

**Pensions**

**LEAVING THE SCHEME**

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# Introduction

The aim of this booklet is to give information to Scheme members who are:

- ◆ leaving NHS employment without retirement benefits, or
- ◆ leaving the NHS Pension Scheme, but not NHS employment.

During your membership of the NHS Pension Scheme you will have built up benefits in the main Scheme. You may also be buying a NHS Money Purchase AVC. If you leave the Scheme you must decide what to do with these benefits.

This booklet explains the choices open to you. Please read it carefully before you decide.

If you need help or want more information, details of how to get it are on pages 18 and 19.

This booklet is only a general guide. It is not a full statement of the law which governs the Scheme.

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# Your choices

## Overview

The NHS Pension Scheme allows you to add together periods of membership up to 12 months apart and so build up valuable pension rights quicker. If you intend to rejoin NHS employment within one year you should consider taking no action at present. If, later, your plans change and you no longer intend to return to NHS employment within one year of leaving, you can still exercise your options as explained later.

The choices you have depend on how much membership you have in the main Scheme and if you are buying NHS Money Purchase AVCs.

Whatever your membership you can normally:

- ◆ choose a transfer of your benefits to another registered pension scheme. But there are time limits, see page 8.

If you have at least 2 years' membership

- ◆ you can also choose to defer your benefits for payment when you are 60. See page 5.

If you have less than 2 years' membership

- ◆ you can choose a refund of your contributions instead of a transfer to another registered pension scheme. See page 14.

You do not have to wait until you have been out of NHS employment for 12 months to exercise this option. You can find a form to request quotations of the transfer payment and refund of contributions at the back of this booklet.

If you have at least 2 years' membership there is information on page 15 to help you decide.

### If you have NHS Money Purchase AVCs

If you have Money Purchase AVC's with one or more of the NHS providers, whatever you decide for your main Scheme

# Deferring your benefits

## Overview

If you have 2 or more years' membership or you have less than 2 years, but transferred pension rights from a personal, money purchase or stakeholder pension, you can choose to leave your benefits in the Scheme.

Your deferred main Scheme benefits will be increased

each year by the rate of inflation to protect their value and will normally be paid to you when you reach age 60. Subject to the limitations of the lifetime allowance (see Section 2 of The Guide to the Scheme) at retirement you will get:

- ◆ a pension payable for life, and
- ◆ a tax free lump sum.

You do not need to apply to defer your benefits. We will automatically write to you about this if you do not rejoin the Scheme within 12 months of leaving. *But please write to us if you change your address.*

should seek independent financial advice. There is some helpful information about this on page 18.

benefits will *automatically* happen to your AVC benefits. But, if you wish, you can decide separately about your NHS AVCs. For example: defer your main Scheme benefits but transfer your NHS AVC benefits.

## Making your mind up

Your pension rights are valuable. Please read the whole of this booklet and think carefully about what you do with them. Remember, if you take a refund you are giving up **all** your pension rights in the NHS Scheme.

If you are thinking of transferring your NHS Scheme rights you should compare what you are giving up carefully with your new pension arrangement.

If you are staying in NHS employment but thinking about leaving the Scheme, you should speak to your Pension Officer and ask for form SD502.

If you are in any doubt you

If you do rejoin the Scheme within 12 months, your membership will link up and all your membership will count when your retirement benefits are worked out.

You should consider this carefully if the full time pay in your new job is lower than it was in your old job. See The Guide to the Scheme, page 17.

Should you die before or after you retire, **life assurance and family benefits** may be payable. Booklet SDF gives more information about these benefits. You can get a copy from your local Pension or Payroll Officer or our website library.

## NHS Money Purchase AVCs

If you have NHS AVCs they will automatically be deferred with your main Scheme Benefits. They will remain invested but the return is not guaranteed and they will not be increased each year by the rate of inflation.

You can, if you prefer, opt to transfer your NHS AVCs to an existing freestanding AVC that is either:

- ◆ established on, or after, 6 April 2006 as a registered freestanding AVC scheme for the purpose of the Finance Act 2004; or

- ◆ on 6 April 2006 became a registered freestanding AVC scheme for the purpose of the Finance Act and which immediately before that date was approved by Inland Revenue (now HMRC) by virtue of Section 591(2)(h) of the Income and Corporation Taxes Act 1988.

Alternatively, you can if you prefer, opt to transfer your NHS AVCs to a personal or stakeholder pension that is either:

- ◆ approved under Chapter IV of Part XIV of the Income and Corporation Taxes Act 1988 and on 6 April 2006 became a registered pension scheme for the purpose of the Finance

Act 2004; or

- ◆ established as a registered pension scheme, for the purpose of the Finance Act 2004, on, or after 6 April 2006, which the Secretary of State for Health agrees to recognise as a transferring scheme.

## Claiming your deferred benefits

We normally pay deferred benefits at age 60. Three to six months before you reach that age you should write to us and ask for a claim form. Our address is on page 19.

### Voluntary Early Retirement

If you leave the Scheme with deferred benefits on or after 31 March 2000 and are aged 50\* or over, you may be able to claim your deferred main Scheme and any NHS AVC benefits early, provided you are no longer in NHS employment. **Your benefits will be reduced to cover the extra cost of being in payment longer.**

\* If you joined the Scheme for the first time on or after 6 April 2006, or previously left the Scheme before 31 March 2000 with deferred benefits and rejoined again on or after 6 April 2006, the minimum age that you can retire will increase to 55 with effect from 6 April 2010.

You cannot take your deferred benefits on Voluntary Early Retirement grounds if you left the Scheme before 31 March 2000.

### Ill-health retirement

If you become permanently unable to do any regular work because of ill-health before age 60, we may be able to pay your deferred benefits early. If this happens please ask us about sending medical evidence to show the date you became unable to do any regular work.

### Redundancy retirement

If you are made redundant before age 50 and are a qualifying member of the special classes, see The Guide to the Scheme, page 42, we may be able to pay

your deferred benefits at age 55.

The Guide to the Scheme gives more information and explains how we work out your pension and lump sum.

If you are thinking of claiming your benefits early, you must first write to us for an estimate of your benefits. Our address is on page 19.

# Transferring your pension rights

## Overview

From 6 April 2006 you can only transfer your NHS Scheme benefits to another scheme that is registered with HM Revenue and Customs (HMRC).

If you are leaving NHS employment or just leaving the NHS Scheme, you may be able to transfer your pension rights, to:

- ◆ the NHS Pension Scheme in Scotland, Northern Ireland, or the Isle of Man

Note: These Schemes are separate from the NHS Pension Scheme (England & Wales) and a formal transfer application must be made - see page 12.

- ◆ another registered occupational pension scheme, within the meaning of Section 1 of the Pension Schemes Act 1993, which is either:

- approved under Chapter 1 of Part XIV of the Income and Corporation

Taxes Act 1988 or whose application for approval under that Chapter was under consideration, and on 6 April 2006 became a registered pension scheme for the purpose of the Finance Act 2004; or

- a statutory scheme as defined in Section 612(1) of the Income and Corporation Taxes Act 1988, and on 6 April 2006 became a registered pension scheme for the purpose of the Finance Act 2004; or

- a scheme to which Section 608 of the Income and Corporation Taxes Act 1988 applied, and on 6 April 2006 became a registered pension scheme for the purpose of the Finance Act 2004; or

- established as a registered pension scheme, for the purpose of the Finance Act 2004, on or after 6 April 2006 and which the Secretary of State for Health agrees to recognise as a transferring scheme

- ◆ a registered insurance company to purchase an annuity contract, which satisfies the requirements of HMRC ("Buy-Out Bonds")

◆ a registered personal pension plan, including a stakeholder pension arrangement that is either:

- approved under Chapter IV of Part XIV of the Income and Corporation Taxes Act 1988 and on 6 April 2006 became a registered pension scheme for the purpose of the Finance Act 2004; or

- established as a registered pension scheme, for the purpose of the Finance Act 2004, on or after 6 April 2006, which the Secretary of State for Health agrees to recognise as a transferring scheme

or possibly a combination of these.

