A GUIDE TO THE NHS PENSION SCHEME
FOR GPs WHO ARE MEMBERS OF THE NHS PENSION SCHEME
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This document explains important information for members of the NHS Pension Scheme (NHSPS). You should read this document carefully so that you understand what the NHSPS means for you.

The information in this document is based on how we understand the current NHS Pension Scheme, and it may change in the future, particularly regarding the development of the 2015 Scheme. For more information you should read the Scheme Guide which you can get from your NHS employer.

In this document, certain words have special meanings.

- **‘Deferred member’** – someone who has left the NHS Pension Scheme but has not started taking their pension.

- **‘Index-linked’** – a payment or build up of pension benefits which increase each year in line with the Consumer Price Index (CPI). The CPI calculates how much goods and services are going up by as a percentage using the average price increase of 600 different goods and services.

- **‘Pensionable pay’** – any income used to calculate the contributions that the member pays (for example, salary, bonuses, overtime, Maternity, Paternity or Adoption Pay, Statutory Sick Pay or training fees).

- **‘Uprated earnings’** – pay is added to a pot which is multiplied by a set factor to protect it against inflation, then that year’s pensionable pay is added. The total is your uprated earnings and this will be used to determine your pension.
Your NHS Pension Scheme

The NHS Pension Scheme has two sections; the 1995 section and 2008 section. The section you belong to will depend on when you joined the Scheme, if you transferred out of a section or if you have rejoined the Scheme at some point.

- 1995 section – this section is for members who were in the Scheme before 1 April 2008. Deferred members may be able to rejoin this section of the Scheme under specific circumstances.

- 2008 section – this section is for members who joined the Scheme on or after 1 April 2008. Members of the 1995 section were given the opportunity to move to this section of the Scheme through the NHS Choice Exercise.

If you are eligible to join the NHSPS you will automatically be made a member. However, NHS Pension Scheme membership is voluntary and you can opt out of joining or leave the Scheme at any time. You contribute between 5.0% and 14.5% of your pensionable pay, depending on how much you earn. Your contributions are taken before you are taxed, so you pay less income tax on your earnings.

It would be difficult and costly to replace the benefits you get from the NHS Pension Scheme. It therefore usually makes good financial sense for GPs working in the NHS to remain a member of the Scheme.

2015 Scheme

From April 2015 the existing Scheme (1995 and 2008 sections) will close and the new 2015 Scheme will open. All new members will join the 2015 Scheme, with all existing members automatically transferring to the new Scheme, unless they have full or tapered protection.

The key difference with the 2015 Scheme is that this will be a CARE scheme for all members.

In the new CARE scheme your pension is based on your pensionable pay across your career. Each year a portion of your pay is added to a pot which is then increased by inflation. When you take benefits from the scheme the pension will be based on the pot you have built up.
Choice 2 Exercise

The Choice 2 Exercise provides another opportunity for members of the 1995 section to transfer into the 2008 section. Due to the introduction of the 2015 Scheme, the choice exercise is being rerun, beginning October 2014 for England and Wales, with all packs being issued by November 2014. If you want to transfer, the deadline for NHS Pensions to receive your decision is 16 March 2015. Scotland will not run their Choice 2 Exercise until after April 2015. Further details will be published on www.nhsbsa.nhs.uk/pensions.

Normal retirement age

Normal retirement age is 60 for members of the 1995 section and 65 for members of the 2008 section of the NHS Pension Scheme. For the 2015 Scheme the normal retirement age will be age 65 or State Pension Age (SPA) if higher. The amount of pension benefits you get will depend on if you are a member of the 1995 or 2008 section of the Scheme.

1995 section

As a GP you will receive a pension based on 1.4% of your uprated earnings each year. You will also get a tax-free lump sum of three times the pension. You can, if you wish, give up some of your pension in exchange for a higher lump sum.
The table below shows how much a GP might get today if retiring at the normal retirement age.

