

## NHS Pension Scheme

### Partial retirement LIVE event 19 July transcript

#### Welcome

Good morning, everyone. Welcome to today's live event about changes to the partial retirement process.

My name is Angie McPhee. I'm a member of the Stakeholder Engagement Team.

In a moment I'm going to pass over to Daren Murray, who's the project lead for the McCloud Reform Project. He will be presenting today's event.

Daren is supported by Adrian Earnshaw and Sarah Booth, and behind the scenes we are supported by members of the McCloud Engagement Project.

You'll notice that during the event today there will be no access to your camera, microphone, or the chat function, but there will be a Q&A which will open towards the end of the presentation.

We will answer all questions. To help us answer as many questions as possible during the event, please only submit your question once.

If we do run out of time to answer questions during the event, we will answer them after the event.

If you don't see your question in the Q&A function, it may be waiting to be answered, or it may have already been answered.

We won't be able to provide advice based on specific or individual circumstances during today's event.

During the event we will put links to the resources in the Q&A function and after the event we'll send these to you by e-mail.

A recording will be made available after the event, and the event will finish at around 11:30am.

So, without any further ado, I'll hand over to Daren to begin the presentation.

## **Presentation**

Morning everyone and thanks very much for that, Angie.

As Angie said, my name's Daren Murray and I lead the team at NHS Pensions that's responsible for implementing the legislative changes to partial retirement that are coming into force on the 1 October this year.

I'll start today with a slide about the objectives of today's presentation.

## **Objectives**

So, this event is aimed at payroll providers and pensions administrators, and it will focus on the updated partial retirement application process and the tools that are available to support members through that process.

There's a separate webinar that NHS Employers are delivering, which is aimed at strategic and operational HR staff, workforce leaders and anyone with a specific interest in staff attraction and retention. That webinar will provide much more detail on agreeing the new working arrangements and on the 10% reduction in pensionable pay.

The webinar will be held on Wednesday 2 August from 10am to 11am and you can book a place via the events section of their website. We will share a link to that webinar via our Q&A function for you.

At the end of the session today, there'll be time for Q&A's, but we may not have time to answer all of your questions. Any that we don't manage to get round to within today's session we will make sure are followed up as quickly as possible after the event for you.

If I could ask if we could go on to the next slide, please.

## **What will we cover today?**

- So first, what is partial retirement?
- Who is eligible for partial retirement?
- How will members apply?
- What member guidance on applying for partial retirement will be available.

- We'll also be talking about the 10% reduction, but as I've said, it will only be a high-level overview. The NHS Employers event on the 2 August is where this will be discussed fully focusing on the employment law side of things and answering all your questions that you may have there.
- We'll also be demonstrating some of the resources that will be available to you.
- One of the key resources is going to be available on the 1 October, which is the Partial Retirement Calculator. We've been working with the Department of Health and Social Care (DHSC) and the Government Actuarial Department (GAD) to produce a new Partial Retirement Calculator for members that will replace the need for partial retirement estimates from the 1 October 2023. I'll come on to that in more detail later on.
- We'll talk about an interim resource which is called the McCloud Percentage Tool that I'll demonstrate later on in the session.
- Then we'll go through the resources that will be available on the NHS Pensions website and then come to your questions and answers at the end of the session.

### **So first, what is partial retirement?**

Partial retirement allows members to claim some of their pension benefits whilst continuing to work. Taking part of their pension benefits is also sometimes known as drawdown.

Partial retirement is already available to members of the 2008 Section and the 2015 Scheme and NHS Pensions process these cases on a weekly basis.

DHSC is introducing changes to the Scheme rules to allow all NHS staff to work more flexibly up to and beyond their retirement age. The changes that are being introduced from the 1 October will expand partial retirement to members of the 1995 Section and it will also increase the percentage of benefits that members can claim.

