NHS Pensions

Look-out for ‘Choice 2’ this autumn in England and Wales.

This autumn 500,000 NHS scheme members are being offered an opportunity to make a change in their NHS benefits. For those of them who retire close to state pension age, this could allow them to increase the value of their pension benefits significantly.

This briefing is intended to alert the affected members and to encourage them to consider Choice 2 carefully

Am I involved in this?

Are you a member of the 1995 Section?

- you are likely to be if you started in the NHS prior to April 2008

Were you aged under age 50, or 45 if you are a Special Class member, in April 2012

- Special Classes are nursing occupations and Mental Health Officers who started in those occupations before April 1995

If you have answered ‘Yes’ to these two questions then...

- you will be transferring to the new NHS 2015 Scheme either in April 2015 or slightly later (for those members who were within 3.5 years of being 50/45 in April 2012)

- You should receive a letter from NHS Pensions this October/November inviting you to take an important decision about your pre-2015 NHS scheme benefits in the Choice 2 exercise

If you answered ‘No’ to either of these questions then...

- this bulletin is not relevant to your pension provision

- Choice 2 does not affect you
**What is Choice 2?**

This is a further opportunity to transfer your pre-2015 pension benefits from the 1995 Section to the 2008 section.

Which benefit is better for you depends on the age at which you retire or leave NHS employment.

In the 1995 Section your pension is calculated as 1/80 of your final pensionable pay for each year of service plus a lump sum of 3/80 of your pay for each year of service. You can draw these benefits unreduced from age 60 (or 55 for Special Class members).

If you transfer to the 2008 Section your pension is calculated as 1/60 of your final pensionable pay for each year of service. You can draw this benefit unreduced from age 65.

In both schemes you can give up a part of your pension to get a lump sum or a higher lump sum.

A pension of 1/60 is worth a third more than a pension of 1/80 but there is no additional lump sum. If a 2008 Section member getting a 1/60 pension took the same lump sum as a 1995 section member gets then their pension would be reduced to pay for it but it would still be 6-10% more than the 1995 Section member gets.

However if a 2008 section member retires early then for each year they retire before age 65 their pension benefit is reduced by about 5% for life.

**Why Choice 2 now?**

In the 2015 Scheme your pension benefits will only be payable without an early retirement reduction at State Pension Age.

For member affected by Choice 2 their State Pension Age is at least 67 and for younger members it could be higher.

Although you will still be able to draw your 1995 Section benefits at age 60 (55 for Special Class members) these changes may have led you to revise your planned retirement age.

If you intend to stay in the NHS until you retire then the later you plan to retire the more you should think about Choice 2
Things may not work out as you plan

However, members must bear in mind that what you plan and what you do could be different

- If you actually stay in the NHS and do retire later as you plan then switching pre-2015 Scheme benefits to the 2008 section could benefit you

- If your plans change and you leave the NHS or retire earlier than you now plan then switching pre-2015 Scheme benefits to the 2008 section could reduce your pension

- If you take no action but then stay in NHS employment and retire close to State Pension Age you will still get your 1995 Section benefits, as now, but they will be lower benefits than if you had switched to the 2008 Section

Engage with Choice 2

Consider your Choice 2 letter and factsheet carefully

Access the other information on the NHS Pensions website it will point you to

You have three months from receiving your letter to make a switch if you want to

If you take no action your pre-2015 Scheme benefits will be unchanged and remain in the 1995 Section. You will be able to draw them unreduced from age 60 (55 for the Special Classes) provided you have left NHS employment

Further information is available on the NHS Pensions website:
www.nhsbsa.nhs.uk/pensions