

NHS Pension Scheme

Coronavirus: Temporary suspension of certain NHS Pension Scheme regulations

This factsheet explains how the temporary suspension of certain NHS Pension Scheme regulations will help those who are in receipt of an NHS pension, who return to work to help with the Coronavirus (COVID-19) outbreak. Some of the suspensions will also help those who returned to work before the outbreak.

Background

On 25 March 2020 the government passed emergency legislation, which temporarily suspends some of the regulations governing the administration of NHS Pensions. These measures will allow skilled and experienced members who have recently retired from the NHS to return to work, and also allow retired members who have already returned to increase their commitments if they wish to do so, without affecting their pension benefits.

The measures predominantly affect members of the 1995 Section, although a smaller number of members could be affected by draw down abatement in the 2008 Section and the 2015 Scheme. The measures include temporary suspension of:

- the 16-hour rule
- abatement for special class status holders in the 1995 Section
- drawn down abatement in the 2008 Section and 2015 Scheme

Following the end of the COVID-19 outbreak, a six-month notice period will be given to staff and employers at the end of which the suspended regulations will take effect again. Staff and employers will therefore have six months' notice to readjust their working patterns, where necessary.

It is important to be aware that all pension and re-employment pay is subject to income tax. Changes in pensionable pay may also affect the level of NHS Pension Scheme contributions that some members pay. A higher tiered rate may apply to those who are already contributing to the scheme who undertake work with a higher full time rate of pay and also to general practitioners whose pensionable earnings are higher as a result of increasing their commitment.

Temporary suspension of the 16-hour rule in the 1995 Section

The 16-hour rule normally prevents certain members who return to work after retirement from the 1995 Section from working more than 16 hours per week in the first calendar month after retirement. Those affected by the rule do not receive their pension until they reduce their hours to 16 hours per week or less.

Temporary suspension of the 16-hour rule allows members to return to work immediately after taking a minimum 24-hour retirement and continue their existing working commitments, or increase them, whilst they are in receipt of their full pension benefits.

Q. Which pensions are affected by the 16-hour rule?

A. The 16-hour rule only applies to the following 1995 Section pensions:

- Age retirement pension paid on or after reaching Normal Pension Age of 60.
- Special class age retirement pension paid between age 55 and 60
- Deferred pension paid on reaching age 60.
- Voluntary Early Retirement pension, where the pension is reduced because it is paid before age 60.

Q. Who will temporary suspension of the 16-hour rule help?

A. Anyone in receipt of one of the above pensions who has been retired for less than one calendar month can return immediately and work more than 16 hours per week. Those who have already returned can also increase their hours, if they wish to do so.

Q. Am I still required to take 24 hour retirement?

A. Yes. To retire and qualify for pension you must take a minimum 24 hour break from NHS employment. The break can be taken over a weekend or on another day when you do not normally work. You can then return immediately working any number of hours without affecting your pension.

Q. I am retiring soon from the 1995 Section, will my pension be suspended if I return and work more than 16 hours a week?

A. Not if you retire during the COVID-19 outbreak. Temporary suspension of the 16-hour rule makes it easier to go back to work. After retiring for 24 hours you can return immediately working any number of hours without affecting your pension.

Q. When I go back to work will I be allowed to rejoin the NHS Pension Scheme?

A. The regulations do not allow a 1995 Section pensioner to rejoin the Scheme. However, your employer must provide an alternative scheme for you to build up a separate pension.

Q. My pension is currently suspended because I worked more than 16 hours per week, will it be put back into payment?

A. Yes. Arrangements are being made to pay your pension with effect from 25 March 2020. Payment will not be backdated because the 16-hour rule was applied correctly before 25 March.

Q. I am retiring from the 2015 Scheme but also have benefits in the 1995 Section or 2008 Section, will my pension be suspended if I return and work more than 16 hours a week?

A. No. The 16-hour rule has been temporarily suspended for pensions from the 1995 Section and all pensions from the 2008 Section and 2015 Scheme are not affected by the rule.

Q. If I retire from the 2008 Section or 2015 Scheme, will my pension be suspended if I return and work more than 16 hours a week?

A. No. The 16-hour rule does not apply to the 2008 Section and 2015 Scheme. After retiring you can return immediately working any number of hours without affecting your pension. You will automatically rejoin the NHS Pension Scheme and build up more pension, unless you choose to opt-out.