### Pension a GP might get when they retire (1995 section)

<table>
<thead>
<tr>
<th>Years as member of NHS Pension Scheme</th>
<th>Average career earnings (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>40,000</td>
</tr>
<tr>
<td>10</td>
<td>5,600</td>
</tr>
<tr>
<td>20</td>
<td>11,200</td>
</tr>
<tr>
<td>30</td>
<td>16,800</td>
</tr>
<tr>
<td>40</td>
<td>22,400</td>
</tr>
</tbody>
</table>

### 2008 section

As a GP you will receive a pension based on 1.87% of your total uprated earnings each year. You can usually take up to 25% of the notional fund value as a tax-free lump sum but you would receive a reduced pension.

The table below shows how much a GP, who is a member of the 2008 section, might get today if retiring at the normal retirement age, without taking a lump sum.

### Pension a GP might get when they retire (2008 section)

<table>
<thead>
<tr>
<th>Years as member of NHS Pension Scheme</th>
<th>Average career earnings (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>40,000</td>
</tr>
<tr>
<td>10</td>
<td>7,480</td>
</tr>
<tr>
<td>20</td>
<td>14,960</td>
</tr>
<tr>
<td>30</td>
<td>22,440</td>
</tr>
<tr>
<td>40</td>
<td>29,920</td>
</tr>
</tbody>
</table>

### 2015 Section

The 2015 Scheme will be a CARE scheme and based on 1/54th of your pensionable earnings each year.
Early retirement

You don’t have to wait until the normal retirement age to take your pension. If you were an active member of the 1995 section between 31 March 2000 and 5 April 2006 you can retire from age 50. If you were a member of the 1995 section but not an active member between those dates or you are a member of the 2008 section, you can retire from age 55. The minimum age under the new 2015 Scheme is expected to be 55.

If you choose to retire before normal retirement age, your pension, and your lump sum (for members of the 1995 section and choices members) will be reduced.

The table below shows how much of the normal retirement age pension you would receive if you wanted to retire early.

<table>
<thead>
<tr>
<th>Age you want to retire and percentage of pension or lump sum you will receive</th>
<th>50</th>
<th>51</th>
<th>52</th>
<th>53</th>
<th>54</th>
<th>55</th>
<th>56</th>
<th>57</th>
<th>58</th>
<th>59</th>
<th>60</th>
<th>61</th>
<th>62</th>
<th>63</th>
<th>64</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995 section</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension %</td>
<td>63.9</td>
<td>66.5</td>
<td>69</td>
<td>72.2</td>
<td>75.4</td>
<td>79</td>
<td>82.7</td>
<td>86.7</td>
<td>90.9</td>
<td>95.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lump sum %</td>
<td>73.4</td>
<td>75.7</td>
<td>78</td>
<td>80.5</td>
<td>83</td>
<td>85.6</td>
<td>88.3</td>
<td>91.1</td>
<td>94</td>
<td>97</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008 section</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Pension %</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>60.9</td>
<td>63.7</td>
<td>66.8</td>
<td>70.0</td>
<td>73.5</td>
<td>77.2</td>
<td>81.2</td>
<td>85.5</td>
<td>90</td>
<td>94.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Early retirement benefits under the 2015 Scheme are currently unconfirmed.
Late retirement

You do not have to take pension benefits at the Scheme normal retirement age (NRA). You can choose to remain an active member past the NRA and continue to accrue benefits. If you are an active member of the 2008 section and remain a member past age 65 then the pension benefits you have accrued to age 65 will be increased taking into account that it is being paid later than your NRA. There are no provisions to increase any benefits after NRA under the 1995 section.

You can remain an active member of the Scheme until the earlier of achieving 45 years’ service or age 75. The amount you will receive depends on your pensionable pay and how long you have been an active member when you retire. The maximum age under the 2015 Scheme is expected to be age 75.

