

NHS PENSIONS UPDATE

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AGENDA

- The Scheme Details
- Checking Your Record
- NHS Pension Updates
- McCloud Remedy
- Q&A Session (Thanks for sending in advance)

Today's webinar is being recorded, link to be sent out, along with copy of slides and feedback form

Get your phones at the ready - addition info via QR codes



A LITTLE BIT ABOUT US –NHS PENSION SPECIALISTS



NHS pension specialists with an excellent reputation and unrivalled technical knowledge of NHS pensions

Working directly with members, as well as supporting **hundreds** of Accountants and Financial Advisers working in healthcare sector

Helping **thousands** of Healthcare Workers understand their NHS pension and taxation

Saved **£millions** identifying and correcting annual allowance tax charges and errors on members' pension records

Medifintech

Reviews 150 • Excellent



4.9 ⓘ

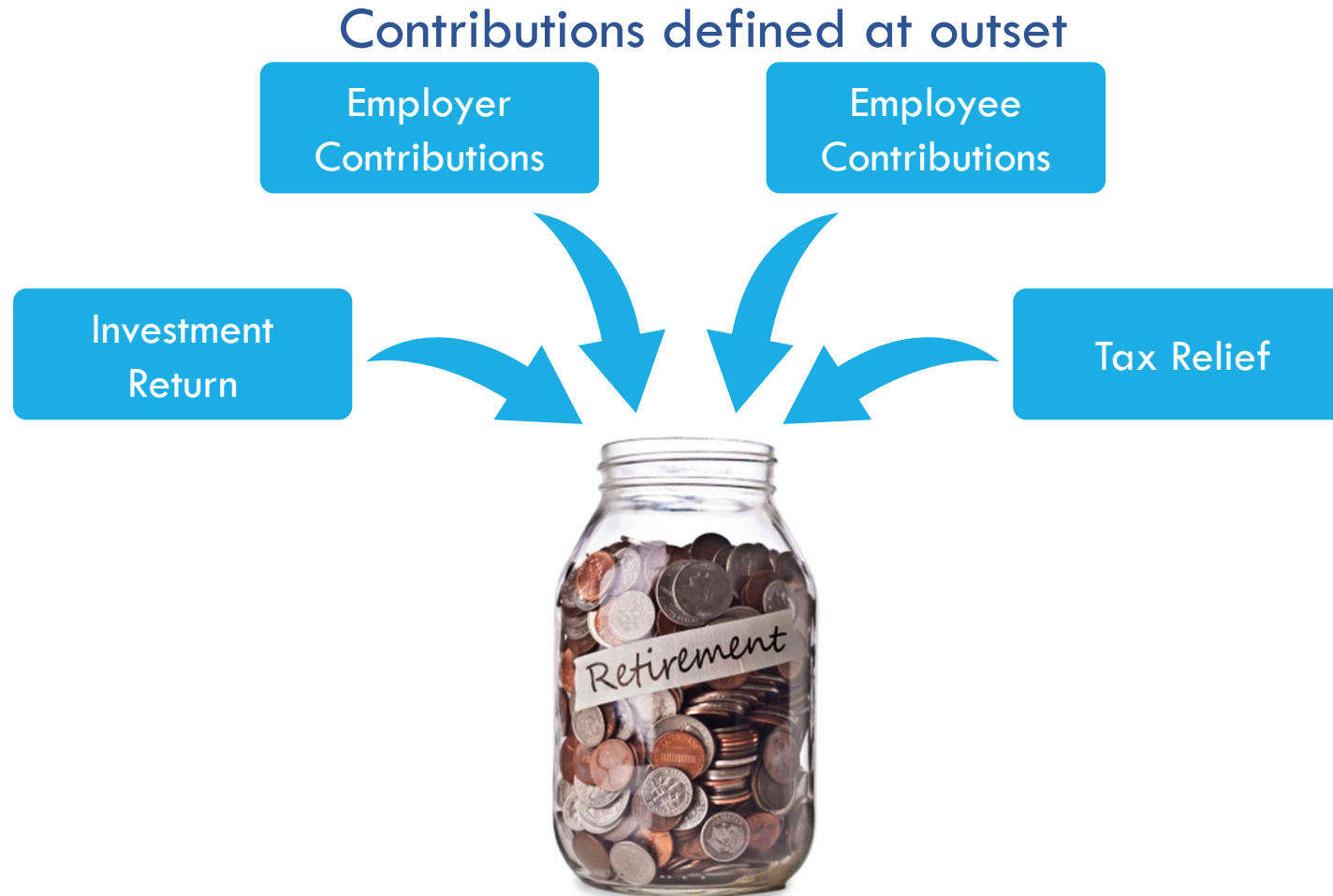
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MediFintech
NHS Pension Modelling

NHS PENSIONS
THE SCHEME DETAILS



TYPES OF PENSION – DEFINED CONTRIBUTION



- Member sets investment risk to grow their 'pension pot'
- Withdraws money from their 'pension pot' in retirement
 - Amount of retirement income is unknown at outset

TYPES OF PENSION – DEFINED BENEFIT (NHS PENSION)

No 'pension pot'



Pension entitlement based on how many years you've worked and pensionable pay earned during your career

Government backed, secure pension income for life, increasing each year by Consumer Price Index

Pensions in payment paid by pension contributions of active members (Net Cash Requirement of minus £4.32 billion)

FINAL SALARY VS CARE



Final Salary Scheme

Pension based on each year
of pensionable membership
(including part years)



CARE Scheme

Career Averaged Revalued Earnings

Pension based on pensionable earnings
within the scheme year
(1st April to 31st March)

You can be a member in more than one Section / Scheme / Membership

NHS PENSION OVERVIEW – 1995 / 2008 SCHEME



Pay Protection

R9.—(1) A member with at least 2 years' qualifying service who suffers a reduction in earnings may opt to take a preserved pension under regulation L1 in respect of pensionable service before earnings were reduced.

