

NHS Pensions - Employer Allocation Factsheet

Important note

Before a member considers a request for allocation it is important that they understand that an adult dependant's pension is automatically payable in the event of their death if they have an eligible spouse, civil partner or nominated qualifying partner. Where applicable, an adult dependant's pension is payable for life.

Entitlement to an adult dependant's pension is not affected by and should not be confused with a request for allocation, which is a separate and optional provision.

More information about the adult dependant's pension is available in the retirement section of the Member Hub and Employer Hub.

Members may also be interested in reading the 'Nominations' section which can be confused with the allocation provision.

What allocation is for

If a member is in good health for their age they can choose to allocate (give up) part of their own pension to provide a pension to somebody else (their beneficiary) in the event of their death. That person may be an eligible spouse, civil partner, nominated qualifying partner (a person who is eligible to receive the adult dependant's pension in the event of their death) or anyone else who is dependent upon them for support.

For pension purposes a dependant may fit into one of the following categories:

1. **Married spouse, civil partner or nominated qualifying partner** - A person the member is legally married to, holds a civil partnership with or who is a nominated qualified partner.
2. **Dependant child** - This can be the members own, legally adopted or in certain circumstances other dependant child who has not yet reached age 23, or has reached that age and, in the opinion of the scheme administrator, was at the date of death, dependant on the member because of physical or mental impairment. Detailed information about a dependant child can be found in the family benefits and life assurance section.

3. **Other dependant (not covered by 1 or 2 above)** - A person who the member was not married to, in a civil partnership with or as a nominated qualifying partner and was not a dependant child in the opinion of the scheme administrator, at the date of their death. The person was financially dependant on the member, their financial relationship was one of mutual dependence or the person was dependant on them because of physical or mental impairment. For example; a family member or friend.

If an allocation is made in favour of the spouse, civil partner, or nominated qualifying partner, they will get the allocated pension in addition to their adult dependant's pension mentioned above.

Any allocated pension payments made to a dependant child who is not dependant on the member because of physical or mental impairment, after they reach the age of 23 may be subject to Her Majesty's Revenue and Customs (HMRC) 40% tax liability as an 'unauthorised payment'. The beneficiary would be required to record the allocated pension payments on an annual self-assessment form to HMRC. We would also report the unauthorised payments to HMRC each year.

A member choosing to allocate part of their pension will result in a permanent reduction to their own retirement pension. Where applicable, there is no reduction to an adult dependant's pension.

Application conditions and limitations

Allocation is available to all eligible 1995/2008 or 2015 Scheme members. A member can choose to allocate from all or some of their pensions, if they have more than one and they meet all other eligibility criteria.

A member can apply for allocation as follows:

- on making a claim for payment of their own pension benefits (a request can be made at a later date if made before their own pension is put into payment)

If the member is still in pensionable employment:

- at any time after completing 45 years pensionable membership, if they are not a member of the Special Classes*
- at any time after reaching age 55 and completing 40 years pensionable membership if they are a member of the Special Classes*
- at any time after reaching age 65 (age 60 for members of the Special Classes*)

The Special Classes are certain grades with special retirement arrangements (for more information, see under Mental Health Officer and Special Class status in the Employer Hub)

The member must be in good health for their age as confirmed by a medical examination. The examination must be arranged for and paid for by the member.

Depending on members' individual circumstances, they may still be able to apply for allocation if retiring on the grounds of ill health. Assessing whether they are in good health for their age and obtaining details of current and past medical information will help establish if any health-related issues will affect their life expectancy or not.

It is not necessary for the beneficiary to be medically examined but if the member has nominated a dependant (other than an eligible spouse, civil partner or nominated qualifying partner), we may need them to provide additional medical information.

The member should consider if their beneficiary is likely to live as long as them because the allocated pension would only become payable in the event of their death and cannot be cancelled under any circumstances once it has been accepted. If their beneficiary predeceases them, the allocated pension is lost and their own pension remains at the reduced rate.

A member can only apply, cancel or change an application to allocate **before** we have put their own pension into payment.

They can allocate up to a maximum of one third of their own pension to a chosen beneficiary.

The allocated pension must be an exact number of pounds. The amount of pension the beneficiary will receive for each £1 allocated will depend on the member's age and the beneficiary's age at the time.

The member's remaining pension must be at least equal to the Guaranteed Minimum Pension (GMP). This is an amount the member must receive by law from a pension scheme if they worked between 6 April 1978 and 5 April 1997. Their NHS pension will usually be larger than the GMP amount but we will need to check this if they wish to proceed with a request for allocation. More information about GMP is available in the Retirement section.

If allocating to an eligible spouse, civil partner or nominated qualifying partner, the total amount of allocated pension and adult dependant's pension must not exceed the member's own remaining pension amount.

The allocated pension must be enough to provide their beneficiary with an amount of at least £260 a year or, if greater, more than the current trivial commutation amount (this is the amount at which small pensions can normally be converted to a one-off lump sum

payment). More information about trivial commutation is available in the Retirement section.

Should an allocation request be accepted but the member dies before their own retirement, the allocated pension will be put into payment as though the member had retired on the day before the date of death.

Process for applying for allocation

All requests must be made by the member using the AW8/11A initial enquiry form which can be downloaded from the Member Hub. Unless otherwise stated below, they must apply for allocation at the time of their retirement.

Deferred member at retirement age

If the member no longer contributes to the NHS Pension Scheme, they should send the AW8/11A to NHS Pensions when submitting the completed 'deferred benefits claim form' (AW8P) which is available from our website.

Active member at retirement age

When you send the AW8 retirement application form to the member, they should attach the AW8/11A allocation initial enquiry form and return both applications to you.

There is nothing you need to do but to help avoid delays you may wish to check if the member has provided you with the AW8/11A if they have ticked the allocation box on the AW8.

Other conditions

If the member decides to apply for allocation after already submitting their retirement application, the AW8/11A form must be sent to us before their own pension has been put into payment for it to be accepted. This AW8/11A should also be sent direct to us if the member has not yet decided to retire but wishes to apply for allocation and has reached the maximum membership/age limits described under 'Application conditions and limitations'.

If the member has pension benefits in more than one Section/Scheme, they can choose all or some of the pensions to allocate from if they meet the eligibility criteria noted above. The member can only allocate from a Section/Scheme that has not yet been put into payment.

What happens next

Estimate

On receipt of a completed application form AW8/11A, we will calculate and provide the member with an estimate of pension benefits based on the information provided, in order that they can make an informed decision. This will include an estimate of their own pension benefits, adult survivor pension, and information about the minimum and maximum amounts that can be allocated to their chosen beneficiary.

Option forms

Option forms will be included with the estimate so that the member can tell us if they wish to continue or not and if so, how much to allocate. The member can choose to cancel the allocation request by replying to the option form or by telephoning our helpline number, which may speed up the process if they are waiting for payment of their own pension.

The member will need to arrange and pay for a medical with their GP at this point if they wish to proceed with an allocation request. Depending on the choice of beneficiary, we may also need to see some certificates and or further supporting medical evidence. Instructions are provided on the option forms about what documents are required.

The medical report must be returned separately to us by the GP.

We use an independent panel of medical advisors to process the medical information provided. They are responsible for verifying that the member is deemed to be in good health for their age and confirming any other relevant beneficiary medical evidence that we may have asked for.

We will write to the member to confirm if the allocation has been successful or not and include the standard retirement information if their own pension is also being claimed. Payment of the member's own pension benefits may be delayed during the allocation enquiry process.

Members may wish to seek independent financial advice before making any decision regarding allocation.