

Private and Confidential

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## You'll soon have more options for a flexible retirement

Dear member,

In December 2022, the Department of Health and Social Care (DHSC) proposed changes to the NHS Pension Scheme to give members more flexibility around retirement.

Some of the changes are planned to take effect on **1 April 2023**, and others on **1 October 2023**. The DHSC is currently consulting on these changes and they're likely to be confirmed in the next few weeks, so we're letting you know about them now to help you plan a work/retirement balance that suits you. And even if you're not looking to retire for a while, you can see what might work best for you in your later career.

2015 Scheme pensions and practitioners' pensionable earnings are reviewed each year to protect their value against rises in the cost of living. The date we will apply any increases to your benefits is changing – there's more about this at the end of the letter.

### It will be easier to take your pension, move to flexible working, and keep building up new pension benefits

The DHSC have planned the changes explained over the page to:

- Help support staff to plug any gaps in income between taking their pension benefits at their normal pension age and claiming their state pension, up to **12 years later**.
- Help members affected by annual allowance charges to manage their pension tax position by taking some or all of their pension and continuing to work.
- Enable retired staff who have taken pension benefits from the 1995 Section to build up new benefits in the 2015 Scheme.



#### Useful facts to know

When you claim your pension, your payments will be made up of benefits you've earned in the **three different parts of the NHS Pension Scheme**: the 1995 Section, the 2008 Section and the 2015 Scheme. You may have earned benefits in one, two, or all three parts.

Your **normal pension age** is the earliest you can take your pension benefits without any reductions. Each part of the Scheme has a different normal pension age.

Find out more at  
[www.nhsbsa.nhs.uk/nhs-pensions](http://www.nhsbsa.nhs.uk/nhs-pensions)

## From April 2023, all members will have the option to Retire and Re-Join the pension scheme

If you're not ready to stop work altogether, you can retire and take your full pension, then return to work after a break of at least 24 hours and **re-join the 2015 NHS Pension Scheme** to earn further benefits.

This is already available to members of the 2008 Section or 2015 Scheme - and once the changes take effect on **1 April 2023**, it will also be an option for members who have retired with 1995 Section benefits.

- ➞ You can return to the NHS or increase your working commitments without having your pension payments reduced or stopped (known as 'abatement').

If you're a Special Class or Mental Health Officer member and take your pension, but return to work before you reach age 60, the requirement for your post-retirement pay plus pension to be less than your pre-retirement earnings will be suspended until 31 March 2025.

You can read more about abatement and the circumstances where it may still apply at [www.nhsbsa.nhs.uk/nhs-pension-retirement-flexibilities](http://www.nhsbsa.nhs.uk/nhs-pension-retirement-flexibilities)

- ➞ You can return and earn 2015 Scheme benefits even if you have 45 years of service in the 1995 and 2008 Sections, as long as you're under 75.
- ➞ If you decide to re-join the NHS, you can work as many hours as you choose straightaway – previously, members of the 1995 Section were limited to working 16 hours a week in the first month after retirement to avoid their pension payments being affected. As long as you have had a break of 24 hours from your previous job, you can move to a new employment contract and start building 2015 benefits immediately.

## From October 2023, additional flexibility will be available

The consultation also proposes changes to make it simpler to take **partial retirement**, meaning you can claim your pension and work in a more flexible way without having to leave your job.

This is already possible for pension benefits you've earned in the 2008 Section or 2015 Scheme. And once the proposed changes take effect on **1 October 2023**, it will also include any 1995 Section benefits you have.

- ➞ From age 55, you'll be able to take between 20% and 100% of all your pension benefits in one or two drawdown payments, without having to leave your current job. Members of the 1995 Section who have a protected minimum pension age of 50 will also be able to claim pension benefits without leaving their job. To do this between the ages of 50 and 55, you'll need to take 100% of your pension benefits. From age 55, you'll be able to take between 20% and 100% of your benefits in one or two payments, without having to leave work.
- ➞ You can continue building your pension in the 2015 Scheme.
- ➞ You won't need to take a break or change jobs. You can carry on working if you want. You just need to reduce your pensionable pay by 10%. GPs, non-GP providers, and dental practitioners need to reduce their NHS commitments by 10%.