<table>
<thead>
<tr>
<th>Age (years)</th>
<th>65</th>
<th>66</th>
<th>67</th>
<th>68</th>
<th>69</th>
<th>70</th>
<th>71</th>
<th>72</th>
<th>73</th>
<th>74</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td>1.000</td>
<td>1.031</td>
<td>1.062</td>
<td>1.096</td>
<td>1.132</td>
<td>1.170</td>
<td>1.211</td>
<td>1.256</td>
<td>1.304</td>
<td>1.355</td>
</tr>
</tbody>
</table>

Factors to be applied to pension for 2008 section if taking late retirement (based on pension you would have received if retiring at age 65)
Increasing your pension

You can increase your pension through buying Additional Pension (AP), taking out an Additional Voluntary Contributions (AVC) account or starting a personal pension.

You can buy up to £5,000 of AP. AP is index-linked before and after retirement, so it will not be eroded by inflation. Contributions to AP can be paid as a lump sum or as regular payments for up to 20 years. In some circumstances your employer may wish to buy some AP for you via a single payment.

You can start an NHS AVC account, into which you can contribute lump sums or regular payments into a separate pension fund that has been chosen by you and the Scheme managers. When you retire you can use this to provide extra income for you and your dependants.

You could also think about increasing your pension by investing in a personal pension plan. You would make regular or lump-sum contributions, which you can take as an income when you retire. We offer personal pension plans that you can use to build up money to meet your retirement needs.

If you are a member of the 1995 section, you may have taken out an added years contract, which increases the amount of years’ membership that you have in the Pension Scheme. New added years contracts can no longer be set up but half-cost added years can still be bought for those who are eligible. Although no new added years contracts can be started, existing ones can continue. You may pay added years at half-cost if you received a refund of NHS contributions for a period of membership before 1978, or for any self-employed period.

Our Financial Consultants can give you specialist advice to help you plan for your retirement. For more information about our personal pension plans please speak to your Financial Consultant.
Ill health retirement

If you have been a member of the NHS Pension Scheme for two years or more, and you can’t work because of ill health, you can apply for an ill health retirement pension.

There are two tiers used to work out how much pension you will get.

- **Tier one benefits** – if you can’t do your current job.
  You will be entitled to the early payment of the retirement benefits you have earned to date. Even though you will be receiving benefits before normal retirement age, your benefits will not be reduced.

- **Tier two benefits** – if you can’t work at all.
  As well as receiving tier one benefits, you will also get an enhancement of two-thirds of your ‘prospective service’. This is the number of years left before you reach normal retirement age.

If you are terminally ill you may be able to take your benefits straight away as a serious ill health lump sum. You can apply for ill health early retirement by completing an application form which you can get from your employer.

Family benefits

**Lump sum payment**

The NHS Pension Scheme will pay a lump sum payment (called a death benefit) if;

- you die whilst working for the NHS and you are an active member of the Scheme;
- you die within the first five years after your retirement; or
- you die as a deferred member.

The lump sum paid out if you die whilst retired or if you are a deferred member, will be less than if you were an active member of the pension scheme when you die.
The table below shows how much lump sum would be paid out if you die and you had been a member of the NHS Pension Scheme for two years or more.

<table>
<thead>
<tr>
<th>Lump sum death benefit for a GP</th>
</tr>
</thead>
<tbody>
<tr>
<td>While working in the NHS (active Scheme members)</td>
</tr>
<tr>
<td>1995 section</td>
</tr>
<tr>
<td>2008 section</td>
</tr>
<tr>
<td>After you retire</td>
</tr>
<tr>
<td>1995 section</td>
</tr>
<tr>
<td>2008 section</td>
</tr>
<tr>
<td>As a deferred member</td>
</tr>
<tr>
<td>1995 section</td>
</tr>
<tr>
<td>2008 section</td>
</tr>
</tbody>
</table>

Although not confirmed, it is expected that the death benefits under the 2015 Scheme will be the same as under the 2008 section.
Dependant’s pension

Your husband, wife, registered civil partner or nominated qualifying partner will receive a pension for life, after you die. A qualifying partner is someone who you are in a relationship with that is not legally recognised. You can register the relationship by completing the relevant form which you can get from your employer. To qualify, you and your partner must be:

- in a long-term committed relationship and living together for two years or more;
- reliant on joint finances to support your standard of living; and
- free to marry or enter into a civil partnership with each other.