Currently members aged from 55 are able to take drawdown of between 20% and 80%. That's being expanded to allow them to draw down 100% if they wish to, in one or two, draw down payments without having to leave their current job.

### **Who is eligible for partial retirement?**

The criteria for being eligible for partial retirement has not changed and isn't changing within the legislation, so it remains the same as it has been previously for 2008 and 2015 Scheme members.

That eligibility, as a reminder, is they must have reached their minimum pension age.

They must be an active member of the Scheme, they must reduce their actual pensionable pay by at least 10% and for GP's, dental practitioners, ophthalmic and non-GP providers, a 10% reduction in their commitment is required.

They must have a change in their terms and conditions of employment following the reduction in pensionable pay and they must have the previous level of pensionable pay prior to partial retirement for at least 12 months.

They then also must have the new level of pensionable pay last for at least 12 months from the point that partial retirement is taken. After that 12-month period they can go back to the situation where they work as much as they want. It's only for that 12-month period that that reduction has to be seen.

They must not have already claimed partial retirement on two occasions, because the third occasion must be final retirement, not partial retirement.

There is one additional criterion for eligibility that's specific to certain 1995 Section members. Those who have a protected minimum pension age of 50 will be able to claim their benefits without leaving their job. But between the ages of 50 and 55, the regulations are that they will only be able to take 100% of their pension benefits from age 55.

Members will be able to continue building their pension in the 2015 Scheme, won't need to take a break or change of jobs, but they will need to reduce their pensionable pay by 10%.

### **How will members apply?**

The application processes remain the same, but we have introduced some efficiencies and improvements as a part of the project.

So just to go through the current process that's to complete an AW8 form and then on a separate sheet of paper confirm the 10% reduction in pay and that it will remain in place for the next 12 months. Detail the percentage that the member wants to take and then send the AW8 and the separate sheet over to us in NHS Pensions.

As far as the updated process goes, it's really key here that the AW8 has not changed. It remains the same as it always has been.

What is happening is that there'll be a supplementary form and I'll come on to that in a moment.

So first, the member would complete the AW8 form as usual and then they would use the Partial Retirement Calculator that GAD is producing for us from 1 October to model the percentage that they want to take and produce their own estimate.

Unfortunately, I'm not able to demonstrate that calculator today as it's still under development by GAD, but I will demonstrate our interim tool later on in the session and we'll discuss why this tool may be beneficial for members with service within the McCloud Remedy.

As I say, they would then complete with yourselves as the employer the AW8 partial retirement supplementary form. This is a new form and confirms that the member is reducing their pensionable pay or commitments by 10%, that they'll remain on the reduced level of pay for at least 12 months and the amount of benefits that they wish to take. I'll demonstrate that to you and show you a copy of that form later on in the session and go through that in a bit more detail.

These forms as well as an employer factsheet are all available now on the Employer Hub for you. And we'll share a link at the end of the presentation so that you can go in and familiarise yourselves with those.

But it's just to make clear here really that the process hasn't changed. Same AW8. There's now a better form instead of a blank sheet of paper for you to complete and I'll come on to the calculators and the impact of those later on in the session.

### **Member guidance**

So, member guidance will be published on our website after this event and it's likely to be early next week that we publish that. But we wanted to give you early sight of what will be communicated to members first and what's up on your screen now is a summary of the guidance that we'll be providing to members on how to apply.

So, the first thing for members is to talk to their HR team about their new working arrangements that will reduce their pensionable pay by at least 10% for 12 months after partial retirement. Check that it's possible and agreed.

From 1 October, they then use the Partial Retirement Calculator to decide what percentage of pension they want to take. It will be able to model for them in the replacement of estimates exactly what that would mean to them in respect of different percentages against the Schemes. So, they would be able to fully articulate to NHS Pensions the percentage that they would like to take.

It will explain to members that if they're affected by McCloud and can't wait until the 1 October to take partial retirement, then there is an interim McCloud percentage tool that we'll be sharing with them that will help do that for them.

