



# **NHS Pension Scheme 2015 Scotland**

# 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](http://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. Employer will pay in 14.3%
- $\leq$  £15,828 - 5.0%
- £15,829 - £21,601- 5.6%
- £21,602- £27,089 - 7.1%
- £27,090- £49,967- 9.3%
- £49,986- £71,337 - 12.5%
- £71,388- £111,376 - 13.5%
- $\geq$  £111,377 - 14.5%
- Subject to confirmation, will increase each year.

# 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’

<b>Years to NPA age after ten years from 1 April 2012</b>	<b>Date of switch to the new pension scheme for future service</b>
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 1<sup>st</sup> April 2015

- For new entrants and those without full protection
- Career average pension scheme (CARE) with accrual rate of 1/54<sup>th</sup>.
- 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 1/54<sup>th</sup> 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 1/60<sup>th</sup>)
- 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
- This exercise will take place post 1<sup>st</sup> April 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

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**Further information from [www.sor.org](http://www.sor.org)**