The amount that is paid out will depend on how long you have been a member of the NHS Pension Scheme. The table below shows how much pension your dependant would be paid if you die and you have been a member of the NHS Pension Scheme for two years or more. It is based on membership from 6 April 1988, unless extra cover was bought before this date. For benefits paid to widows of male members the service may include membership prior to 6 April 1988.

<table>
<thead>
<tr>
<th>Dependant’s pension (% of tier two ill health pension payable)</th>
<th>1995 section</th>
<th>2008 section</th>
<th>2015 Scheme (expected)</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>37.5%</td>
<td>33.75%</td>
<td></td>
</tr>
</tbody>
</table>

If you have been a member of the Scheme for less than two years, your dependant or qualifying partner would receive the lump sum death benefit payment and a short-term pension (based on your pensionable pay) for six months.
Children's pension

If you die before retirement, whilst working in the NHS, your children will receive a pension until they reach age 23. If your child can’t work because they have a physical or mental condition that they have at the date you die, their pension might be paid indefinitely. The tables below show how much children’s pension would be paid out. If you are an active member of the scheme when you die, the amounts are based on your tier 2 ill health pension. If you are a deferred member or are retired, the amount is based on the deferred pension or the pension in payment.

<table>
<thead>
<tr>
<th>Children's pension</th>
<th>Number of children</th>
<th>1995 section</th>
<th>2008 section</th>
<th>2015 Scheme (expected)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>One</td>
<td>25%</td>
<td>18.75%</td>
<td>16.88%</td>
</tr>
<tr>
<td></td>
<td>Two or more</td>
<td>50% shared equally</td>
<td>37.5% shared equally</td>
<td>33.75%</td>
</tr>
</tbody>
</table>

If there is no surviving partner, the children’s pension differs slightly:

<table>
<thead>
<tr>
<th>Children’s pension (with no surviving partner)</th>
<th>Number of children</th>
<th>1995 section</th>
<th>2008 section</th>
<th>2015 Scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>One</td>
<td>One third</td>
<td>25%</td>
<td>Details not yet announced</td>
</tr>
<tr>
<td></td>
<td>Two or more</td>
<td>Two thirds divided equally</td>
<td>50% shared equally</td>
<td>Details not yet announced</td>
</tr>
</tbody>
</table>
NHS sick pay

Your NHS sick pay is not related to the NHS Pension Scheme.

If you are a GP in the NHS, your sick pay arrangements should be set out in your practice agreement.
Protecting what’s yours

Your income

An NHS ill health pension (see page 9) could pay a lot less than what you currently earn. A Wesleyan Income Protection plan will pay a regular income if you can’t work due to sickness or disability. Your income can be automatically increased each year in line with inflation, to help you meet your financial needs until normal retirement age.

Your family

A life insurance plan will help to protect your dependants from financial hardship if you die. Wesleyan offers various plans that can give you peace of mind when it comes to looking after your family.

If you are interested in a protection plan with Wesleyan, your Financial Consultant can give you advice to meet your financial needs.
How to contact us

Our Financial Consultants have specialist knowledge of the NHS Pension Scheme and can give you advice to meet your financial needs.

If you have any questions, or want to talk to your local Financial Consultant about planning for your future, please contact us in any of the following ways.

- Call our helpline on 0800 358 6060. Our lines are open from 8.30am to 6.30pm, Monday to Friday and from 9am to 2pm on Saturdays. We may monitor our calls to improve our service.

- Write to us at:
  Wesleyan
  Colmore Circus
  Birmingham
  B4 6AR

- Fax us on 0121 200 2971

- Visit our website at www.wesleyan.co.uk
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Or visit: www.wesleyan.co.uk/gp

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