- Loss of CEA
- Step Down
- 365 days out

**Limited deadline to apply, but historic application is possible in some circumstances*

Officer: All pensionable NHS employments apart from general medical, dental or ophthalmic practitioner

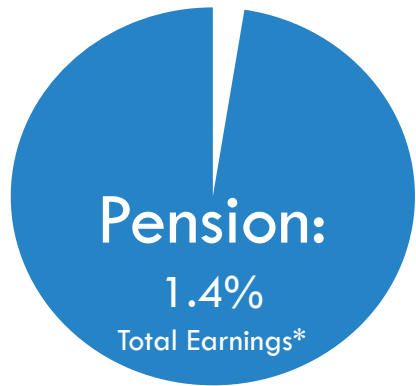
**WARNING: NEXT SLIDE
PRACTITIONER PENSIONS**



NHS PENSION OVERVIEW – 1995 / 2008 SCHEME



Practitioner membership



*Pension based on earnings not years & days

£500,000	Pension: £7,000
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10 years uprated earnings

Pre-practitioner membership
uplifts total practitioner earnings: Reg 72

e.g. 1825 days service before Practitioner	
$\frac{\text{Days in NHS}}{\text{Days as Practitioner}}$	$\frac{5475}{3650}$
	Reg 72 = 1.5

£500,000	£250,000	Pension: £10,500
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10 years uprated earnings Reg 72 Credit

Reg 72 credit (£250,000) converts to FVEC (Flexibilities Value Earnings Credit) on joining 2015. FVEC increases by CPI + 2% each year

Dynamising Factors*
Earnings uprated each year using September CPI + 1.5%

*If member opts-out: CPI only
If rejoin within 5 years, the extra +1.5% is applied retrospectively.

NHS PENSION OVERVIEW – 1995 / 2008 SCHEME



Officer & Practitioner



Tax Free Lump Sum
(Pension x 3)



Option to exchange
Pension : Lump Sum
£1: £12
(subject to max. limits)

Normal
Pension Age **60**

No 'late retirement' factors
Risk of 'burning pension'

Minimum
Pension Age **55**

(50 if you joined before 6 April 2006)

Actuarial Reduction

Benefits reduced to reflect the
pension is paid over a longer period

Pension: £20,000 (£60,000 Lump Sum)

Retirement Age: 55

(Pension: 0.812, Lump Sum: 0.919)

Pension: £16,240 (£55,140 Lump Sum)

Net extra: $60 \times £1,292.32 = £77,539$
(25+ years for pension to equalise)

SPECIAL CLASS / MENTAL HEALTH OFFICER



Special Class Status

Nurses
Physiotherapists
Midwives
Health Visitors
Senior Management*

*(if nursing qualification essential for the role)



Normal Pension Age **55**

~~Abatement (return to work):~~

~~If re-joined earnings + unearned pension exceed earnings prior to retirement, pension can be reduced £1 per £1, until age 60~~

Suspended until April 2025

Mental Health Officer

“spend all, or almost all, of their time in the direct treatment and care of patients who are mentally ill”

Additional Benefit:

Count each complete year of MHO membership, after 20 years, as two years, known as doubling



Members before 6th March 1995

Check your pension record to ensure you have not lost SC/MHO due to an admin error

NHS PENSION OVERVIEW – 1995 / 2008 SCHEME



Officer & Practitioner



(Practitioner membership
1.87% of total earnings)

Average of 3 best consecutive
of the last 10 years uprated
Pensionable Pay

2022 → 2021 → 2020 → 2019 → 2018 → 2017

2016 → 2015 → 2014 → 2013 → 2012 → 2011

No Standard
Tax Free Lump Sum*



Option to exchange
Pension : Lump Sum
£1: £12
(subject to max. limits)

* Possible mandatory lump sum
for Pension Choices members

Normal
Pension Age **65**

'Late retirement' factors available

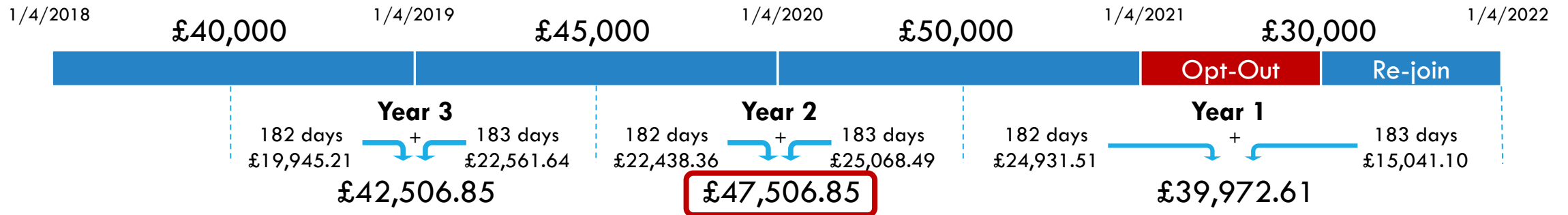
Minimum
Pension Age **55**

CALCULATING PENSIONABLE PAY



Pensionable pay is based on periods of active membership

Example: Opting out pension between 1st April 2021 and 1st October 2021, then retire 1st April 2022