Once they've completed their AW8 and they've worked out the percentage they want to take, they'll then need to contact yourselves as the employer to complete the AW8 benefits claim form. So that's the supplementary form that I was talking about.

This would then be attached to the AW8 and sent in by the employer to finalise their sections and then forward it on to us for processing.

The member would then start their new partial retirement working arrangement after taking

some of their pension benefits that they've built up and then continue to add to their pension within the 2015 Scheme.

### **Agreeing a new working arrangement – the 10% reduction**

This presentation is about the application process within NHS pensions. But we're obviously highly aware that there's agreements that need to be made with staff in the background first about the 10% reduction before they're able to confirm that to us and go through the application process.

As I mentioned, this presentation is only giving a high-level overview of the new working arrangements and is focusing on the application process.

The NHS Employers event on the 2 of August will go into full detail on the associated employment law and will take questions and answers that you'll have on various member circumstances. And again, we will provide that link and I think we already have done within the Q&A session, so that you can sign yourselves up for that session.

Members will need to agree a new working arrangement with a member of their HR team that lets them reduce their pension and more pay by at least 10%. For example, members could change their level of responsibility, work fewer hours, or move to a new role. GP's, non-GP providers and dental practitioners will need to reduce their NHS commitments by at least 10%.

Pensionable pay must stay at the reduced level for at least 12 months after partial retirement, or the member will no longer be eligible for the pension that they've taken.

During this, they may still be able to do additional work that doesn't count towards their pension, such as overtime or bank work.

As NHS Pensions is not the members direct employer, it does not have access to individual employer's payroll records. It's therefore the responsibility of each individual employing authority to review pay records to ensure that the members pensionable pay reduces in line with the pre-existing legislation and that the pay does not increase within the first 12 months after taking partial retirement.

### **Partial Retirement Calculator – available from 1 October**

NHS Pensions and DHSC have commissioned a Partial Retirement Calculator to be developed by GAD.

This calculator will provide a better member experience from the 1 October as they'll be able to fully model all options to open to them for themselves without the need to request or wait for an estimate to be produced for them.

It will also reduce the effort for both employers and for us at NHS Pensions administration in producing those estimates for them.

So, from the 1 October, members can use this partial retirement calculator and we really would encourage you to speak to members about waiting until the 1 October to use that calculator and to model things for themselves there. Unless they have a really good reason why they need to go and take partial retirement on the 1 October, we recommend waiting for that calculator to be available.

If a member does want a partial retirement arrangement to start as soon as possible from the 1 October, then they can submit their forms and applications from the beginning of August, and we'll do all that we can to process those applications by this date. We will also make it possible for applications to be backdated.

And when we talk about a good reason there for going on the 1 October, if you wait till this calculator is available, that's the best for you. But members may have very good reasons why they need to go on the 1 October. You know for example, they may have a mortgage that is ending or that the period of their mortgage is ending at the beginning of October. And as we all know with interest rates going up as they are, they may really need that additional income.

At that date, and as I've said, we'll do everything we can to facilitate that by providing them with an interim tool, doing estimates for them upfront and allowing them to go on the 1 October. We just think it's a better experience for them and more straightforward for them if they're able to wait until the 1 October.

### **Members affected by the McCloud ruling**

As with everything within NHS Pensions at the moment, every bit of legislation that we're implementing or changes that are being made are affected by McCloud. You're all aware of the scale of the work that needs to be done there and partial retirement is affected by that in the same way that everything else is.

So as a part of that ruling, affected members are due to have their pensionable service from the McCloud remedy period rolled back. The remedy period is the period where discrimination was judged to have taken place, and it's between 1 April 2015 and 31 March 2022. Those members will all have their 2015 Scheme service within that rolled back into the 1995 and 08 Sections of the Scheme from the 1 October 2023.