A transfer is normally possible if:

- ◆ your new pension arrangement is registered

with HMRC, and

- ◆ your new pension provider is willing and able to accept the transfer payment, and

- ◆ you leave the NHS Scheme in all your employments.

If your new pension scheme is contracted out of the State Second Pension Scheme (S2P), like the NHS, you will normally be able to transfer all of your pension rights. If your new scheme is not contracted out it may be unable to accept some or all of your NHS transfer value. If this happens you may still be able to defer these rights in the NHS Scheme for payment when you retire or transfer them to an appropriate registered personal pension or a registered insurance company to buy a Section 32 Buy-Out bond.

If you are unsure whether to transfer your NHS pension rights or who to transfer them to, you are advised to seek independent financial advice, see page 18.

## NHS AVCs

Any NHS AVCs you have will normally transfer *automatically* with your main Scheme benefits.

But, you can if you prefer:

- ◆ opt to transfer them to another registered pension scheme that is an AVC provider or a personal or stakeholder pension, or

- ◆ opt to defer your NHS AVC (if you have 2 or more years membership), or

- ◆ opt for a refund of your NHS AVCs (if you have less than 2 years membership).

## Key points and time limits

### Transfer to a registered occupational pension scheme

If you have at least 2 years' membership you can apply for a transfer at any time before you reach age 60.

If you have less than 2 years' membership you must:

- ◆ join your new registered pension scheme within 12 months of leaving NHS pensionable employment, and

- ◆ apply for a transfer within 12 months of joining your new scheme or before age 60, whichever is earlier.

### Transfer to a registered insurance company

Provided you leave the NHS Scheme before age 59 (55 for the special classes) you can apply for a transfer to a registered insurance company to buy a Section 32 Buy-Out Bond.

If you have 2 or more years' membership you must leave the Scheme and apply for a transfer before age 59 (55 for the special classes). If you leave the Scheme less than 6 months before age 59, you can apply up to 6 months after leaving NHS pensionable employment.

If you have less than 2 years' membership, the same age limits apply but your application for a transfer must

be within 12 months of leaving NHS employment.

### Transfer to a registered personal pension plan including a registered stakeholder pension arrangement

Provided you leave the NHS Scheme before age 59 (55 for the special classes) you can apply for a transfer to a registered personal pension plan.

If you have 2 or more years' membership you must leave the Scheme and apply for a transfer before age 59 (55 for the special classes). If you leave the Scheme less than 6 months before age 59, you can apply up to 6 months after leaving NHS employment.

If you have less than 2 years' membership the same age limits apply, but you must also:

- ◆ take out a personal pension including a stakeholder pension arrangement within 12 months of leaving NHS employment, and

- ◆ apply for a transfer within 12 months of taking out that personal pension or stakeholder pension arrangement.

If you have been employed as a mental health officer in the NHS, any benefits you transfer to another pension scheme and then transfer back into the NHS Scheme will only count towards doubling of membership from age 50.

### Transferring Overseas

If you are leaving the country you may be able to transfer your pension rights outside the UK, if the receiving scheme is either an HMRC Registered Pension Scheme or a Qualifying Recognised Overseas Pension Scheme. The normal time limits apply equally to overseas transfers. You should write to us for more information. Our contact details can be found on page 19.

## Applying for your transfer

You can:

- ◆ ask your new registered pension scheme to apply on your behalf. They will need your written permission to do this. Tell them that they must apply within the time limits set out in this booklet, **or**

- ◆ write to us yourself.

Our contact details can be found on page 19.

You or your new pension provider should give as much detail as possible about your new pension arrangements.

**This is important** because some schemes will be unable to accept your NHS transfer or be able to accept only part of it.