## Helping employers to offer more flexibility

To make it easier for members to find the right work/pension balance between the changes taking place in April and those in October, employers are being supported by NHS Employers, and NHS England to make arranging a flexible retirement as simple as possible.

## We'll confirm the changes online

These changes will be finalised after DHSC have completed their consultation. Once they've published their response, we'll email members who are signed up to the NHS Pensions newsletter to let them know that the changes are confirmed. You can stay up to date by signing up for the member newsletter – just visit **[www.nhsbsa.nhs.uk/member-hub](http://www.nhsbsa.nhs.uk/member-hub)** and fill in your details.

We'll also update our website with the latest information about the changes, so please check regularly at **[www.nhsbsa.nhs.uk/nhs-pension-retirement-flexibilities](http://www.nhsbsa.nhs.uk/nhs-pension-retirement-flexibilities)**

## If you've already told your employer you want to retire

These changes might mean you'd like to do things differently. You could choose to take your pension benefits on or after 1 April 2023, return after a 24-hour break and earn pension benefits in the 2015 Scheme. If you think this would suit you, please let your employer know as soon as possible that you'd like to talk about your flexible retirement options.

## The date your 2015 Scheme pension is reviewed is also changing

On 1 April each year, 2015 Scheme pensions are reviewed to keep up with the rise in cost of living. The Scheme measures the cost of living using the Consumer Price Index (CPI) in the year before. CPI measures the overall change in consumer prices based on a representative basket of goods and services over time. 2015 Scheme pensions are reviewed using CPI, plus an additional 1.5%. This ensures the value of your pension will be above inflation.

This is called 'revaluation' and it usually happens on 1 April, but from this year onwards it will happen on 6 April instead. For GPs, non-GP providers, and dental practitioners, this uplift happens to your pensionable earnings in the 1995 and 2008 Sections, and it will also take place on 6 April from 2023 onwards. The change will align the CPI used in pension benefit revaluation with the CPI used for working out the pension growth for annual allowance tax calculations. This means that the pension growth calculation will only consider growth in pension benefits above inflation.

**The value of your pension benefits won't go down because of this change**, but it does mean that if you're affected by pensions tax you won't have a larger annual allowance tax charge to pay in 2023 because of high inflation. You can find more at **[www.nhsbsa.nhs.uk/member-hub/annual-allowance](http://www.nhsbsa.nhs.uk/member-hub/annual-allowance)**

Once you start receiving your pension, your benefits will continue to be reviewed each year to keep up with living costs - it's called the Pensions Increase.

If you have any questions, you'll find lots of useful information, answers to common questions, and the latest updates on the NHS Pensions support pages at **[www.nhsbsa.nhs.uk/member-hub](http://www.nhsbsa.nhs.uk/member-hub)**

Yours sincerely

NHS Pensions Team

## DHSC plan to launch a new consultation in Spring 2023

On 1 April 2015, the government made changes to public service pension schemes which didn't apply to members closest to retirement. This treated members differently based on age, and so the government is taking steps to remove this age discrimination. It's sometimes known as the McCloud Remedy.

Part of the remedy is to give affected members a choice between pension benefits for their service within the remedy period, between 1 April 2015 and 31 March 2022. The DHSC plan to launch a public consultation in Spring 2023 on how they plan to implement the government's remedy solution for NHS Pension Scheme members from 1 October 2023.

When this consultation is open to the public, we will update the NHS Pensions website at **[www.nhsbsa.nhs.uk/member-hub](https://www.nhsbsa.nhs.uk/member-hub)** with information on how you can take part.