These affected members will then be contacted in the 12 months after they've taken partial retirement and asked to choose between keeping these benefits in the legacy section or whether they want to take 2015 Scheme benefits instead.

When it comes to making this choice, it's expected that because of the discrimination ruling members will automatically assume that choosing legacy scheme service will be better for them than the 2015 Scheme that they were moved into, but this is not necessarily the case in all instances. Depending on how long a member continues to work after taking partial retirement, it may be that 2015 Scheme service would be more advantageous for them and this would become clear to them when they receive their remedial service statements within 12 months of taking partial retirement.

I'll come onto why that means we need to provide an interim tool for them because there may be a reason why they would not want to take 100% of their benefits because of the McCloud ruling.

The McCloud choice also means that there's other factors that members will need to consider when deciding the percentage of their pension to take, as it could also affect their tax position or their final salary link if they have one and if they later choose to take 2015 benefits for the remedy they may have overpayments to pay back.

### **McCloud Percentage Tool – available from 1 August**

As we're saying from 1 August, members will be able to apply for partial retirement, but what we're ideally saying is hold off until 1 October until the full GAD partial retirement calculator is in place. If members do need to go, they may only wish to take their legacy scheme benefits up to the point of the remedy. Being the 1 April 2015 to avoid any overpayments or repayments later if they decide to keep their remedy service within the 2015 Scheme.

As such, we've developed an interim tool for members to use until that Partial Retirement calculator is available, and this interim tool is called the McCloud Percentage Tool.

It doesn't give members as much information as the partial retirement calculator, but it does allow those members affected to see what percentage of pension they could take to avoid having those overpayments and repayments when they make their choice later on.

This tool is available on the partial retirement webpage of the NHS Members Hub from 1 August when members can start to apply.

To use it, members will need to know the membership that they use to calculate their pension benefits, known as their pensionable service or their reckonable service, and members can find this figure on their annual benefit statements.



## **McCloud percentage tool - estimates**

The best possible experience for members is to wait until the 1 October to use the Partial Retirement Calculator to model and produce their own estimates and then make their application to NHS Pensions. If, however, they wish to partially retire on or just after 1 October, then NHS Pensions will provide estimates.

It should be noted here though and pointed out to members that if they're fully protected, i.e., they've got legacy scheme service up until 31 March 2022, then they are able to produce their own estimates using their latest annual benefits statement. It would just be a case of applying their percentage against the detail to produce their own estimates.

If they're not fully protected, then they can use the member estimate form which will be available on our website. We have updated our member estimate and our employer estimate forms as a part of the project process and hopefully improved that experience both for members and for yourselves as employers.

If the member does require an estimate, they will need to send that through to the e-mail address. The employer version of that estimate form, which is the updated AW295, is available on the Employer Hub for you now.

I should point out here that NHS Pensions will only be able to provide one estimate at a given percentage for a member. So, if they want to go on the 1 October or just after, they can request an estimate from us saying I would like to take for example 75% of my pension from my legacy scheme. What we will not be able to do is undertake modelling and to provide multiple estimates at different percentages for them at this point.

In this instance members will need to wait to use the partial Retirement calculator from the 1 October where they'll be able to model it any percentage they want and produce their own estimates there. Unfortunately, it's just a capacity issue. As far as estimates go, we're expecting a high take up, as I'm sure you are, of partial retirement and in order to facilitate people going on 1 October, we do need to limit to just that one estimate so that we can make sure that estimates and applications are provided and processed on time.

## **Demonstrations**

I'll now share the screen with you that that's come up and go through some short demonstrations.

### **1. Interim tool**

So, this is early sight of the interim tool that will be made available on the NHS Pensions member hub from the 1 of August.

We will be adding additional information here with guidance, exclusions and why using this tool would be beneficial for members with remedy service. It's just we're still working on that at the moment, but I wanted to give you some early sight here just to point out that this tool is an interim product between 1 August and 1 October.

