

## NHS Pension Scheme



### Changes to public service pension schemes

## Glossary of commonly used terms

### **Eligible member**

If you joined a public service pension scheme on or before 31 March 2012 and you were still a member of the scheme on or after 1 April 2015, then as long as you had continuous pensionable public service you will be asked to make a decision about your pension scheme benefits.

Continuous service means you were contributing to a public service pension scheme or you were receiving earnings that qualified you for a public service pension. This includes members who left public service but returned within 5 years to the same or another public service pension scheme.

### **Legacy scheme**

Different parts of the NHS Pension Scheme are known by different names. The 'legacy scheme' refers to the 1995/2008 Scheme, which is also known as the 1995 and 2008 Sections.

The normal pension age (NPA) is 60 for the 1995 Section and 65 for the 2008 Section – your NPA is the age you can take your pension benefits without any reductions for taking them early. Both are final salary schemes. This means that if you're an active member in the 1995 Section, you'll get a pension and retirement lump sum based on your scheme membership and the best of your last 3 years' pensionable pay. In the 2008 Section, you'll get a pension based on your scheme membership and reckonable pay, which is the average of your best 3 consecutive years' pay in the last 10 years (after they've been revalued in line with the Consumer Price Index or CPI).

If you're a deferred member, your benefits will be based on your scheme membership and the best of your last 3 years' pensionable pay or reckonable pay when you left NHS service or stopped contributing to the NHS Pension Scheme.

The legacy 1995/2008 Scheme closed to new members with effect from 1 April 2015. All members who are currently in the 1995/2008 Scheme will be moved into the 2015 Scheme on 1 April 2022. You won't lose any benefits you earned under the legacy scheme and you'll keep your final salary link for benefits earned before 1 April 2022, as long as you haven't had a break in service of more than 5 years between 1 April 2012 and 31 March 2022.

## **Reformed scheme**

The NHS Pension Scheme 2015 was introduced on 1 April 2015 and is known as the reformed scheme. It's different from the 1995/2008 Scheme because:

- your normal pension age (NPA) is either 65 or your state pension age - whichever is later
- the pension benefits you receive will be based on a proportion of your pensionable earnings throughout your whole career, rather than your final salary. This is known as career average revalued earnings, or CARE.

If you joined the NHS Pension Scheme on or after 1 April 2015, you're already a member of the 2015 Scheme.

If you're still in the 1995/2008 Scheme you'll move to the 2015 Scheme on 1 April 2022. You won't lose any benefits you earned in the 1995/2008 Scheme – and your membership from 1 April 2022 will have the 2015 Scheme rules applied.

This means that when you retire, your pension could be made up from different NHS pension schemes. For example, if you're a member of the 1995 Section and the 2015 Scheme, when you claim your pension benefits, you'll receive them from both the 1995 Section and the 2015 Scheme. You can claim your 1995 Section benefits without any reductions from age 60 (or 55 if you are a special class member). You can claim your 2015 Scheme benefits without any reductions from age 65, or your state pension age – whichever is later.

## **Transitional protection**

When the reformed scheme was introduced in 2015, some members who were closer to retirement were offered protection. This meant they were not automatically moved into the 2015 Scheme, and they were allowed to stay in the 1995/2008 Scheme for longer than members who were younger. This protection fell into two categories: full and tapered protection.

Members with full protection didn't have to move to the reformed 2015 Scheme at all, and members with tapered protection could stay in their existing section for longer than members without any protection. They are also known as transition members.

This protection treated people differently depending on their age, which the Court of Appeal found discriminated against younger members of public service pension schemes, including the NHS Pension Scheme. If you're affected by this, you'll be given an opportunity to decide which pension benefits you want to receive for the time this discrimination could apply, which is between 1 April 2015 and 31 March 2022 – this is called the remedy period.

## **Full protection**

Members who were within 10 years of their normal pension age (NPA) on 1 April 2012 were allowed to stay in the 1995/2008 Scheme for the rest of their employment. This was called full protection.

If you received full protection, you will be able to decide between receiving 1995/2008 Scheme or 2015 Scheme benefits for service between 1 April 2015 and 31 March 2022.

## **Tapered protection**

Members who were within 10 to 13.5 years of their normal pension age (NPA) and contributing to the Scheme on 1 April 2012 were allowed to stay in the 1995/2008 Scheme for longer than younger members. This was called tapered protection. All members who received this tapered protection, known as transition members, will have been moved to the 2015 Scheme by 1 February 2022.

If you received tapered protection, you will be able to decide between receiving 1995/2008 Scheme or 2015 Scheme benefits for your service between 1 April 2015 and 31 March 2022.

## **No protection**

All members of the 1995/2008 Scheme who were more than 13.5 years away from their normal pension age (NPA) on 1 April 2012 were moved to the 2015 Scheme on 1 April 2015. This is referred to as having no protection.

