

**NHS Pension**

There were a number of significant changes to the NHS Pension Scheme in April 2008, which are summarised in the following paragraphs. As part of our annual review, we want to stress the importance of your NHS Pension Scheme entitlement as part of your overall income in retirement.

There will be an opportunity to ‘switch’ from the 1995 Scheme to the 2008 Scheme for one year; between 1st July 2009 and 30th June 2010. This is an important matter to consider and we will look at this on an individual basis at your review. There are no compelling reasons to change, but it may be relevant in particular individual circumstances.

GDP Scheme Members (England and Wales)

About 19,000 of the 1.3 million NHS Pension Scheme members are GDPs however their NHS work has decreased over recent years. There are not that many who are 100% NHS.

The Dental Dynamising Factors

The Dental DFs have been lower than the medical DFs in recent years however as from 01/04/2008 they are the same; RPI + 1.5%.

Tiered Contributions

GDPs tiered contributions for 09/10 are based on their GDP income in 2009/10. The DSD will play a major role in this.

<b>Tier</b>	<b>Annual Pensionable Pay (*full time equivalent) – 2009/10</b>	<b>Contribution Rate 2009/10</b>
1	Up to £20,709	5%
2	£20,710 to £68,392	6.5%
3	£68,393 to £107,846	7.5%
4	£107,847 plus	8.5%

- The basic rule is that a GDP’s 2009/10 tiered contribution rate is based upon their actual 2009/10 certified NHS pensionable pay.
- When referring to ‘year 2009/10’ it is the pension year not the calendar year. That is, it is from the 1st of April 2009 to the 31st of March 2010.
- Pennies are ignored for the purposes of setting a tier.
- The DSD (Dental Services Division) will arrange for the appropriate tiered contributions to be applied to General Dental Practitioners.
- A GDP with a concurrent salaried (hospital) Officer post will have their Officer income tiered separately.
- A salaried GDP who receives a normal annual pay award should not see their tier change.

- If a GDP started after 01/04/2009 their pensionable earnings are scaled to a full year (i.e. annualised) for the purposes of setting a tier.
- A part-time GDP's pensionable pay is not converted to a whole time equivalent value for the purposes of setting a tier.

### Report Scheme Changes

**Accrual Rate:** 1.4% in the 1995 Scheme and 1.87% in the 2008 Scheme.

**Additional Pension (AP):** This has replaced added years however the costs vary depending on age and gender. The AP may be reduced if the member retires before normal pension age. The AP can be bought by installments (minimum 1 year maximum 20 or to normal retirement age if less) or by a one off payment. NHS employers can also purchase the AP for a Scheme member however it is unlikely that a PCT/LHB would do this for GDP.

**Age Limits:** An individual can remain a Scheme member until 75 subject to them not exceeding 45 years Scheme membership.

**Commutation:** Scheme members can give up £1.00 of their annual pension to increase their existing lump sum by a further £12.00 however there is a limit.

**Death Benefits:** If a member dies a survivor pension is paid for life even if they re-marry or cohabit. No more hardship tests. New child allowances awarded from April 2008 automatically paid until 23. A member may nominate several individuals to receive the death benefit. An initial widow(er)s pension paid for 6 months not 3 even if there are no children.

**Drawdown:** 2008 Scheme members may 'drawdown' twice prior to final retirement subject to demonstrating a 10% reduction in commitment. The drawdown must be a minimum of 20% of the pension and a maximum of 80%.

**Earning Cap:** There is no longer a pensionable earnings cap though there is still a 'virtual cap' (£117,600.00 for 08/09 and £123,600.00 for 09/10). The virtual cap applies to added years for capped members.

**Ill Health:** From April 2008 the existing ill health provisions have been replaced by a new '2 tier' ill health retirement pension. Tier 1 is unable to perform a member's own job and results in an accrued pension. Tier 2 is unable to perform regular employment and results in an entranced pension.

**Pension Age:** 60 in the 1995 Scheme and 65 in the 2008 Scheme.

More detailed guidance is on the website ([www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions))