

**Specific queries McCloud impact**

- 1) Also, is there any information on the reported 2022 scheme and being given the option to transfer the 2015 contributions back to the 1995 scheme.
  - a. **See McCloud / Changes to public sector slides**
- 2) I'm really interested to understand the McCloud ruling and how I can forecast the change, prior to me reaching 60/ drawing my pension
  - a. **NHS Pensions are working on a system to provide the comparison calculations. As soon as this is available employers and members will be notified.**
- 3) On the BSA website it says the legislation might not be in place until October 2023 which is over two years away. How is that fair for people wishing to retire in the meantime? They've already been discriminated against due to their age and now they'll be deprived of their full pension for 18 months if they choose to retire under that option in March 2022. Surely, they can just be managed in the same way as older colleagues who retained membership of the 1995 scheme.
  - a. **Until the legislation is in place NHS Pensions cannot complete the calculations, this is being investigated by the project team. Please note that any retrospective exercises will be backdated to the payable date of the original award.**
- 4) I have a question regarding the McCloud Judgement for the session and how will ERRBO agreements be affected by this.

I will have the opportunity to choose between leaving my contributions in the new scheme or transferring my contributions between April 2015 and March 2022 to the 1995 scheme at retirement. When we were transferred to the new scheme in 2015, I choose to enter into an ERRBO agreement and buy back two years so that I could take my pension at age 65 without any penalties.

My question is, for staff who choose to move their contributions to the 1995 section what happens to the ERRBO contributions they have made over the last 7 years?

- Do we get it refunded to us at the point of making the choice?
- Or will it automatically be refunded at some point in the near future?
- Or will we be given the choice to transfer some of those contributions to our 2015 pension scheme contributions post 2022 so we can still buy back two years and how would that work if at retirement we choose to transfer our contributions to the 1995 scheme?
- For those that have an ERRBO agreement will they be written to and have all of their choices set out for them?
- Will staff who have made these extra contributions be given the choice to use them to buy the same number of years as added years if they choose to have their contributions for the 7-year period transferred to the 1995 scheme?

I couldn't find much on the website about how this will work.

- a. **NHS Pensions are awaiting further information on how ERRBO is impacted following McCloud as soon as we have more information it will be placed on the Changes to public sector pension schemes.**
- 5) What happens to any additional year's payments for the 1995 pension scheme that we have been paying after the 31/03/2022, as the original contract goes past this date of the 31/03/2022, by a couple of years.

Does it all finish at the 31/03/2022 and is it then all frozen until you come to retire.

- a. **NHS Pensions are awaiting further information on how additional years payments are impacted following McCloud as soon as we have more information it will be placed on the Changes to public sector pension schemes.**
- 6) Following the McCloud judgement NHSBSA say they will consult about whether people caught in the 2015/22 remedy period will be asked to choose whether they want to have their contributions credited to the 1995 scheme now or at the time of retirement. I haven't seen any consultation but may have missed it
- a) Who will be asked as part of the consultation?
    - A. **DHSC completed a consultation and responded in Feb 2021. All eligible members will be provided with a choice at retirement.**
  - b) Why the hold up?
    - A. **We are awaiting the legislation to be in place, this has been proposed by government to be in place by 01 October 2023.**
  - c) People who know they want their contributions adding to the 1995 scheme effectively don't get proper pensions estimates as part of their TRS and are having to make their own estimates about what their retirement benefits will be. Some may see this as continued age discrimination and misses the point of what McCloud was supposed to address. People need current information to be able to make decisions about the next steps in their lives and the people impacted will probably want to be retiring soon
    - A. **NHS Pensions are working on a system to provide comparison calculations as soon as we have more information, we will make you aware.**
- 7) **McCloud** & the remedy period. Not sure the current FAQs go far enough. The advice to do nothing and wait until retirement perhaps assumes members are only in NHS scheme. I am by no means an expert, but there are differences between the two schemes other than the accrual rates e.g. retirement date, mechanisms to increase your pension
- a. **NHS Pensions are awaiting further information on how this is impacted following McCloud as soon as we have more information it will be placed on the Changes to public sector pension schemes.**
- a. How does the remedy period impact with annual allowance (pension contribution decisions) decisions being taken now or past decisions to pay into the ERRBO (Early Retirement Reduction Buy Out)
    - a. **NHS Pensions are awaiting further information on how ERRBO payments are impacted following McCloud as soon as we have more information it will be placed on the Changes to public sector pension schemes.**
  - b. Are tax implications being considered as part of the remedy.
    - a. **NHS Pensions are awaiting further information on any tax implications following McCloud as soon as we have more information it will be placed on the Changes to public sector pension schemes. I can confirm that tax is part of the discussions.**