Best of last 3 years = **£47,506.85**

PI factor 1st October 2020 to April 2022 = 1.0336

revised pensionable pay = **£49,102.01**

Pension Increase (PI) factors applied to historic values

CALCULATING PENSIONABLE PAY



Final salary benefits for those on **Less Than Full Time** is based on **Whole Time Equivalent** pensionable pay:

Pensionable Pay
£20,000 (0.5 FTE)

Whole Time Equivalent
£40,000

1995/2008 benefits are no longer impacted for those who move Full Time to Part Time

1995 SECTION RETIREMENT EXAMPLE



30 years reckonable membership with **£50,000** pensionable pay

$$\frac{\pounds 50,000 \times 10,950 \text{ days}}{29,200 \text{ days}} \quad \pounds 18,750 \text{ Pension}$$

$$1/80^{\text{th}} \text{ years} = 1/29,200 \text{ days}$$

$$\pounds 18,750 \times 3 \quad \pounds 56,250 \text{ Lump Sum}$$

(Pension x 3)

2008 SECTION RETIREMENT EXAMPLE



30 years reckonable membership with **£50,000** pensionable pay

$$\frac{\pounds 50,000 \times 10,950 \text{ days}}{21,900 \text{ days}} \quad \pounds 25,000 \text{ Pension}$$

1/60th years = 1/21,900 days

No automatic
Lump Sum

£nil
Lump Sum

2015 SCHEME BENEFITS



Officer & Practitioner



*Pension based on pensionable pay, not years & days


Annual Revaluation*
Pension revalued by:
CPI + 1.5%
on 6th April each year

*If member opts-out: CPI only
If rejoin within 5 years, the extra +1.5% is applied retrospectively.

 **No Standard Tax Free Lump Sum**



Option to exchange Pension : Lump Sum
£1: £12
(subject to max. limits)

 **Final Salary link & Dynamising retained for 1995/2008 (active members)**

Normal Pension Age SPA

'Late retirement' factors available

Minimum Pension Age 55*
*(57 from April 2028)

Actuarial Reduction (based on years before SPA)						
1	2	3	4	5	6	7
0.948	0.899	0.855	0.815	0.777	0.743	0.711

ACCRUING BENEFITS UNDER 2015 CARE SCHEME

Member earning **£50,000** pensionable pay (accrues 1/54th pension per annum)

	Year 1	Year 2	Year 3	Year 4
Year 1 Pension	£926	£958	£992	£1,027
Year 2 Pension	NA	£926	£958	£992
Year 3 Pension	NA	NA	£926	£958
Year 4 Pension	NA	NA	NA	£926
Total Pension				£3,903

Assumes nil salary increase. Pension re-valued @ 3.5% (assuming 2% CPI plus 1.5%)

For comparison:

1995 section: $4/80 = £2,500$

2008 section: $4/60 = £3,333$

**NHS PENSIONS
CHECKING YOUR RECORD**



TOTAL REWARD STATEMENT -1995 / 2008 SCHEME



www.totalrewardstatements.nhs.uk or via ESR

Annual Benefit Statement 1995 Section

Standard Benefits

	Current value of Benefits
Pension	£32,744.83
Lump Sum	£98,234.48
Adult Dependant Pension	£16,372.41
Reckonable Membership	21 years, 318 days
Hypothetical Annuity Cost	£841,542.13

Shows you the value of Pension and Lump Sum you've built up

Hypothetical Annuity Cost shows how much it would cost to buy this pension privately

Benefits accrued to date, based on normal pension age

TOTAL REWARD STATEMENT – 2015 SCHEME



Annual Benefit Statement 2015 Scheme

Standard Benefits

	Current value of Benefits
Pension	£7,605.28
Lump Sum	-
Adult Dependant Pension	£2,566.78
Hypothetical Annuity Cost	£342,998.13

2015 Scheme Pensionable Earnings Statement

As a member of the 2015 Scheme the current value of your pension is 1/54th of your pensionable earnings in each scheme year. The pension earned each year is revalued as detailed below.

