

HFMA Webinar

October 2021

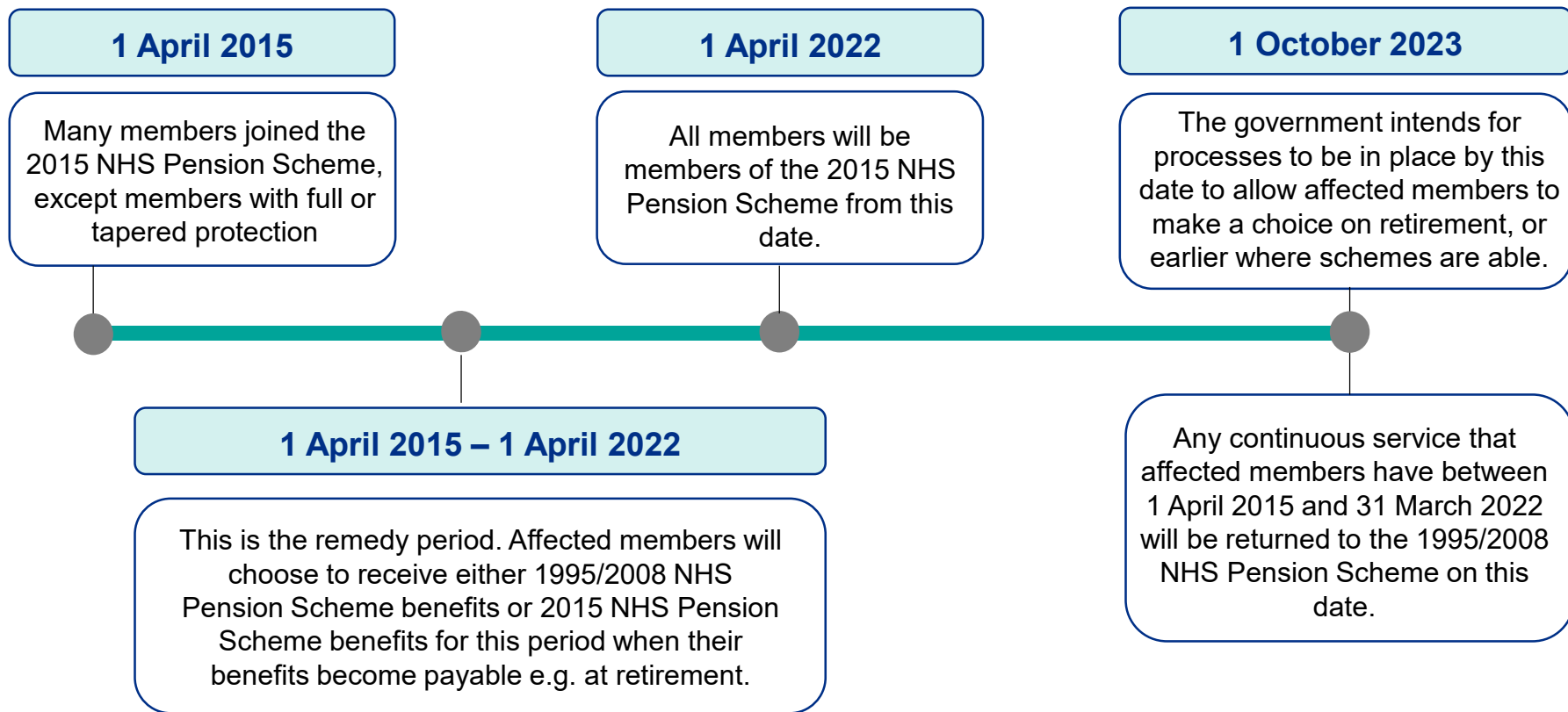


Changes to public sector pension schemes

Full information including the video that was played in the session can be found at

[Changes to public service pensions | NHSBSA](#)

► Timeline of key dates





Engagement project

New area of the website dedicated to the changes:

www.nhsbsa.nhs.uk/changes-public-service-pensions



▶ What's next?