## Final Pay Controls

- 8) Can they provide an update on the recent changes around FPC charges and can they outline the process and timeframes for appealing against previous FPC invoices issued and paid which now fall outside of the criteria for a charge being levied?
  - a. **See presentation – FPC changes and appeals process**
- 9) It may be covered already but in case my question would be, What is the impact on members of the 1995 scheme when it closes in April 22?
  - b. **Information on members in one of more section or schemes, at retirement.**
- 10) Useful if update covers the **Final Pay control** re-assessment application process & deadlines.
  - a. **See presentation – FPC changes and appeals process**

### Annual Allowance

- 11) Will you be covering the issue that rises when senior staff have a serious promotion and the arising tax liability from pension pot re-alignment? We've had a couple over the last few years, and I wondered if there was a tool or something that we could use to highlight the issue. I'm thinking that as we move from CCGs to ICSs there may well be some senior managers that land a higher paid job.
  - a. **NHS Pensions are awaiting further information on any tax implications following McCloud as soon as we have more information it will be placed on the Changes to public sector pension schemes. I can confirm that tax is part of the discussions.**
- 12) Why does it take so long to send out an annual allowance pension statement? The statement tells you if you have contributed more than the £40k annual allowance for the previous tax year but it doesn't arrive until almost 6 months into the new tax year, by which time you have less time to do anything about it for the current tax year and it could have a significant impact. The statements I received came 2 weeks apart (one for the 2015 scheme and one for the 1995 scheme) and you need both to know if there is an issue. Can the process be speeded up please?
  - a. **Employers have until the 31 may each year to provide NHS Pensions with the information for the previous scheme year. NHS Pensions then need to cleanse the records to ensure that all information has been included. Once the records have been data cleansed, we can then start the assessment for the statements.**

**I will take the comments forward to the team. Specifically, on members with multiple statements receiving them at the same time.**

### Retirement options

- 13) I would like to understand more about the different pension schemes and the impact to them when you come to retire, i.e. I currently have paid in to the 1995 and 2015 and if I retired at 60 could I just take the 1995 scheme and freeze my 2015 scheme until 65/7.
  - a. **See options at retirement more than one section or scheme.**
- 14) I keep hearing people say that if you're made redundant you can use your redundancy money to make up your pension. Is this correct? Are there tax benefits of doing it?
  - a. **Capitalised costs are based on the difference between an unreduced pension and a pension reduced for early payment plus the cost of paying a lump sum early. These two amounts are then multiplied by the appropriate factors provided by the Government Actuary's Department**

**(GAD). These factors are available on our website. If the capitalisation cost exceeds the redundancy payment any cost remaining after the employee redundancy payment has been used must be covered by the member if they are subject to Agenda for Change terms and conditions or equivalent.**

**The member must commit the whole of the redundancy payment and can then choose to:**

- **have some of their benefits actuarially reduced to cover the shortfall**
- **pay an additional contribution to meet all the remaining costs**
- **pay a lesser amount to limit the actuarial reduction.**

**The member can choose to keep the full redundancy payment and receive either immediate payment of benefits with full actuarial reduction or unreduced deferred benefits paid from their normal pension age. If the capitalisation cost is less than the redundancy payment, the member receives the remainder of the redundancy payment after the full costs have been met.**

**The first £30,000 is tax free but anything above this is taxable.**

### **Contributions**

15) Currently the increase in employer pension contributions is being funded centrally by the NHS – do we know if there will be any changes to these arrangements e.g. plans to incorporate funding into provider contracts?