If you did not receive protection, you will be able to decide between receiving 1995/2008 or 2015 Scheme benefits for your service between 1 April 2015 and 31 March 2022.

## **Removing the discrimination**

When the 2015 Scheme was introduced, only members closest to retirement were offered protection. This meant they were allowed to stay in the 1995/2008 Scheme for longer than younger members. This treated people differently based on their age and the Court of Appeal found this discriminated against younger members, who had not been offered the same option.

By October 2023, processes will be in place for all members who were affected by this to make a decision when they claim their pension. They'll be asked if they'd prefer to receive benefits from 1995/2008 Scheme or the 2015 Scheme for service between 1 April 2015 and 31 March 2022. Eligible members will be asked to make a decision whether they were offered protection in 2012 or not.

Members who retire before October 2023 will be contacted as soon as possible once the required legislation has been put in place by the government– they'll be given the information they need to help them backdate their decision to their retirement date.

The 2015 Scheme itself is not discriminatory – only the option for some members to stay in their 1995/2008 Scheme was, because it treated people differently based on their age. All current members of the 1995/ 2008 Scheme will become members of the 2015 Scheme on 1 April 2022.

## **Remedy period**

The remedy period is between 1 April 2015 and 31 March 2022. This period begins with the introduction of the 2015 Scheme on 1 April 2015 and ends on 31 March 2022 when all members will be moved into the 2015 Scheme, regardless of their age.

The remedy period is the length of time the age discrimination identified by the Court of Appeal could have applied. Members will be able to decide retrospectively which NHS pension scheme they wish to receive pension benefits from for service during this period.

## **Deferred choice underpin**

Following the McCloud judgment, the government launched a consultation to ask the public which remedy option they would prefer for public service pension schemes.

The options were:

- A deferred choice underpin (DCU) which requires members to choose between scheme benefits at the point of retirement
- An immediate choice which requires members to choose between scheme benefits as soon as possible

Most responses preferred the DCU. This means that when your pension benefits become payable, you'll be asked if you want to receive 1995/2008 Scheme or 2015 Scheme benefits for your service between 1 April 2015 and 31 March 2022.

By asking you to make this decision when it's time to claim your pension, it means you'll know exactly what you're entitled to under each option - so you can make the right decision for you, based on your circumstances at the time. You'll be able to see your benefits under both NHS pension schemes to support you in making your decision.

## **Retrospective choice**

In some cases, members who are eligible to make a decision about their pension benefits will have already started to receive their benefits before the deferred choice underpin (DCU) is put in place. These include eligible members who have taken age retirement, ill health retirement, early or late retirement or who have died on or after 1 April 2015.

These members will be contacted as soon as possible once the required legislation has been put in place by the government. Members will be given the information they need to decide between receiving benefits from the 1995/2008 Scheme or 2015 Scheme for any service between 1 April 2015 and 31 March 2022.

The NHS Pension Scheme will backdate the member's decision to the date their pension benefits were first paid. In some cases, this might mean members are due an extra payment, and this will be paid to them as soon as possible after they've made their decision.

Where an eligible member has died, their beneficiaries or their personal representative will be contacted to decide.

## **Special Class members or members with Mental Health Officer (MHO) status**

From 1 April 2022 all active members of the NHS Pension Scheme will become members of the 2015 Scheme - this includes those with special class and mental health officer (MHO) status. The 1995/2008 Scheme will be closed.

If you had full protection and you're currently a member of the 1995 Section with special class or MHO status, you'll keep any service you have earned up until 1 April 2022 in the 1995 Section. Any pension benefits you earn on or after the 1 April 2022 will be in the 2015 Scheme.

If you've already moved into the 2015 Scheme or will move at the end of your tapered protection, you'll continue to earn your pension benefits in the 2015 Scheme from 1 April 2022.

As part of the changes being made to put right the discrimination, your service between 1 April 2015 and 31 March 2022 will be placed into the legacy scheme - the 1995 Section – this will happen in October 2023.

Whether you had full, tapered or no protection, you'll be able to access your 1995 Section benefits in the same way and at the same time as you can now.

The changes won't affect your eligibility for special class or MHO status for your 1995 Section benefits. You'll also keep your final salary link for your 1995 Section benefits if you do not have a break in service of more than 5 years.

When you retire after the deferred choice underpin is implemented in October 2023, you'll be able to decide whether to keep 1995 Section benefits for your service between 1 April 2015 and 31 March 2022 or receive 2015 Scheme benefits instead. If you retire before this date, NHS Pensions will get in touch to help you to backdate your decision – this will happen as soon as possible once the required legislation has been put in place by the government.

Should you decide to retire and return to an NHS role, there may be restrictions on what further pension benefits you can build up. You can find more information in our [retirement guide](#).