- We'll be continuing to add further detail and employer resources to our website as more information is confirmed.
- You may also wish to share links to the [webpages](#) and [FAQs](#) with colleagues and members.



Reminder - Transfers in from NHS Scotland/Northern Ireland

From 29/09/2016 there was a change in the regulations for new members joining for the first time and members re-joining the NHS England & Wales Pension Scheme.

Members who joined on or after 29/09/2016 transferring from a corresponding NHS Pension Scheme (Scotland/Northern Ireland) are subject to the usual 12 month time limit to transfer.

The 12 month time limit does not apply to members who commenced in the NHS England & Wales Pension Scheme prior to 29/09/2016.



Changes to Final Pay Control charges

The Department of Health and Social Care (DHSC) has published a response to its consultation. The changes include reforming the final pay control provisions of the 1995 Regulations. Key changes from 1 July 2021 are:

- An increase to the allowable amount from 4.5% to 7% plus Consumer price index
- New exemptions to the charges - nationally agreed contracts, framework agreements or re-banding where this is authorised under particular NHS terms and conditions
- a National Clinical Excellence Award (CEA)
- promotions following fair and open competition
- the ending of a salary sacrifice arrangement
- an increase in practice profits impacting non-GP providers (in certain scenarios)

The FPC1 form has been reviewed to reflect these changes.

Applying for retrospective Final Pay Control charges to be reassessed

Final pay control changes are being applied retrospectively to charges since 1 April 2018. This means:

- You can request invoices paid or received for a final pay control charge on or after 1 April 2018 to be reviewed.
- **The request for reassessment must be received by us by 31 December 2021. Any requests received on or after 1 January 2022 will not be actioned.**
- We've created a [new webpage with all the information you need on final pay controls](#), including how to apply for retrospective charges to be reassessed and the application forms you need for this.

Death in service – Changes to the bereavement process

From 1 September, the death in service process is changing. A new Death Notification Form has been created to replace the existing AW9, AW11 and AW158 forms. This means:

- You will no longer need to issue claim forms AW9, AW11 and AW158 to the family/next of kin.
- We will pay the Initial Dependant Pension to the eligible spouse, registered civil partner or a qualifying scheme partner.

Further guidance and the form is now available on our website.



Sub Awards - Automated AW171

The final phase of the system functionality to automate the AW171 process has now been implemented. The process:

- Automatically triggers a revised award when a change is received that this is likely to affect a member's benefits. This means members benefits will be re-assessed and adjusted in a timelier manner.
- Negate the need for you to submit an AW171 form to notify us of a change as we will have already been alerted from changes submitted via POL, ESR (via an SD55E) or from amendments received via email from non-POL employers.
- Calculate pay for all members of the 1995 and 2008 Scheme and the 2015 Scheme. We have added tolerance checks to ensure benefits are paid correctly. If the pay falls outside of the tolerance, a member of the Revised Awards team will be in contact to check the details we hold on record/request pay if necessary.

Please note: We will use pensionable pay (TPP) where it has been provided by you.

Annual Allowance

All members that have exceeded annual allowance should received their statements from the NHS Pension Scheme by mid October.

- If members have not received a statement but believe that they should then they can request an on demand statement by emailing nhsbsa.pensionsmember@nhsbsa.nhs.uk please note on demand statements can take up to 3 months to be received.
- The statements produced will be on current regulations, we are still awaiting further information in relation to how the public sector changes will impact Annual Allowance.

Scheme Pays Compensation Scheme Forms

Voluntary Scheme Pays applications for eligible staff for year 2019/2020 deadline is 31 March 2022.

- If you as the employers receive any Pensions Annual Allowance Charge Compensation Scheme (PAACCS) application forms, then please ensure that these are completed and returned to the member as soon as possible.
- Applications should not be delayed for the member due to your organisation wanting the member to provide the scheme pays application form or acceptance confirmation. The deadline for the PAACCS applications is 31 March 2022.



