**NHS Pensions - About your 2008 Section annual pension**

### How your 2008 Section pension is worked out

Your annual pension is equal to one-sixtieth of your reckonable pay for each year and part year of Scheme membership. The calculation is as follows:

$\frac{1}{60}$ × reckonable pay × years of membership.

For example, 5 years and 213 days of membership is equal to 5.58 years of membership.

If, at the date of retirement, you decided to give up some of your pension to provide a lump sum retiring allowance, we will deduct £1 from your annual pension (including any additional pensions) for each £12 of lump sum retiring allowance you choose to receive.

If you chose to move to the 2008 Section of the NHS Pension Scheme under the Choice exercise, when you retire, you **must** take at least the same amount of lump sum retiring allowance that you had earned at 31 March 2008 in the 1995 Section. This mandatory lump sum is paid for by reducing your pension by £1 for every £12 of lump sum that you take and was explained in the Choice statement we sent to you**.**

If, by the date of retirement, you had bought any additional pensions, they will not be included in the calculation of your mandatory lump sum retiring allowance.

Part of your annual pension will be increased for each complete month you work after reaching age 65 years if you are an active member of the Scheme.

### Optional lump sum retiring allowance

When you applied for your pension, you were given the option to exchange some of your pension (including any additional pensions you may have bought) for a lump sum or (if you chose to move to the 2008 Section of the NHS Pension Scheme under the Choice exercise) of increasing your mandatory lump sum, by exchanging some of your pension (including any additional pensions you may have bought). For every £1 of pension you gave up, you will have received £12 lump sum retiring allowance.

You are able to give up as much of your pension as you like as long as you do not:

* reduce your pension below your guaranteed minimum (as defined by HMRC), or
* increase your lump sum retiring allowance to the extent that it will exceed 25% of the capital value of your NHS Pension Scheme benefits.

### Maximum lump sum

HMRC has restrictions on the amount of tax free pension commencement lump sum (PCLS) paid by a pension scheme, unless the individual has a protected lump sum or other types of protection. The PCLS is the lower of:

* 25% of the capital value of the benefits to be paid (after the exchange of pension for lump sum and not the basic amounts), or
* 25% of the available standard lifetime allowance (LTA).

The actual amount of tax free lump sum available at retirement will depend on your individual circumstances and may be:

1. higher than the current maximum possible tax free PCLS if you hold certain types of protection or have a protected lump sum from HMRC, or
2. lower than the current maximum possible tax free PCLS if you already have benefits in payment (either from the NHS Pension Scheme or another pension provider) which reduces their available LTA.

If the maximum lump sum after commutation exceeds 1 above, then not all the lump sum may be tax free.

More detailed information about maximum lump sums and tax can be found on our website.

### Your reckonable pay

Your reckonable pay is calculated using the average of the best consecutive three years in the last 10 (or, if less, the amount of time you have been in the 2008 Section of the NHS Pension Scheme). Before selecting the best consecutive three years pay, each year in the last ten will first be revalued in line with the Consumer Price Index (CPI). This may result in an earlier three year period providing the reckonable pay to work out your pension benefits.

If you have moved from the 1995 Section to the 2008 Section under the Choice exercise, only pensionable earnings from 1 April 2008 up to your last day of membership are taken into account. If you work part time, we calculate your reckonable pay as if you were full time.

### Protected pay

If you have one or more periods of deferred or protected membership, we have calculated your pension using the most beneficial of the following two methods:

* Calculating a pension for each period of membership using the reckonable pay earned in that period, and adding the pensions up, or
* Calculating your pension using your reckonable pay at retirement for all periods of membership.

### Normal pension age

The normal pension age for members of the 2008 Section is age 65.

### Your membership

If you worked full time, you built up one day’s membership for each day you were a member of the Scheme. If you worked part time, the membership you build up is proportional to the hours or sessions you work when compared with the whole time equivalent hours or sessions.

If you chose to move to the 2008 Section under the Choice exercise, the membership you have built up to 31 March 2008 may be reduced if you were over age 60 at 1 October 2009. If your membership is subject to a reduction the amount you built up to 31 March 2008 is reduced before being used to calculate your annual pension. This was explained in more detail on the Choice statement you received at the time you elected to move.

### Increasing your membership

Your membership may be increased if, by the date of retirement:

* you have transferred your pension rights from another scheme into the NHS Pension Scheme, or
* you have bought additional membership as a member of the 1995 Section
* you retire because of ill health.

### Limiting your membership

You are allowed to build up membership up to a total limit of 45 years pensionable membership at calendar length. If you achieved 45 years pensionable membership and continued in NHS employment you had the option of continuing to pay contributions into the Scheme.

## For members who elected to contribute to the 2008 Section after they have reached 45 years pensionable membership, any benefits payable have been assessed taking into account the reckonable pay up to the date you stopped contributing to the Scheme or retired. Where this applies pension benefits have been calculated using the most beneficial 45 years.

