

WORKFORCE DIRECTORATE
FREQUENTLY ASKED QUESTIONS
NHS PENSION SCHEME



Last updated June 2019 by Alice Walker, HR, with details checked by Joanne Inglis, Payroll Manager and previously by an SPPA Adviser.

1. What Section of the NHS Pension Scheme Am I In?

- If you joined the NHSScotland Pension Scheme before 1 April 2008, you will have been placed in the 1995 Scheme.
- On 1 April 2008, a new Section of the NHSScotland Pension Scheme was introduced, meaning that there were then 1995 and 2008 sections of the same Scheme.
- All 1995 NHSScotland Pension Scheme members as at 1 April 2008 were subsequently offered a choice at some point between January 2010 to March 2011 as to whether they wanted to stay in the 1995 Section or move their service to the 2008 Section of the Scheme.
- If you were a scheme member on 1 April 2008 but did not actively choose to move to the 2008 Section as part of this “Choice” Exercise, you will still be a member of the 1995 Section.
- If you chose to move at that point, you are a member of the 2008 Section.
- If you joined the NHSScotland Pension Scheme on or after 1 April 2008 (or who returned having had a 5 year or more break or previous service transferred or refunded), you will have been placed in the 2008 Section of the Scheme.

Source SPPA ‘NHS Scheme Comparison July 2015’

- On 1 April 2015 another new Section of the NHSScotland Pension Scheme was introduced, meaning that there were then 1995, 2008, and 2015 sections of the Scheme.
- All 1995 and 2008 NHSScotland Pension Scheme members as at 1 April 2015 were subsequently offered a choice during the summer of 2015 as to whether they wanted to stay in the 1995 or 2008 Section or move their service to the 2015 Section of the Scheme.
- If you were a scheme member on 1 April 2008 but did not actively choose to move to the 2015 Section as part of this “Choice” Exercise, you will still be a member of the 1995 or 2008 Section.
- If you chose to move at that point, you are a member of the 2015 Section.

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- If you joined the NHSScotland Pension Scheme on or after 1 April 2015 (or who returned having had a 5 year or more break or previous service transferred or refunded), you will have been placed in the 2015 Section of the Scheme.

2. What are some of the main differences between the Schemes?

NHS (Scotland) Pension Scheme Comparison Table

Scheme	1995 Section	2008 Section	2015 Scheme
Type	Final salary	Final salary	Career Average Revalued Earnings (CARE)
Normal Pension Age (NPA)	NPA 60. (55 for those with Mental Health Officer and special class status).	NPA 65.	Equal to member's State Pension Age (SPA).
Accrual Rate (This is how your pension 'grows' each year you work)	Officer members: 1/80 th Practitioners: 1.4%	Officer members: 1/60 th Practitioners 1.87%	1/54 th of pensionable earnings for each year of membership. Applies to all members.
Maximum Service	45 years	45 years.	No maximum service.
Commutation (This means converting some of your pension to a lump sum at the time of retirement)	Have to take minimum lump sum of 3/80ths pension. Option to commute further pension to lump sum at rate £12 of lump sum for every £1 pension given up in line with HMRC limits (currently max of 25% of pension fund).	Option to commute pension to lump sum at rate of £12 of lump sum for every £1 pension given up in line with HMRC limits (currently max of 25% of pension fund). Previous 95 section members who transferred to 2008 section on "choice" terms are required to take a mandatory lump sum based on 95 section service to 31/3/08.	Option to commute pension to lump sum at rate of £12 of lump sum for every £1 pension given up in line with HMRC limits (currently max of 25% of pension fund).
Retirement flexibilities	Pension based on best of last 3 years salary. Members can apply to protect earnings at higher rate for pension calculation if move to lower paid post. Early retirement from age	Minimum pension age 55 Early/late retirement factors applied. Partial retirement. Able to rejoin scheme following retirement.	Minimum pension age 55 Early/late retirement factors applied. Partial retirement. Able to rejoin scheme following retirement.

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Scheme	1995 Section	2008 Section	2015 Scheme
	<p>55 with actuarially reduced pension. (50 for members with protected minimum pension age) No late retirement enhancement</p> <p>Pensionable re-employment only available to eligible members who retire from active membership following ill health retirement who re-join prior to age 50</p>		
<p>Ill health arrangements</p>	<p>Lower tier: Member unable to permanently do own job -pension the member has accrued is payable and there is no enhancement.</p> <p>Upper tier: Member permanently incapable of engaging in regular employment of like duration.</p> <p>An enhancement of 2/3rds prospective service will be paid in addition to the earned pension.</p> <p>For members who are subject to the amended 1995 section regulations there is a transitional arrangement in place allowing a minimum of 4 year enhancement or number of years to age 60 (whichever is the less). This arrangement is subject to review in 2016.</p>	<p>Lower tier: Member unable to permanently do own job -pension the member has accrued is payable and there is no enhancement.</p> <p>Upper tier: Member permanently incapable of engaging in regular employment of like duration.</p> <p>An enhancement of 2/3rds prospective service will be paid in addition to the earned pension.</p>	<p>Lower tier: as 2008 section.</p> <p>Upper tier: pension enhanced at rate of 50% prospective service to normal pension age (NPA).</p>
<p>Surviving Partner pensions</p>	<p>Half member pension (widowers, civil partners, and nominated partners based on member's service from 6 April 1988 unless previous service purchased).</p>	<p>37.5% of member pension based on all service.</p> <p>Initial 6 month payment at rate of member's pension.</p>	<p>Paid at accrual of 1/160th.</p> <p>Initial 6 month payment at rate of member's pension</p>