Kickstart programme

The kickstart scheme is a government funded scheme to create new jobs placements for 16- to 24-year-old that are on Universal Credit who are at risk of long term unemployment, this scheme is open to all employers.

The Scheme covers

- 100% of the National Minimum Wage (or National Living Wage depending on the age of the participant) for 25 hours per week for a total of 6 months.
- Associated employer National Insurance contributions
- Employer minimum automatic enrolment contributions.

Information about this can be located on the Government Website: [Kickstart Scheme - GOV.UK \(www.gov.uk\)](https://www.gov.uk/kickstart-scheme)

Any new jobs created under this Scheme and funded by the grant would be pensionable as the young person would have a contract of employment within the NHS and therefore eligible to be in the NHS Pension Scheme. In line with the normal regulations

Employer easements for acceptance of forms and documents

At the start of the coronavirus outbreak in 2020 we introduced a number of easements and contingency measures to support employers with local administration of the NHS Pensions Scheme.

Following feedback from employers, we have decided to make some of these easements permanent, including:

- Accepting employer forms by email
- Accepting supporting documents submitted by an employer by email

Employers can email copies of employer forms or scanned images of original supporting documents, including marriage certificates or birth certificates, to nhsbsa.pensionscanquery@nhs.net

Continued - Employer easements for acceptance of forms and documents

When sending supporting documents by email, you must confirm that you have verified the scanned certificate in the main body of your email.

All forms should be signed as appropriate according to the instructions on the form.

We will be removing the webpage about these easements in the coming days and we will update our guidance to reflect the new, permanent changes.



NHS Pension Schemes

There are two separate pensions schemes:



Benefits in 1995 Section

- Members will receive a pension and a retirement lump sum based on the best of the last three years pensionable pay. Their pension is 1/80th of the best of the last three years pensionable pay for each year of pensionable membership in the Scheme. Part years will also count towards the pension.
- The pension is calculated as follows: **pensionable pay x pensionable membership x 1/80 = pension**
- The retirement lump sum is normally three times the pension. It is calculated as follows: **pensionable pay x pensionable membership x 3/80 = retirement lump sum**

Example Pension calculation:

$$\frac{\pounds 25,650.00 \times 28 \text{ years } 173 \text{ days (10393 days)}}{29200 (80 \times 365)} = \pounds 9,129.48 \text{ per year}$$

Example retirement lump sum calculation:

$$3 \times \text{pension i.e. } \pounds 9,129.48 \times 3 = \pounds 27,388.44$$

Benefits in the 2008 Section

- Members will receive a pension based on their reckonable pay. The reckonable pay is the average of the best three consecutive years pensionable pay in the last ten
- The pension is 1/60th of their reckonable pay for each year of pensionable membership in the Scheme. Part years will also count towards their pension
- The pension is calculated as follows: **reckonable pay x pensionable membership x 1/60 = pension**
- There is no automatic lump sum in the 2008 Section. Members have the option of taking a retirement lump sum by reducing their annual pension. This is call Pension Commutation

Example Pension Calculation

$$\frac{\pounds 25,650 \times 28 \text{ years } 173 \text{ days (10393 days)}}{21900 (60 \times 365)} = \pounds 12,172.62 \text{ per year}$$

The is no automatic lump sum in the 2008 Section

Benefits in the 2015 Scheme

- The 2015 Scheme is a Career Average revalued Earnings (CARE) scheme
- The pension built up in each year is calculated as pensionable earnings x $1/54^{\text{th}}$
- At the beginning of the next year, the pension is revalued by Consumer Price Index (CPI) +1.5%
- A new pension for year 2 begins to build
- At the end of each Scheme year the process is repeated until the member retires or leaves the Scheme.

Pension Example	Year 1	Year 2	Year 3
Year 1 pension	£333	£345*	£357*
Year 2 pension	N/A	£333	£345*
Year 3 pension	N/A	N/A	£333
Total pension to date	£333	£678	£1,035

*Revalued at 3.5% assuming 2% CPI +1.5%

Example shows Earnings of £18,000 a year. For the purpose of this example we assume that the pay does not change year on year

Options at retirement – members in more than one scheme

At retirement you have two options if you are in more than one section or scheme.