This tool will become obsolete on 1 October when the GAD Partial Retirement Calculator is released because it will include this functionality as well as the ability to model estimates.

So, it's just a short-term tool.

Just for the exclusions on here, unfortunately the tool can't be used if the member

- has mental health officer status with double years
- is a male nurse with service before 17 of May 1990
- or if the member is a practitioner due to the way that their benefits are calculated.

If a member falls into one of these categories, they'll need to contact NHS Pensions to determine this percentage for them and to produce an estimate.

I'll now demonstrate this tool for you.

I want to take partial retirement. I want to take my benefits from the legacy scheme, but I don't want to take all of it because I don't want to take and draw down my benefits from the remedy because if I do that, I'm aware that if I then decide within 12 months that I want 2015 membership for that I'm unlikely to have to repay some of my lump sum or some of my pension because I've now changed the Scheme that I want that in. So, what this calculator will do for them is let them know what percentage they should request to draw down without going into that remedy.

So, I'll just model an example here for you. So, let's say we have a member with reckonable membership of 28 years, 212 days and they're full time. It just produces that basic calculation for them to say if you request to draw down 75% of your membership of the legacy scheme, you will not touch your remedy between 1 April 2015 and the end of March 2022.

Therefore, you can be confident that when you come to make your McCloud decision in the future, you won't have to repay, you can say right, I want to have my remedy within the 2015 Scheme that's fine because you've drawn down your legacy. But if you do decide that you want to have that membership within 95 for the remedy period at that point, they'll also be able to take, in this example, the remaining 25%.

So, I'll just give you another example there of a smaller service. Let's say they have 15 years 315 days and are full time. Then it calculates for them that they should ask to request 55% of their pension to be drawn down, which again means that they wouldn't go into that remedy period.

Slightly more complex if the member is part time in that they would need to put in a little bit further information. So, for the calculation to take place, they'll need to let us know how many hour sessions per week they worked between 1 April 2015 and the end of March 2022. So, let's say in this example they did 15 sessions per week and what were the full-time equivalent hour sessions for that week? So, let's say 37.5. Again, it will do that same calculation for them and say to them, if you request to draw down 82% of your legacy scheme benefits, you won't have drawn down any of the remedy which allows you to make an informed decision within 12 months without having to make any sort of repayment there.

## 2. Factsheet

So, I'm not going to go through this in any detail because it's available for you now and again we'll share the links to that of where it sits on our employer hub. But I just wanted to let you know the sort of basic information that this provides for you.

It's an updated version of the fact sheet that already exists. It covers the ability for 1995 members to take partial retirement and the percentages that are available, but also hopefully makes everything a bit clearer and a bit more concise for you. It provides information on partial retirement eligibility, minimum pension, age, being an active member, the reduction of pensionable pay, achieving the 10% reduction, changes to terms and conditions, partial retirement limits where benefits are held in more than one Section or Scheme, lump sums, abatement, the interaction with McCloud and the application process.

It also provides some examples which we hope will be a benefit to you and I'll just scroll down now to the first one of those.

So, it will provide an estimate here of, sorry, an example here of where a member's work pattern has changed within the 12 months prior to them taking partial retirement. We have had a number of questions come through here and hopefully this one covers off as an example for you within the fact sheet.

It also has an example of where a member is impacted by lifetime allowance and the maximum tax-free lump sum rules. So again, an example in there for you.

It also covers off where members have benefits in more than one Section or Scheme and how that works in being applied to the whole of the Scheme, but then being applied sequentially from the beginning of their service. I'm sure you'll probably have questions on these later on in the Q&A part of the session. My colleague Adrian Earnshaw has kindly

revised and updated this factsheet for us. We'll be able to go into those in a bit more detail if that's required.

### 3. Supplementary form

The last one I wanted to demonstrate to you is the Supplementary Partial Retirement AW8 form. Previously this information was only ever provided on a blank sheet of paper alongside the AW8. This process has now been improved to provide a proper form for that to come into on us.