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Scheme	1995 Section	2008 Section	2015 Scheme
	Initial 6 month payment at rate of member's pension.		
Abatement (Means a reduction in your pension)	Abatement applies, subject to the type of retirement. For Special Class Members returning before age 60, abatement applies when earnings from new NHS employment plus gross annual pension exceed pre – retirement earnings.	Abatement applies, subject to the type of retirement.	Abatement will continue to apply on current arrangements.
Death in service lump sum	2 x actual pensionable pay.	2 x actual pensionable pay.	2 x actual pensionable pay.
Buy out of reduction in pension for leaving before NPA	n/a	n/a	Facility included to buy out period between 65 and SPA, up to a maximum of 3 years.
Added years	Ceased from 31 March 2008. Contracts taken out before this date able to be continued.	Not available in 2008 section.	No new contracts but existing contracts will continue on compulsory transfer to 2015 scheme based on 95 section benefits. Contracts can be decoupled from 1995 section benefits and be paid on the contract payable date.
Additional pension	Currently Max £5,000 (index linked).	Currently Max £5,000 (index linked).	Additional pension arrangements will continue. (Max £6,500) Members who took out contracts in the 1995 section and have to move to the 2015 scheme can receive benefits on the contract payable date without having to take their main

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Scheme	1995 Section	2008 Section	2015 Scheme
			1995 section pension benefits.
Mental Health Officer (MHO)	Not available to new members from 1 April 1995.	Not available.	Not available in the 2015 scheme. However, for those who are compelled to transfer, a calculation (uniform accrual) will be applied to service transferred from the 1995 section to give members benefit for that service.
Special Class	Not available to new members from 1 April 1995	Not available.	Not available.

Transitional Arrangements

	1995 Section	2008 Section
Protection	<p>Active members within 10 years of NPA (55 or 60) as at 1 April 2012 remain in 95 section.</p> <p>Tapered protection for those within a further 3 years and 5 months of NPA.</p> <p>Those who have deferred benefits in the scheme and return within 5 years of 1 April 2012 will also be eligible for protection.</p>	<p>Active members within 10 years of NPA (65) as at 1 April 2012 remain in 2008 section.</p> <p>Tapered protection for those within a further 3 years and 5 months of NPA.</p> <p>Those who have deferred benefits in the scheme and return within 5 years of 1 April 2012 will also be eligible for protection.</p> <p>One-off opt out of protection will be available</p>
Accrued Benefits	All accrued rights protected and linked to final salary at time of leaving scheme.	All accrued rights protected and linked to final salary at time of leaving scheme.
Retirement and return to scheme	Members able to take retirement benefits from 1995 section and leave 2015 benefits deferred (2015 benefits if taken before state pension age would be actuarially reduced) No further accrual allowed.	Members able to take retirement benefits from 2008 section and return to 2015 scheme.

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2. What effect will reducing my working hours for the last two years have on my pension calculation?

If you are currently a member in the **1995 Section** of the Pension Scheme your pension benefits are worked out using the best year's pensionable pay that you have received in the *last three years* before you take your pension benefits.

If you are a member in the **2008 Section** of the Pension Scheme your pension benefits are worked out using your pensionable earnings in the 10 years before your retirement to find the *annual average of the best consecutive three-year period during the 10 years* (this is called the reckonable pay). Each year is revalued using the Retail Price Index to make sure that a current value is used. Please note that this 10 year period cannot start before 1 April 2008.

If you are a member of the **2015 Section** of the Pension Scheme you are in a 'career average revalued earnings' (CARE) Scheme with an accrual rate of 1/54th of pensionable earnings each year. There will be no limit to pensionable service, and benefits earned whilst in service will be increased annually in line with inflation, (currently the consumer price index - CPI) plus 1.5% per annum. When a member retires or leaves the scheme, benefits will be revalued in line with inflation (currently CPI). There will be no automatic lump sum but members will be able to opt to give up some of their pension for a tax free lump sum at the rate of £12 of tax free cash for every £1 per annum of pension given up (subject to a maximum limit).

If you have firm plans to move to a lower paid job (thus reducing your pensionable pay) at least three years before you retire, the 2008 section may protect your pension better, but remember that it has a later pension age and other different benefits.

[Source Page 8, The Choice Guide, SPPA]

NB. Please note that your pension benefits are calculated using the *full time rate* for the job, but that working part time will mean your total pensionable *service* is affected (see Question 3).

3. What is the difference between my NHS Service and my pensionable service?

For each year that you work for the NHS, part time or full time, you accumulate one year of service with the NHS which counts towards your entitlement to things like your annual leave and the amount of pay you can receive during sickness absence.

Pensionable service is accumulated based on how many hours you work. A full time person gets one year of service (365 days) for each year they are in the pension scheme, but you only get a proportion of this if you are part time.

E.g.

Full time hours = 37.5 hours	accumulate 1 year of pensionable service for each year worked.
Part time hours = 18.75 hours	accumulate 0.5 year of pensionable service for each year worked.

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4. Can I buy back pensionable service I have lost when I had a break in employment or was off on unpaid maternity leave?

No. The buy back facility was withdrawn from 1 April 2008. Only members who currently have added years' contracts can continue to pay these and receive the benefits of the extra service that they buy.

However, you can buy *additional pension* in blocks of £250, up to £5,000 per year. You can buy this as a lump sum or by paying extra contributions. [Source, Page 11, The Choice Guide, SPPA]

There is calculator on the SPPA website that shows you how much this will cost you.

<http://www.sppa.gov.uk/nhs/calculators.htm>

5. Where can I find information on the State Pension and changes to this?

Full details are available on the government website, www.direct.gov.uk

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