Option 1

Claim your earliest section or scheme at normal retirement age and claim other sections or schemes early (the early benefits will be reduced)

Example 1

Member has service in 1995 and 2015 scheme. Is aged 60

Claim 1995 section on age grounds and

Claim 2015 scheme on early retirement (the 2015 scheme only will be reduced)

Example 2

Member has service in 1995, 2008 and 2015. Is aged 65

Claim 1995 section and 2008 section on age grounds

Claim 2015 scheme on early retirement (the 2015 scheme only will be reduced)

Continued - options at retirement – members in more than one scheme

Option 2

Claim your earliest section or scheme at normal retirement age and leave the other sections or schemes until their normal pension ages.

Example 1

Member has service in 1995 and 2015 scheme. Is aged 60

Claim 1995 section on age grounds and

Defers (freezes) 2015 scheme until state pension age (benefits will be unreduced)

Example 2

Member has service in 1995, 2008 and 2015. Is aged 65

Claim 1995 section and 2008 section on age grounds

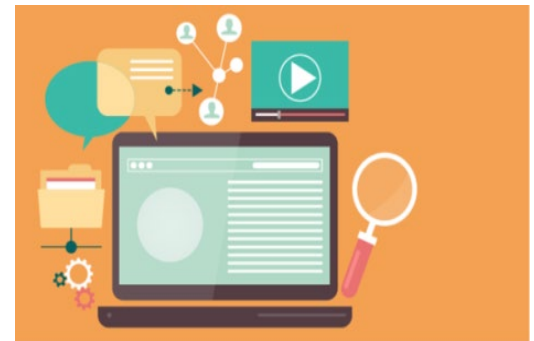
Defers (freezes) 2015 scheme until state pension age (benefits will be unreduced)



Retire and return – re-employment process

All pensions will initially be suspended where the member has indicated on the retirement application form AW8 they will be re-employed following retirement

- Re-employment form RE08 will automatically be sent to all members who are going to be re-employed regardless of whether they are subject to abatement or not
- Pensions will remain suspended until the RE08 is completed and returned by post or email





1995 Section - eligibility to join the pension scheme following retirement

Members in the 1995 Section who are in receipt of their pension benefits are generally not eligible to re-join the NHS pension scheme. The only exceptions to this are:

- Members retiring from the 1995 Section on ill health grounds who re-join the scheme before reaching age 50 (Depending on their protection arrangements)
- Members claiming their deferred pension who have had a break of 5 years or more, can re-join the 2008 Section or 2015 Scheme, provided they do so before becoming entitled to the 1995 Section pension





2008 Section and 2015 Scheme pensioners returning to work after retirement

The 2008 Section and 2015 Scheme are much more flexible.

Members who are in receipt of their pension benefits from the 2008 Section or 2015 Scheme are generally eligible to re-join the NHS Pension Scheme. Providing they:

- Have not reached maximum pensionable age (age 75)
- Have not attained maximum membership (2008 Section)





24 hour break following retirement

All members claiming active benefits must take a 24 hour break when claiming their pension. The only exceptions are members who:

- Have reached maximum pensionable age (age 75)
- Partially retiring through draw down
- Retiring from active pensionable employment on redundancy or in the interests of the efficiency of the service from one post only
- Are in the 1995 Section with concurrent employments. In this case, they would only need to have a break from one post, providing any remaining posts do not total more than 16 hours per week
- In limited circumstances, members claiming a previously deferred pension, where the break has been five years or more



Covid - current relaxation of suspension and abatement rules

Due to the pandemic, from 25 March 2020, the Government temporarily suspended some of the NHS Pension Scheme regulations. This allowed members who have recently retired to return to work and those who have already returned to increase their commitments, without affecting their pension benefits

The temporary changes do not apply to pensions paid on retirement due to ill health, in the interests of the efficiency of the service, or on redundancy before 1 October 2011.



Thank you