Year End	Pensionable Earnings	Pension Earned	Revaluation
2016	£93,120.95	£1,724.46	1.4
2017	£95,460.00	£1,767.78	2.5
2018	£100,872.47	£1,868.01	4.5
2019	£101,883.66	£1,886.73	3.9

Benefits accrued to date, based on normal pension age

NHSBSA – AA & SERVICE EXTRACT

Ask NHS pensions for your:
 “Annual allowance & Service and Pay extract spreadsheet”
Call: 0300 3301346
Email: nhsbsa.pensionsmember@nhsbsa.nhs.uk

Annual Allowance History

Member Status	Scheme Type	Year End	PI End Date	1995 Section			2008 Section			2015 Scheme		
				Growth	Opening	Closing	Growth	Opening	Closing	Growth	Opening	Closing
A	S-95/15	2010	31/03/2010	£15,630.56	£309,999.32	£325,629.88						
A	S-95/15	2011	31/03/2011	£32,594.07	£329,211.81	£361,805.88						
A	S-95/15	2012	31/03/2012	£31,177.48	£373,066.36	£404,243.84						
A	S-95/15	2013	31/03/2013	£13,443.24	£425,264.52	£438,707.76						
A	S-95/15	2014	31/03/2014	£27,482.59	£448,368.61	£475,851.20						
A	S-95/15	2015	31/03/2015	£16,683.72	£488,699.19	£505,382.91						
A	S-95/15	2015	08/07/2015	£172.31	£138,207.06	£138,379.38				£5,160.51	£0.00	£5,160.51
A	S-95/15	2016	05/04/2016	£473.54	£379,810.40	£380,283.95				£14,181.73	£0.00	£14,181.73
A	S-95/15	2017	05/04/2017	£17,700.40	£518,663.33	£536,363.73				£19,759.36	£19,342.24	£39,101.60
A	S-95/15	2018	05/04/2018	£23,197.90	£541,727.39	£564,925.29				£27,626.90	£39,492.62	£67,119.52
A	S-95/15	2019	05/04/2019	£11,333.73	£581,873.05	£593,206.78				£22,884.81	£69,133.11	£92,017.92
A	S-95/15	2020	05/04/2020	£13,643.48	£607,443.74	£621,087.22				£28,169.17	£94,226.35	£122,395.52

NHSBSA – AA & SERVICE EXTRACT

Service & Pay

Emp. ID/EA	Start Date	End Date	Reck. Days	WT/PT	Stand. Hours	Actual Hours	Stand. Sessions	Actual Sessions	Conts. Start	Conts. End	Employer Pay
1 1111	03/08/2010	30/11/2010	120	WT					03/08/2010	30/11/2010	£7,780.00
2 222	01/12/2010	02/08/2011	245	WT					01/12/2010	31/03/2011	£7,470.68
	ID: 2								01/04/2011	02/08/2011	£6,923.46
3->4 333	03/08/2011	31/03/2015	1,336	WT					03/08/2011	31/03/2012	£18,382.55
	ID: 3								01/04/2012	31/03/2013	£29,051.66
									01/04/2013	31/03/2014	£31,004.82
									01/04/2014	31/03/2015	£33,031.42
	01/04/2015	30/06/2017	821	WT					01/04/2015	31/03/2016	£35,009.54
	ID: 4								01/04/2016	31/03/2017	£36,976.92
									01/04/2017	30/06/2017	£9,584.71
5 5555	09/07/2018		1,361	WT					09/07/2018	31/03/2019	£58,190.84
	ID: 5								01/04/2019	31/03/2020	£84,132.43
									01/04/2020	31/03/2021	£89,136.17
									01/04/2021	31/03/2022	£94,537.59

MISSING SERVICE



Missing service can **significantly reduce** NHS pension benefits

If the missing employment was within the last 7 years, complete an SM27B form and send this to the relevant employer.

If you do not know your employer or the employment is more than 7 years ago, complete an SM27C form.

Evidence of service: Contracted out history

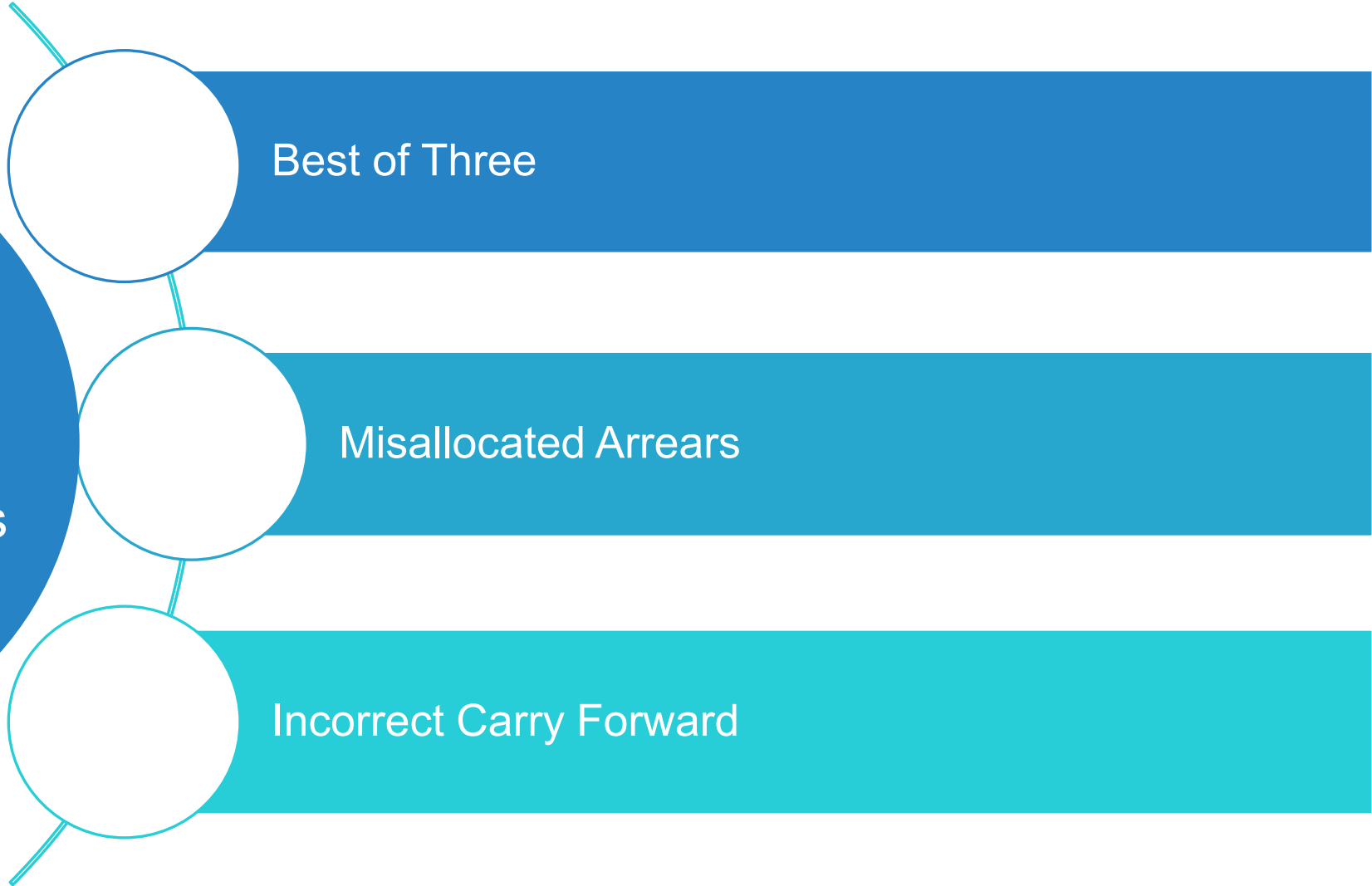
To get a contracted-out history, you must put your request in writing to:
National Insurance Contributions Office
Services to Pensions Industry (Personal Pensions)
Benton Park View
Newcastle upon Tyne
NE98 1ZZ
You must include your National Insurance (NI) number.