We will then calculate the cash value of the benefits to be transferred so that you can decide whether to transfer. If you transfer to another public service scheme the membership credit you will

get in your new scheme will normally be similar to your membership in the NHS Scheme.

If you transfer to a scheme that is not in the public service, the benefits that the cash sum will buy will depend on the level of benefits provided by your new pension scheme or plan. They are unlikely to be the same as the pension benefits you had in the NHS Scheme.

**It is in your own interests to make sure you know what pension rights your new scheme or plan is offering you before you make your decision.**

If you are in any doubt you should seek independent financial advice. There is some information about this on page 18.

If you decide to go ahead with your transfer, we will send your new scheme a cash payment.

## How is my transfer payment calculated?

Your transfer payment is calculated by converting the value of your NHS pension rights to a current cash equivalent using factors supplied by the Government Actuary's Department.

These vary according to your age and take account of fluctuations in the stock market.

# Taking a refund of contributions

## Overview

You can choose a refund of contributions, if:

- ◆ you have less than 2 years' membership, and
- ◆ you have left NHS pensionable employment or the Scheme, and
- ◆ you have no membership after that age you are entitled to retirement benefits regardless of how long you have been a member of the Scheme), and
- ◆ you have no *deferred* membership, see page 5, and

with your main Scheme contributions. But, if you prefer, you can opt to transfer them to another pension provider, see page 8.

## Avoiding a refund of contributions

Most advisers agree that receiving a pension benefit is nearly always better than taking a refund of contributions.

If you leave NHS employment or just the Scheme and have less than 2 years membership you can apply for a refund immediately. But you do not have to do this until you have a disqualifying break in membership of more than 12 months.

You can avoid a disqualifying break by rejoining the Scheme within 12 months and if you have taken a refund you can still link up your membership again by repaying it within 6 months of rejoining.

- ◆ you have never had a transfer of pension rights into the Scheme from a personal, money purchase or stakeholder pension.

## NHS AVCs

Any NHS AVCs you have will *automatically* be refunded

## Study courses, training or approved employment

You can also avoid a disqualifying break if you are on a course of study or training, or a period of approved employment if:

- ◆ the course or employment will improve your usefulness to the public service, and
- ◆ you apply to us before or shortly after starting the course or employment, and
- ◆ within 12 months of completing the course or employment you return to the NHS or join another registered pension scheme and transfer your pension rights to it.

## Retainer Scheme

If you are leaving under the retainer scheme with less than 2 years' membership, you should contact your Pension Officer for details of how it will affect your benefits in the Scheme. If you have 2 or more years' membership your

benefits will be automatically deferred.

By avoiding a disqualifying break you will be able to keep **all** the benefits you have built up in the Scheme.

## Applying for a refund

If you are thinking of claiming a refund you must first request a quotation of the transfer payment that could be payable to another pension arrangement and the amount of the refund of contributions you receive. You can do this by completing and returning the form at the back of this booklet or by writing to us. Our contract details can be found on page 19.

## Deductions from refunds

If you claim a refund, you will get your own contributions back, but not your employer's. Deductions will be made from the refund for:

- ◆ your share of the National Insurance contributions which must be paid to secure your rights in the

# Qualifying membership

State Second Pension Scheme (S2P) during your period of NHS Scheme membership, and

- ◆ income tax at 20% for refunds up to £10,800, and at 40% for refunded contributions above £10,800

The amounts to be deducted will be detailed in the quotation we send you.

If any of your personal details change, eg your address, bank details etc, after you have applied for a refund, you must let us know at once.

Qualifying membership counts towards the 2 years' membership needed for deferred benefits, see page 5. But it may not count when we work out benefits.