- a. **We are currently awaiting confirmation from DHSC on what the arrangements will be for 2022/2023 as soon as we have more information, we will let you know.**

16) What changes are proposed to the employee contribution rates from April 2022 to reflect the fact that all future accruals will be on a CARE basis from that day?

- a. **This is currently with the government and NHS Pensions are awaiting further information.**

### **In session questions**

17) Great webinar - thank you. This might be a very basic question, but if at retirement I have 20 years in the 95 scheme will my pension be based on final salary at retirement, or final salary before I moved to the 2015 scheme? Will my 1995 scheme pension continue to benefit from any salary increases from now on?

- a. **If you do not have a break of 5 years or more between now and retirement then your 1995 section benefits will be final salary linked, which means they will be based on your pay at retirement (the beset of the last 3 years.)**

**If you have a break of 5 years or more then the pay used to calculate the 1995 benefits will be based on the pay at the time you left the scheme. Any future benefits will be based on your pay at retirement.**

**More information can be found on the NHS Pensions website at [Pay and contributions | NHSBSA](#) under Final Salary Linking.**

- 18) If we are all being moved to the 2015 scheme in 2022, are the last 3 years of the 95 scheme 2019-22 or when you retire in future years
- a. **If you do not have a break of 5 years or more between now and retirement then your 1995 section benefits will be final salary linked, which means they will be based on your pay at retirement (the best of the last 3 years.)**

**If you have a break of 5 years or more then the pay used to calculate the 1995 benefits will be based on the pay at the time you left the scheme. Any future benefits will be based on your pay at retirement.**

**More information can be found on the NHS Pensions website at [Pay and contributions | NHSBSA](#) under Final Salary Linking.**

- 19) 4.5% to 7% Does this mean paying more into the pension? Thank you
- a. **I am presuming this is in relation to Final Pay Controls. If yes, then the increase is in relation to the allowable amount that a member can have their pensionable pay increase by in the final 3 years of membership in the 1995 section before a Final Pay Control is issued.**

**This percentage does not impact a members' tiered contribution rate.**

- 20) Is the 2015 a resolution of the gap between the preceding schemes - removing the discriminatory factor when the changes were initiated?
- a. **The 2015 was introduced as part of the public sector scheme reforms in 2015.**

**The discriminatory factor was how members of the previous scheme (1995/2008) were assessed on being moved to the 2015 scheme.**

**The 2015 scheme has been accepting new members since 01/04/2015, as any member that joined eligible NHS employment on or after this date for the first time would have been placed into this scheme.**

- 21) If you keep joining and leaving the pension scheme for tax reasons, how is the best final year salary calculated for the 1995 scheme?
- a. **Depending on the length of the breaks of pensionable employment will determine how your benefits are calculated.**

**If you have had any break of 5 years or more the benefits will be calculated for the pay at the point you left the scheme and would be calculated back until we have a full 3 lots of 365 days to be able to calculate the best of the final three years.**

**If you have not had a break of 5 years or more then the benefit will be calculated on the pay at the point of retirement and the best of the last three years will be pieced together from all the periods until a total of 3 x 365 days have been calculated. Then the best of these last 3 years will be used to calculate your pension.**

- 22) Why do GPs not have theirs based on the WTE?
- a. **When the 1995 section regulations were created it was included that GPs could use their pay / profits for their pensionable pay instead of the whole time equivalent (WTE) in certain employments.**

**Depending on the type of engagement and the contract that is given to the GP will determine how the work is pensioned.**

**More information can be found at [Information for practitioners and non-GP providers | NHSBSA](#) under GP Pension Guide.**

23) Regarding someone retiring early on 31st March 2022 wanting to take both 1995 and 2015 contributions why should they have to wait TWO years to get the 2015 part when older colleagues (who weren't discriminated against) can take both in March 2022?

**a. Members can take both sections or schemes at the same time, from age 55 however, depending on the age at retirement will determine which sections / scheme will be paid unreduced or reduced.**

**If you are impacted by the changes to public sector pensions then you can still do this, it is just that you will not receive the option to decide where the remedy period (01/04/2015 – 31/03/2022) is to be placed until a later date. Once the decision has been offered and made and monies owed will be backdated to the payable date of your pension.**

24) Does the special dispensation to retire at 55 still apply to the 1995 scheme? I will be 55 in 2025 and would like to retire then.

