at the rate of 50% of prospective service to normal pension age.

(k) Spouse and partner pensions to continue to be based on an accrual rate of 1/160th. For deaths in retirement, spouse and partner pensions will remain based on pre-commuted pension.

(l) The current arrangements for abatement (for service accrued prior to and post 2015) will be retained.

(m) Lump-sum on death in service will remain at two times actual pensionable pay.

(n) For members who in the new scheme have a Normal Pension Age higher than 65 there will be an option in the new scheme to

pay additional contributions to reduce or, in some cases, remove any early retirement reduction that would apply if they retire before their Normal Pension Age. Only reductions that would apply in respect of years after age 65 can be bought out and the maximum reduction that can be bought out is for 3 years (that would apply to a member with a Normal Pension Age of 68 or higher).

(o) Added Years contracts in the 1995 section will continue on compulsory transfer to the 2015 scheme.

(p) Additional pension arrangements will continue.

(q) The Public Sector Transfer Club will continue, and further consideration will be given to the best way of operating it in the reformed schemes.

(r) An employer contribution cap as detailed in paragraph 5.

3. Employee contribution levels

Tiering structures in 2013-14 and 2014-15, before the new scheme is introduced, will be discussed by the Department, NHS Employers and unions in the light of experience of opt-outs, other member behaviour and changing circumstances, and will reflect the government's and unions' shared priorities for those structures to:

- include protection for the low paid,
- minimise the risk of opt-outs from the scheme across the whole membership; and
- ensure that the scheme remains sustainable, a valuable part remuneration, and affordable to all members.

4. Future increases to SPA

In the new scheme a member's Normal Pension Age (NPA) will be equal to their State Pension Age (SPA). Benefits earned in the new scheme will be calculated by reference to a member's State Pension Age/

Normal Pension Age at the time they retire and draw benefits. On entry to the new scheme, each member will have an individual Normal Pension Age but that Age will be subject to change in the period before they retire and draw benefits if the member's State Pension Age increases. This will apply to all post 2015 service.

5. Employer cost cap

An employer cost cap will be introduced to cover unforeseen events and trends that significantly increase scheme costs. The employer cost cap is intended to provide backstop protection to the taxpayer and will be based on already agreed cap and share principles.

This means that changes to contribution rates due to 'member costs' will be controlled by the cap. Financial cost pressures, including changes to the discount rate, will be met by employers. The employer cost cap will be symmetrical so that, if reductions in member cost fall below a 'floor', members' benefits will be improved.

6. 25 year guarantee

The Chief Secretary to the Treasury set out to Parliament on the 2nd of November 2011 an offer on public service pensions that is fair and sustainable, and one that can endure for 25 years. This means that no changes to scheme design, benefits or contribution rates should be necessary for 25 years outside of the processes agreed for the cost cap. To give substance to this, the Government intends to include provisions on the face of the forthcoming Public Service Pensions Bill to ensure a high bar is set for future Governments to change the design of the schemes. The Chief Secretary to the Treasury will also give a commitment to Parliament of no more reform for 25 years.

We recommend:

The above summary details the key points of the proposed Final Agreement. This document runs to some 36 pages and contains 6 appendices.

Members are strongly advised to read the full proposed Final Agreement which, along with other pensions information, is on the front page of the website.

It is important that all members read and understand these proposals. To assist you in this, an online calculator has been developed by independent pension specialists working with the NHS trades unions, the Department of Health and NHS Employers.

You can enter your details by visiting: www.dh.gov.uk/health/2012/02/pension-calculators and following the link.

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