The first section is for the member details, their details and then the date, obviously a key part, the date on which they do need to take or want to take partial retirement and obviously that's from 1 October this year for 1995 Section members. Obviously 2008 members and 2015 members can partially retire before then in line with the way they already have been able to do, but only up to 80%.

Again, 2008 and 2015 members can only take up to 100% from 1 October this year, which is when those new rules come in.

The second section on the form here is where we need additional information from you.

Obviously, NHS Pensions only hold data up until the end of the previous year, so for this year we only hold it until the end of April 2023 and here is where you need to fill in the information to tell them what they are.

Actual pensionable pay has been from the 1 April up until the date that they wish to take partial retirement as we don't have that information currently.

The third section on the form here is where you'll confirm that the employment rules have and will be met for the next 12 months. So, has their pension or pay been reduced by 10%? Have their terms of employment changed because of the reduction in pay? Will those be in place for the next 12 months? And then also has the member been made aware of the option of only claiming their legacy scheme using the calculators up till the end of March 2015?

Key to point out here really that you know as pensions administration employers, it's your responsibility to inform us that has happened. But it's the responsibility of your HR departments to make sure that that has been facilitated and accounted for and that they've informed you as pensions administrators that that's been done so that you can complete this form and let us know.

That that has happened, really these four parts here are key because that's where you're informing us that that has happened and you're giving us the authority to go ahead and make the application process and pay the payment for those members.

The next section here is where the member informs us of what benefits they want to take.

The first option there, does the member wish to claim only pensions benefits based on membership in their legacy scheme up until the end of March 2015?

So, this is everything we've gone through about why they might not want to draw down from their remedy. They've used the calculator, or they've asked NHS pensions what that percentage will be and they're ticking here to say yes, I want to take my legacy scheme benefits, but only up until that date. This is where they would confirm that and put the percentage in.

Second option there is if the member said right, OK, I've seen the advice there, I understand, but I want to take 100% of my benefits now. For whatever reason they may just say I want to draw down everything that I'm entitled to and this is where they would tick here to say yes, I want to take all of my 1995 benefits, all of my 2008 benefits or all of my 2015 benefits.

The final option they can tick there is if they're saying right, I want to take a percentage of my pension benefits. So, this isn't about not trying to eat into the remedy or wanting to take everything. They're just wanting to take a given percentage. And this could very well be because they don't want to draw down so much that it would alter their tax position. Because with you know, still earning money within their role and having their pension coming in, there's a chance that they could in certain circumstances move up to a higher level of tax. So, if they want to say to us for that reason I only want to draw down 40% of my benefits.

Another instance may be there where they're only taking partial retirement because of the current cost of living situation, and they may be thinking *'I just want to take 20% because I know that would ease my current situation and would see me through, you know, the current period of uncertainty that we're going through.'*

So, it's just to show there that there's three options available to them.

- Yes, I want to take the percentage only,
- I want to take everything I'm entitled to,
- or I know I would just like to take this percentage.

And there's a keynote here to read through. So, members with benefits in two schemes, for example, the 1995 and the 2015 Scheme, or the 2008 and the 2015 Scheme may choose 100% of their 1995 or 2008 benefits and some or all of their 2015 benefits. However, they cannot claim just their 2015 Scheme pension. The members must exhaust their benefits from each of the Sections before taking a percentage from the next.

Any decoupled benefits are excluded from partial retirement, so if a member has any sort of legacy scheme benefits that they haven't and aren't asking to draw down then they can't take their 2015.

Another thing to point out here is that if the member has added benefits in the Section or Scheme, they're claiming partial retirement from, do they wish to claim those at the same time? And to note here that if the elected percentage exhausts the Members 1995, 2008 Section or their 2015 Scheme benefits, the added benefits from that Section will be automatically payable. I'm sure you may have questions on that part. I'm hoping that my colleague Adrian will be able to answer.