**a. If by special dispensation this refers to Special Class or Mental Health Officer Status, then as long as the member is still in an eligible role at retirement then they can still claim their 1995 section benefits unreduced from age 55, even after moving to the 2015 scheme.**

25) If a member reduces their hours in the run up to retirement does this impact on their pension?

**a. The pay used to calculate the members benefits will not be impacted, however, the membership used to calculate the benefits will be as, part time hours are apportioned to the calendar year.**

#### **Example**

**Members works 50% of the hours of whole time in a calendar year.**

**This will be classed as 6 months membership in the NHS Pension Scheme.**

26) Do pensions work in full years i.e. if I worked 30.5 years would the calculation take into account the half year?

**a. Part years do count towards pensions.**

27) The Current Total Rewards Statement - are the figures based on pre McCloud judgement?

**a. The current Total Rewards Statements / Annual Benefit Statements are based on the current scheme regulations (as of 31/03/2021) as the McCloud regulations changes have not yet been implemented.**

28) Will we be able to get an understanding of the financial impact of the retirement for those additional 7 years regarding the McCloud ruling as this may impact on people's decision when to retirement

**a. Yes, NHS Pensions are currently working on a system to provide you with all the information that you would need to make a fully informed decision.**

- 29) I transferred in a previous government pension when I joined the NHS. Should this be shown in my 'Total Rewards Statement' pension figures?
- a. **Yes. Any incoming transfers to the 1995/2008 Scheme will have secured an additional membership credit for you and this is included in the total membership used to calculate your benefits.**

**Any incoming transfers to the 2015 Scheme will have secured a pensionable earnings credit that counts in the financial year in which the transfer was made. The transferred in earnings credit counts in the same way as NHS pensionable income and is included in the benefits shown on your statement.**

**Where benefits have been transferred from an Inner Club Career Average Revalued Earnings (CARE) scheme, the earnings credit is recorded separately to pensionable NHS income. This is because the revaluation rate in the transferring scheme will continue to apply to the corresponding earnings credit in the NHS and may be different to the revaluation rate in the NHS Pension Scheme.**

**In these circumstances the benefits relating to the transfer are shown separately on your statement.**

- 30) Based on McCloud - if you have a small element in the 2015 scheme but are looking to retire early - can you move over the 2015 element if we retire now?
- a. **All benefits up to 31 October 2023 will be paid on the current regulations. Once the regulations following McCloud are implemented members that have already claimed benefits from 01 April 2015 to 31 October 2023 will be contacted to make a retrospective choice on their benefits. Any monies owed will be backdated to the payable date of the original award.**

- 31) Can anyone help to understand the total rewards statement? I'm in 2005 and 2018 schemes and finding it hard to understand
- a. **If you have any specific questions about your Total Reward statement you can contact the members helpline or email address at**
    - i. **0300 330 1346**
    - ii. **[nhsbsa.pensionsmember@nhsbsa.nhs.uk](mailto:nhsbsa.pensionsmember@nhsbsa.nhs.uk)**

**In addition, you could contact your pensions officer to provide you with an explanation of the statement.**

- 32) Does the Mc Cloud ruling mean that that I will be in the 2008 scheme until 2023 and then I would go into the 2015 scheme.
- a. **The move to the 2015 scheme for all members is 01 April 2022. All service up to 31 March 2021 will be in the 2008 section (as mentioned in the question and deferred / frozen) then all service from 01 April 2022 will be in the 2015 scheme.**

- 33) How do I get my Annual Pension Benefit Statement?
- a. **If you have access to Electronic Staff Record (ESR) you can access your statement through there by clicking on the Total Reward Statement.**

**The first sections will be about your employer benefits (e.g. cycle to work schemes) then there will be a tab that says NHS Pensions. This will then provide you with the statements for each section or scheme that you have benefits in for the NHS Pension Scheme (1995,2008 or 2015).**

**If you do not have access to ESR then you will need to register for Gov.UK Verify to access your Annual Benefit Statement. This will provide you with your pensions information only and can be accessed via [Employee section | NHSBSA](#)**

