

# NHS Pensions



## **How Mental Health Officers' (MHOs) retirement age and pension will be affected by the 2015 changes to the NHS pension scheme.**

Under the proposals members within 10 years of the pension age in April 2012 stay on their present terms. An MHO age 45 or over will therefore retain the same right to retire at 55 as s/he has now. If they are not working in a qualifying MHO position when they reach age 55 their pension age reverts to age 60.

MHOs within 10-13 years and five months of their pension age in April 2012 will move to the new arrangements but only after a further period which is two months less than seven years for each month their age at April 2012 is more than 10 years from their retiring age. For example a member 11 years to retirement date would move across to the new scheme after 2 years and one 13 and 5 months after only 2 months.

For those MHOs who are too young to benefit from protection they move to the new scheme in April 2015 and their retirement age for the accrual of future benefits becomes their state pension age. This does not affect the age at which they can retire but it does affect the way in which their pension is calculated.

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Under the general proposals, benefits earned prior to 2015 are maintained on a final salary basis and are calculated as per current rules. In respect of pension age this means that where an MHO would have qualified for retirement at age 55, i.e. s/he remained in an MHO post until age 55, then the pre-2015 benefit will be paid unreduced when drawn at over after age 55. However, the post-2015 benefits would be subject to reduction for each year they are drawn earlier than state pension age.

MHOs also qualify under current rules for double accrual for each year of MHO service above 20 years. The actual or potential value of doubling is accounted for by a 'uniform accrual' calculation. This is complex and best explained by an example.

## Example

Terry is an MHO aged 40 in April 2012 - and 43 in April 2015. As at 2012 Terry had 15 years service as an MHO. Terry continues as an MHO until he is aged 55. Terry is too young to get protection and so switches to the new scheme in April 2015.

At that point Terry will have 18 years service as an MHO and so will not have started doubling but will have had the potential to do so. Terry's pre-2015 pension will not be based on 18 years. Terry will get the proportion of the benefit that he would have got had MHO status continued until 55 which corresponds to the proportion that his service as an MHO is of what his calendar year service would have been at 55. If he had continued as an MHO Terry's service would have been 40 years based on 30 years calendar service of which 10 count for doubling. His pre-2015 pension value would be  $18/30 \times 40$  years = 24 years (rather than the 18 he has actually worked).