Temporary suspension of abatement for special class status holders in the 1995 Section

Normal Pension Age in the 1995 Section is age 60. However, certain members such as nurses and mental health officers hold 'special class status', which allows them to claim their pension benefits from age 55, without the actuarial reduction that normally applies when benefits are paid early. If they return to work in the NHS before age 60 the pension is normally abated (reduced) during any period when their post-retirement pay plus pension is more than their pre-retirement earnings. Abatement does not apply after age 60.

Temporary suspension of abatement for special class status holders will allow experienced nurses and mental health officers aged 55-60, who have claimed their pension benefits, to return to work or increase their hours without limiting their earnings.

Q. Am I still required to take 24 hour retirement?

A. Yes. To retire and qualify for pension you must take a minimum 24 hour break from NHS employment. The break can be taken over a weekend or on another day when you do not normally work. You can then return immediately with no limit on your earnings and your pension will not be affected.

Q. I am already retired and would like to return, will my pension be affected?

A. No. Temporary suspension of special class abatement from 25 March 2020 will enable you to return with no limit on your earnings and your pension will not be affected.

Q. I am already retired and my pension is currently being abated, will that change?

A. If your pension is currently abated arrangements are being made to pay your full pension with effect from 25 March 2020. Full payment will not be backdated to include earlier pension payments because abatement was applied correctly before 25 March.

Q. I have already retired and returned without being abated, will my pension be affected if I increase my hours?

A. No. Temporary suspension of special class abatement means that from 25 March 2020 you can increase your hours without affecting your pension.

Q. I am retiring in 2 months, do I have to cancel my retirement?

A. No, you do not need to change your plans. After retiring you can return immediately without limiting your earnings and your pension will not be affected.

Q. When I go back to work will I be allowed to rejoin the NHS Pension Scheme?

A. The regulations do not allow a 1995 Section pensioner to rejoin the Scheme. However, your employer must provide an alternative scheme for you to build up a separate pension.

Q. I am receiving an ill health pension, will it be affected if I go back to work?

A. The regulations affecting payment of an ill health pension are different and have not been suspended. If you return to work or increase your hours your pension could be affected.

Q. I retired due to redundancy or in the interests of the efficiency of the service (IoE), will my pension be affected if I return to work in the NHS?

A. If your employment was terminated due to redundancy before 1 October 2011 and your employer paid additional contributions for an enhanced pension to be paid early, or you retired at any time in the Interests of the Efficiency of the Service (IoE), the abatement regulations have not been suspended. Your pension could be affected if you have not reached your normal pension age and you return to work or increase your hours.

If you have reached your normal pension age, or your employment was terminated due to redundancy on or after 1 October 2011, your pension will not be affected if you return to work or increase your hours.

Q. I joined the NHS after 1995 and do not have special class status. I claimed a reduced pension at age 57 and would like to return, will my pension be affected?

A. No. Your pension has already been reduced because it was paid early when you took voluntary early retirement. Abatement does not apply to a voluntary early retirement pension so you can return or increase your hours without affecting your pension.

Temporary suspension of abatement after drawing down pension from the 2008 Section or 2015 Scheme

From the age of 55, members of the 2008 Section and 2015 Scheme can elect to draw down between 20% and 80% of their pension whilst continuing to work. To be eligible they must reduce their pensionable pay, or level of commitment for general practitioners, by at least 10%. This is usually achieved by a member reducing their working commitments or stepping down to a role with a lower salary. If the minimum 10% reduction is not maintained in the 12 months after taking partial retirement, payment of the pension is fully abated. No further pension is paid until the member again reduces their pay or commitment by the minimum 10%.

Temporary suspension of the requirement to reduce pensionable pay or level of commitment by 10% allows experienced staff to draw down pension whilst continuing with their existing work commitments and to increase them, if they wish to do so.

Q. I am taking draw down in 2 months will my pension be suspended if I do not reduce pay or commitment by a minimum of 10% as I had planned?

A. No. Temporary suspension of the regulation means that you can draw down part of your pension and continue working your current hours, or increase them.

Q. My pension is currently suspended because my pensionable pay or level of commitment increased to more than 90% of the level before draw down, will it be put back into payment?

A. Yes. Arrangements are being made to pay your pension with effect from 25 March 2020. Payment will not be backdated because the regulation was applied correctly before 25 March.

Q. I took draw down 6 months ago will my pension be suspended if I increase my hours or commitment to the NHS to help?

A. No. Temporary suspension of the regulation means that you can increase your hours and continue to receive the part of your pension that you have drawn down.

Q. I am a member of the 1995 Section; can I draw down part of my pension?

A. No. The option to draw down pension is not available in the 1995 Section.