- 34) the increase to members contributions can appear unfair for part time workers whose wte is in the 12% threshold also.
- a. **The members contributions tiered rates are currently being reviewed, as soon as we have more information it will be added to the NHS Pensions Scheme website and via the monthly pensions update.**
- 35) sorry i missed the start of the presentation. How does the McCloud ruling impact on the annual allowance and how can we use this to the impact on the TRS statement?
- a. **NHS Pensions are awaiting further information on any tax implications following McCloud as soon as we have more information it will be placed on the Changes to public sector pension schemes. I can confirm that tax is part of the discussions.**
- 36) Going back to Final Pay Controls, why are the invoices raised years after the member of staff has retired?
- a. **If the member has left your organisation, they may not claim their benefits until years later. NHS Pensions cannot calculate the Final Pay Controls until the members award has been calculated, so this may be why you are receiving invoices years later.**
- 37) If someone works part-time, is it their actual salary or pro-rata salary which determines which band of contribution % they're in?
- a. **Member's contribution tiers are based on the whole-time salary for their role. But the percentage is paid on their actual salary.**

#### **Example**

**Member is working part time (50% of whole time)**

**Whole time salary is £30,000, tiered rate is 9.3%, with the percentage paid on the £30,000.**

**Part time salary is £15,000, tiered rate is still 9.3% but the percentage is paid on the £15,000.**

- 38) If you are a deferred member and look to draw your 1995 pension early - does your pension get indexed from the year after you stopped paying into the NHS Pension and the commuted down depending on the respective commutation tables?
- a. **The deferred benefits have pensions increase applied that are provided by the Scheme Actuary's Department when your benefits are claimed then, the benefits have the early retirement factors attributed to them to calculate the final benefits for the member.**
- 39) If someone is likely to exceed their annual allowance as a result of promotion, is there a calculator that enables them to look at the circumstances including any unused prior year allowances? Particularly for the 95 section which is final salary so can have a significant retrospective element and difficult to calculate the top up.



- a. **If the member does exceed the annual allowance for the NHS Pension Scheme, then a statement will be automatically produced that will provide all the information in relation to unused years and actions to take.**

**If the member thinks that they have exceeded and hasn't received a statement by the end of October, then they can request an on demand statement directly from NHS Pensions using the members email account at [nhsbsa.pensionsmember@nhsbsa.nhs.uk](mailto:nhsbsa.pensionsmember@nhsbsa.nhs.uk) please note that the on demand statements can take up to 3 months to be produced.**

40) what do the final pay control changes actually mean for individuals?

- a. **The final pay control charges have no impact on the members of the scheme. It is an employer only charge. Any delays will not impact the members benefits being paid.**

41) When are the Final Pay Control reassessments expected to be responded to?

- a. **They will be actioned in 40 working days, for an initial response. It may take longer to complete the full reassessment decision due to additional information being required.**

42) The jump from 9% to 12% employee pension contribution causes staff just over the threshold (£48.5k) to be financially worse off in terms of take-home net pay by c£100 per month, which is significant. Are there any plans to remove this unfairness from the NHS pension scheme in future thresholds or %'s? Im happy to pay more the more I earn, but to be worse off in net pay terms does not seem like a very fair system.

- a. **The member contribution tiered rates were due to be reassessed for the scheme year starting 01 April 2021, however, due to current circumstances the decision was made to delay the review for one year.**

**This means that all member contribution tiered rates are currently being reviewed, and more information will be provided as and when NHS Pensions receive it.**

43) The pay controls is this just for Employers or Employee's?

- a. **The final pay control charges have no impact on the members of the scheme. It is an employer only charge. Any delays will not impact the members benefits being paid.**

44) Why does McCloud not apply if you joined the pension scheme after 1/4/2012?

- a. **This is because when the original assessments for moving staff based on age to the 2015 scheme were implemented the criteria was:**
  - i. **How far away an active member was from normal pension age on 01 April 2012**
  - ii. **Been in active employment on 31 March 2012**
  - iii. **Been in active employment on 31 March 2015**

**Due to this the McCloud judgement follows the same criteria to complete the assessments of members, that have been affected.**