### Additional pension purchases

## If you have purchased additional pension this has been shown separately in our calculation.

### Scheme pays election

If you are subject to an annual allowance charge and have elected for NHS Pensions to pay some or all of the charge, on your behalf, from your NHS pension, a scheme pays deduction has been made.

### Pension sharing and earmarking orders

If you are subject to a pension sharing order or an earmarking order, the pension benefits shown include any adjustments in accordance with the terms of the Order.

### Earnings cap

If you joined the NHS Pension Scheme on or after the 1 June 1989, you will be subject to the earnings cap for membership built up to 31 March 2008. The estimated benefits have taken this into account where it is applicable.

### Pensions Increase

Once in payment NHS Pensions are reviewed annually and are increased to keep pace with the cost of living.

### Lifetime allowance

## The lifetime allowance (LTA) is the limit, set by HMRC, on the capital value of benefits you can take without incurring a tax charge.

### Pension benefits payable after your death

Depending on circumstances, the Scheme may pay one or more of the following benefits:

* lump sum on death benefit
* adult dependant’s pension
* children’s pension.

### Lump sum on death benefit

A lump sum on death benefit is a normally tax free sum of money that:

* is payable following your death whilst still an active Scheme member, or
* is payable following your death while your pension benefits are deferred, or
* may be payable following your death in retirement if you have been in receipt of your pension for less than five years.

The lump sum is paid to the organisation, or one or more persons, you have specifically nominated to receive it. If you have not made a nomination, the lump sum will be paid to your surviving partner, if you have one. Otherwise, it will be paid to your legal personal representative.

If you would like to make a nomination, or change an existing nomination, please complete form DB2 available on our website [www.nhsbsa.nhs.uk/nhs-pensions](http://www.nhsbsa.nhs.uk/nhs-pensions)

### Adult dependant’s pension

A pension may be payable for life to your legal spouse, civil partner or a qualifying partner you nominated to get an adult dependant's pension. The rate of an adult dependant’s pension depends on your circumstances at the time of death.

An adult dependant’s pension is normally paid at an initial rate equal to your standard annual pension for three months (six months if there are dependent children). After this initial period, the pension is paid at a rate equal to 37.5% of your standard annual pension.

The long term rate of adult dependant’s pension is equal to 37.5% of your annual pension before any reduction for the cost of the mandatory lump sum but before any addition for working beyond age 65.

If you wish to nominate your partner to receive an adult dependant’s pension please complete form PN1, which is available on our website.

For more information about benefits payable on death please refer to the Survivor Guide available on our website www.nhsbsa.nhs.uk/nhs-pensions

### Children’s pension

A pension may be paid if the child is dependent on you both at retirement and on your death, and they are:

* under age 23, or
* aged 23 or over and incapable of earning a living due to permanent physical or mental condition from which the child was suffering at the time of your death.

The pension will be based on a minimum of 10 years pensionable membership.

### Actuarially Reduced Early Retirement

If you elected for Actuarially Reduced Early Retirement (ARER) after reaching minimum pension age and before age 65, your pension benefits will be reduced because they are being paid early. The reduction is based on your age in years and complete months when your pension starts. The following table shows how much of your built up pension you will receive after the reduction has been applied.

Table 1 Actuarially Reduced Early Retirement reduction

| **A****ge** | **55** | **56** | **57** | **58** | **59** | **60** | **61** | **62** | **63** | **64** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Pension | 64.3% | 66.9% | 69.6% | 72.6% | 75.7% | 79% | 82.7% | 86.5% | 90.8% | 95.3% |

If you exchange some of your pension for a lump sum or (if you chose to move to the 2008 Section of the NHS Pension Scheme under the Choice exercise and want to increase your mandatory lump sum) the calculation is based on the actuarially reduced annual pension.

Dependant's benefits remain unaffected and suffer no reduction on ARER.

Please also inform us of any changes to your address details, by contacting us at:

NHS Pensions,

PO Box 683, Unit 5

Newcastle Upon Tyne

NE5 9EE

Telephone: 0345 121 2522

From abroad: +44 191 283 0303

Failure to maintain contact may lead to suspension of your NHS pension payments.

Please also inform us if you need to change the bank account that your pension is paid into.

**Certificates**

If we have asked you to send us certificates, please provide either the original certificates or a certified copy. To certify documents, ask a professional person or someone well respected in your community (of good standing) for example a:

* Bank or building society official
* Councillor
* Dentist
* Police Officer
* Solicitor
* Teacher or lecturer.

The person you should ask should not be:

* related to you
* living at the same address
* in a relationship with you.

We, NHS Pensions, will not accept an uncertified photocopy.

For more information regarding your pension benefits or ill health retirement, please visit our website at: <www.nhsbsa.nhs.uk/nhs-pensions>