If service left in other nation (SPPA/HSC/NHSBSA) late intra-nation transfers can be possible in some circumstances

COMMON NHS PENSION ERRORS



We have saved members over **£3m** correcting pension record errors since May 2019



NHS PENSION
UPDATES



NEW RETIREMENT FLEXIBILITIES



Retire & Return

From April 2023

Pensioner members of 1995 section can now rejoin 2015 scheme, under a new employment contract, and continue to build up benefits in 2015

16-hour rule

(previously suspended, now removed)

Members are not limited to working 16 hours per week in the first month after taking benefits

Useful for members who don't want to miss out on 1995 pension at 60 (55 MHO/SC)

NEW RETIREMENT FLEXIBILITIES



Partial Retirement

From October 2023

1995 section members can now take partial retirement.
Previously available to 2008 & 2015

Members can take between 20% and 100% of their pension benefits (with option to select final salary only) on up to two occasions before retiring completely

Must be accompanied by minimum 10% reduction in pensionable pay* (commitments for practitioners) for 12 months or pension benefits are abated

**(It doesn't mean less work can be done overall, just that the pensionable element needs to reduce)*

Active Members Only

Deferred <5 years:
You must re-join the scheme

Deferred >5 years:
Doesn't matter - use AW8P
(Deferred benefits claim form)

Useful for members who don't want to miss out on 1995 pension at 60 (55 MHO/SC)

NHS PENSION TAXATION GAME CHANGERS?



Negative Growth & Combined Pension Input Amounts

If wage inflation was lower than CPI, annual allowance pension growth can be -ve, but set to £nil.

Spring Budget 2023 allows for -ve growth in 1995/2008 to be offset against the growth in 2015 scheme, significantly reducing AA tax charges.



Revaluation date amended to 6th April

Historically, there has been a 'CPI disconnect': benefits revalued using CPI **after** start of the tax year, but AA calculations used CPI **before** tax year started. Members could be charged for inflation. CPI rate now re-aligned by moving revaluation date to 6th April.

This could significantly reduce annual allowance issues for members going forward

**NHS PENSION
MCLOUD REMEDY**



MCLOUD — BACKGROUND



2011 - Hutton report proposes reforms to public sector pensions

“Special protections for members over a certain age should not be necessary”

April 2015 - reformed scheme introduced with transitional protection for older members

July 2019 - Government accepts that age discrimination needs to be remedied

WHO DOES THIS IMPACT? (MEMBERS IN SCOPE)