Qualifying membership can include:

- ◆ the "waiting period" - before 6 April 1988 some NHS employees could not join the Scheme until they had worked in the NHS for 2 years. This was called the "waiting period". Both these years count as qualifying membership, but only one counts when we work out benefits
- ◆ part time pensionable membership - this counts as qualifying membership at full length, but when we work out benefits we only count the hours worked.
- ◆ breaks of not more than 3 months between periods of employment for casual employees or freelance locum medical practitioners.
- ◆ refunded membership since 6 April 1975 - if you left the Scheme and took a refund, then rejoined within one month of leaving, the refunded membership counts as qualifying membership
- ◆ transferred in membership - if you transferred any pension rights into the Scheme from another scheme, the difference between the length of membership it buys in the

# Independent financial advice

If you are in any doubt which pension arrangement will be best for you, you should seek independent financial advice.

IFA Promotions Limited  
17-19 Emery Road  
Brislington  
Bristol BS4 5PF

Under the Financial Services Act of 1986 all financial advisers have to decide whether to be "independent" or "tied". A financial adviser who is independent can offer a range of financial services and products, whereas a financial adviser who is tied can only offer the products of one company. Before you ask for advice, make sure you know which type of adviser you are dealing with.

for a list of companies.

Financial Services Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS

Telephone: 0800 085 3250  
or visit their website  
[www.unbiased.co.uk](http://www.unbiased.co.uk)

It is advisable to check that the company you have chosen is authorised with the

Most financial advisers charge for their advice. The charge may be in the form of a fee payable by you or commission payable by any company that you decide to invest in. If the adviser you choose charges on a commission basis, you should ask how your investments are affected by these charges.

Please make sure you give details of our Scheme to your financial adviser so they can give you the best advice. Show your adviser the Guide to the NHS Pension Scheme. You can get a copy from your Pension Officer, employer or visit our website. If you have benefits in our Scheme your adviser should see details of these. Please write and ask us for details.

Telephone: 0845 606 1234  
or visit their website  
[www.fsa.gov.uk](http://www.fsa.gov.uk)

Your Pension Officer or employer may be able to help you find a source of independent financial advice or you can contact:

# More information

If you need more information your Pension Officer will be able to help you. Or you can view the range of Scheme booklets and other information on our website at [www.pensions.nhsbsa.nhs.uk](http://www.pensions.nhsbsa.nhs.uk)

will help if you quote it. If you do not have a membership number please quote your National Insurance number.

You can also write to us at:  
NHS Pensions  
Hesketh House  
200/220 Broadway  
Fleetwood  
Lancashire  
FY7 8LG

You will find more information about the Scheme in these booklets and leaflets. You can get copies from our website or your Pension Officer.

SD Guide A Guide to the NHS Pension Scheme

SDGP A Guide to the NHS Pension Scheme for GP Practice and OOH Provider staff

Ring us on 01253 774774

SDP Benefits for Practitioners

The switchboard is open from 8.30am to 5.00pm Monday to Thursday and to 4.30pm on Fridays (except Public Holidays). There is also a number that you can dial direct and get through to the person dealing with your case. You will find this on any form or letter we send you.

SDAVC Increasing your Benefits

PDF Family Benefits and Life Assurance

SDER Early Retirement

SD502 If you are thinking of leaving the Scheme

SDIB NHS Injury Benefits Scheme

Or fax us on 01253 774412 or the fax number on our forms and letters.

SDPD\* Pensions on Divorce

If you have a NHS Pension Scheme membership number (it usually begins with "SD") it

SDCP\* Survivor benefits for a civil partner (\*only available from our website)

**Request for quotations of the amount of transfer payment that could be paid to another registered pension scheme and the amount of contribution refund I could receive instead.**

Only complete this request if you have less than 2 years' NHS Scheme membership.

I understand that the NHS Scheme allows members to add together periods of membership of less than 12 months apart.

I request quotations of the transfer amount that could be payable to another registered pension scheme and the amount of contribution refund I could receive instead.

My details are:

Title  Mr  Mrs  Miss  Dr

Name

Scheme reference no.  SD  /

National Insurance No.

Date of birth  /  /

Address for correspondence


Name and address of last NHS employer


Date of leaving  /  /

SDK TO