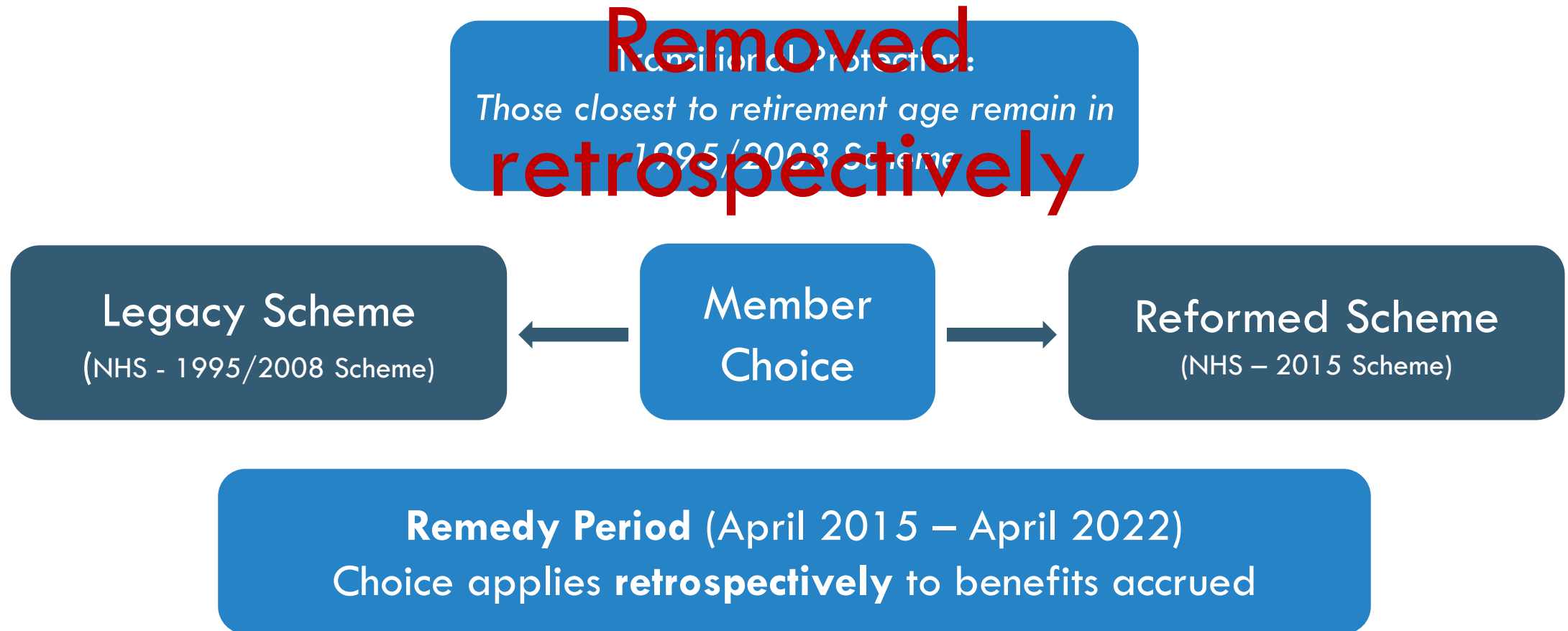


Also includes those with full or tapered protection

NHS PENSION SCHEME MEMBERS IN SCOPE

Status	Fully protected	Tapered protected	Unprotected	Total
Active	43,345	71,886	554,682	669,913
Deferred	2,724	5,525	44,801	53,050
Pensioner	230,556	30,595	16,839	277,990
Total	276,625	108,006	616,322	1,000,953

WHAT WILL BE DONE TO REMOVE DISCRIMINATION? (REMEDY)



Choice made when you take your benefits (including partial retirement)

MCLOUD REMEDY - TIMELINE

April 2022

Continuing pension
accrual in 2015
scheme for all

October 2023

All returned to
1995/2008 scheme
for remedy period

At Retirement

Member chooses
preferred scheme for
remedy period

Final Salary Link (Officer) &
Dynamisation (GPs) for existing
95/08 benefits remain in place,
subject to scheme rules

Annual Allowance calculations
covering remedy period
(1/4/2015 – 31/3/2022)
will need to be reviewed

Member will be given choice to
keep remedy period benefits in
legacy scheme, or take
reformed scheme benefits

MCCLLOUD ROLLBACK - RETROSPECTIVE TAXATION

Decreased Tax Liabilities

Government will account for **all** remedy period
(Compensation: 2015/16 to 2018/19, Refund: 2019/20 to 2021/22)

Increased Tax Liabilities

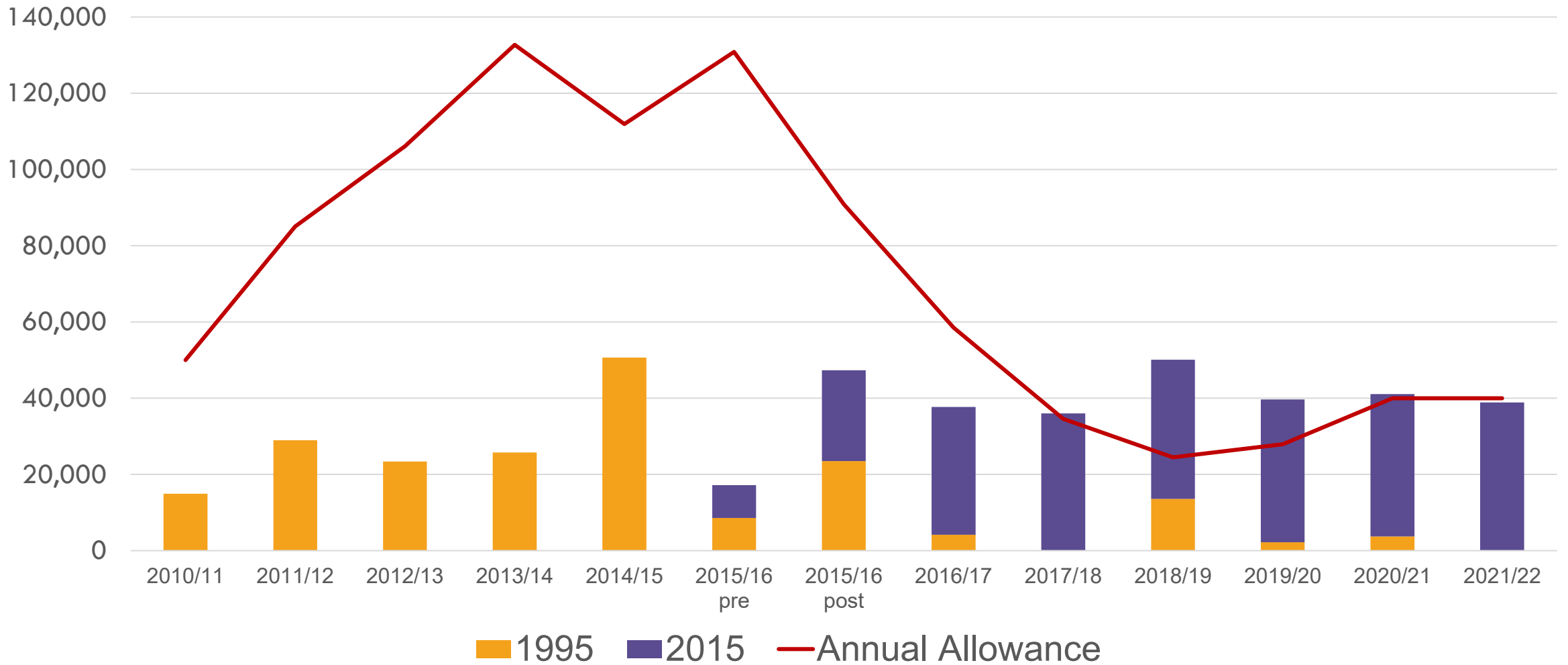
HMRC will collect for 4 full years previous
(Only pay any underpaid charges from 2019/20 onwards)

Scheme Pays & 2019/20 AA Compensation Scheme

Available for new charges & old scheme pays elections can be adjusted
(2019/20 AA Compensation Scheme only applies in England & Wales)

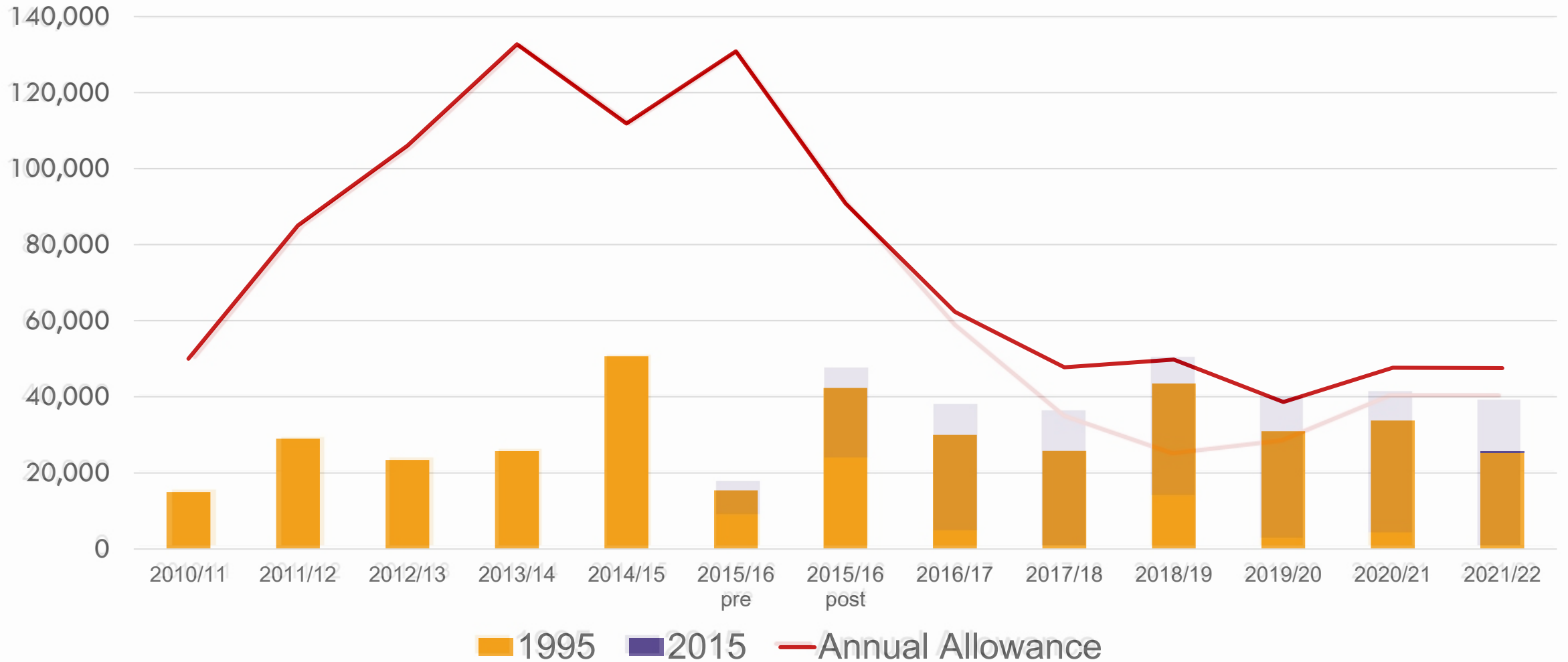
Annual allowance not re-assessed again when member makes their deferred choice election

ANNUAL ALLOWANCE PRE-MCCLLOUD



Total Annual Allowance Charge = £16,265

REASSESSING REMEDY PERIOD ANNUAL ALLOWANCE



Revised Charge - £nil : Annual Allowance Compensation - £16,265

MCLOUD - CONTINGENT DECISIONS

Retrospective membership

- Members can reinstate NHS pension (including partial reinstatement)
- Timing is only evidence needed: Remedy period & preceding 6 months



Opted Out

Gave up Added Years

Hokey Cokey



2015

2016

2017

2018

2019

2020

2021

2022

Employee contributions would need to be paid retrospectively, with interest

MCLOUD - CONTINGENT DECISIONS COMPLEXITY

Background

Consultant, top increment, CEA9, Management responsibilities until 2016

Opted out 31st March 2016 with 25 years in 1995 scheme

Service history

31/03/2016	31/03/2017	31/03/2018	31/03/2019	31/03/2020	31/03/2021	31/03/2022	31/03/2023
£156,935	£138,297	£139,682	£140,458	£143,860	£146,875	£150,195	£155,325

Final Pension

Depending on the membership reinstatement choices they make, their 95 pension could be:

Option 1 (Do nothing) £60,612 £nil	Option 2 (Reinstate all) £64,078 £124k	Option 3 (Reinstate some) £65,465 £40k	Option 4 (Reinstate some) £71,666 £104k
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Option 1 & 3 could also result in backdated 1995 pension award of over £300k

MCLOUD – PENSION CHOICES 2 REVERSAL

If you had 1995 Section benefits that you decided to transfer to 2008 section as part of the Choice 2 exercise, you may have an option to undo this decision



CAUTION: Before reversing this decision, consider how low wage inflation could impact 1995 pension benefits

Pension Choice 1 members will not be given the option to undo the 2008 transfer

DO I NEED TO DO ANYTHING NOW?

Nothing you need to do now
You have **already** been returned to 1995/2008 scheme
for benefits you accrued during the remedy period

McCloud Remedy Choice aiming to be in place
for new retirees from April 2024

NHSBSA aiming to contact existing pensioner members
for their McCloud Remedy Choice by April 2025

Choice will apply retrospectively to the date
the member took their benefits

ROLLBACK SUPPORTING INFORMATION



Remedy period pension savings statement,
including previous and revised growth
to be issued by 6th October 2024



2022/23 Annual Allowance statements
deadline extended to 6th October 2024
for remedy members only

You do NOT need to include annual allowance within 2022/23 tax return

MCCLLOUD ROLLBACK – HMRC CALCULATOR



GOV.UK

[Home](#) > [Money](#) > [Business tax](#) > [Pension scheme administration](#)

Guidance

Calculate your public service pension adjustment

Use this service to correct your tax position if you have been affected by the public service pensions remedy (also known as McCloud).

Released October 2023

Which tax charges would you like adjusted?

You may be able to claim tax back if you paid any of these charges during the remedy period.

Select all that apply.

- Annual allowance tax charges
- Lifetime allowance tax charges

Continue

Covers Annual Allowance & Lifetime Allowance adjustments

Have you been informed about using the calculate your public service pension adjustment?

Your public service pension administrator may have informed you by using a:

- pension saving statement
- remedial service statement
- revised retirement statement

Yes No

Continue

Can only use NHSBSA information

<https://www.gov.uk/guidance/calculate-your-public-service-pension-adjustment>

WHO'S GOING TO PAY TO FIX THIS?



Scheme can **compensate** for financial professional fees to support tax reassessment and direct financial loss associated with discrimination

Compensation framework to be published by DHSC / NHSBSA

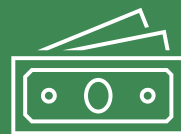
www.myNHSpensionclaim.com



McCloud
Remedy
Support



Recover
£,000s
Tax



Potentially
Covered by
Compensation



Register now
First come
First served



New McCloud remedy service from Medifintech

Launching 2024 – Registration open:

www.bit.ly/mynhspensionclaim or scan QR code

PENSION REPORT



NHS pension report
(includes online call with
NHS pension specialist)

£650 + VAT

www.medifintech.co.uk/register

What do you get?

Our report service analyses your existing pension record for errors, then projects your NHS pension to your chosen date of retirement.

This includes Hospital Doctors, GPs, Dentists, Nurses, Senior Managers and all members of NHS pensions, covering England & Wales, Scotland, and Northern Ireland.

The projection considers factors such as Early/Late/Partial retirement, Annual Allowance, Scheme Pays, as well as the McCloud remedy and McCloud rollback AA reassessment.

We can model any scenario, such as the impact of salary sacrifice lease car, reducing hours or taking on additional responsibilities.

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QUESTION TIME

NHS pension report service



(includes online call with
NHS pension specialist)

£650 + VAT

www.medifintech.co.uk/register

McCloud remedy service



(Launching 2024)

www.bit.ly/mynhspensionclaim