And just at the end we obviously need both the members and your signatures as the employer and the date that you're submitting that form to us.

### **Summary of resources on the website**

So just a summary here of what's on the Employer hub now, what will be on the Member Hub next week and what will be available later.

So, on the Employer hub now is the employer factsheet.

Apologies here, there's a slight typo where it says updated AW8. Just to confirm here that the AW8 has not changed, it's exactly the same as it always has been.

What's also available on there is the AW8 Partial Retirement Supplementary Form that we have just gone through and also on there is the updated AW295 estimate form for where you wish to submit estimates on behalf of the member.

Please do encourage any members who are interested in partial retirement or returning to work and continuing to build benefits after taking full retirement to continue to check our partial retirement page at NHS Pensions Member Hub.

This page will be, as I said, updated shortly with the following information, so it will explain the application process, expand on the information already available and on what steps to take now. It will also have a member factsheet and member estimate forms for where they wish to submit that estimate form to us that will be available later.

So, from 1 August that McCloud Percentage tool that I shared with you and highlighted earlier on will be available until 1 October when the Full Partial Retirement Calculator is available that will have that functionality that was in the McCloud Percentage tool and give them the full ability to model everything that they need.

Also, further member resources, videos, explanations will all be added the end of October to make sure that we are placing the member in the most informed position that we're able to.

That concludes my presentation for today.

The Q&A function of the event is now open and myself and my colleagues Adrian Earnshaw and Sarah Booth are happy to answer as many of your questions as we can before the end of the allotted session today.

So, thank you very much.

## Q&A

**I think the first question that I can see that was published, will copies of these slides in a recording be shared?**

I think Vicky is just responding to that now. Yes, copies will be shared.

**So, I think the first question is when can we start reducing the pay of 10%? Do we need to wait until we receive confirmation that the application is successful?**

The reduction happens once we've got the AW8 in, you can expect that the application has been successful in that respect so the reduction of 10% starts from the elected payable date on the AW8. So, if somebody has asked for the pension to be payable from 1 October, we would expect the reduction to take place from that date.

**How can we find out who has a protected retirement age of 50?**

The protected retirement age of 50 usually applies to those members who've got 1995 Section pension benefits and have joined the Scheme for the first time before April 2006.

If you are at all unsure, you can contact us, and we'll be able to confirm that.

**If a member would like to take partial retirement on 31 of January 2024, when should we begin the process? Do we wait until the 1 October and if so, will it be processed in time?**

If they're going in January then, we would say wait until 1 October so the member can model the percentage they'd like to take and get all of the information and then apply afterwards.

Usually what we'd say is the same three-month process that we have for final awards. So, if you're able to submit the application three months in advance then yes we would be able to make payment on the day.

We are aware obviously that for people who do want to go on 1 October we are only opening the acceptance of applications on the 1 August, which is 2 months. But that won't be a problem to us. We will be processing those applications, we're just aware here in pensions that we have a shorter period to do that, to start off with.

But again, I will reiterate that, the best all round for members, us, and yourselves as employers is if the member can wait until that full Partial Retirement Calculator is available on 1 October.

### **Do you have to pay tax on your first drawdown?**

I'm assuming you mean pension benefits here. Yes, it will be taxed as normal, so any taxable income will include your pay alongside any pension benefits you receive. So, it'll be just like any normal pension benefits where there will be a retirement, it will be exactly the same process regarding tax.

### **What if a member had been both full time and part time in the period being used to calculate the partial retirement percentage?**

Those would need to come in to the NHSBSA to work that one out. I think we couldn't put every eventuality down or put too many combinations in, so that was just the most straightforward one.

In that case, as with members who can't use that tool because of certain circumstances, then yes, they'd need to apply to us, and we would then work out internally what their percentage is and then provide them with an estimate on that percentage.

### **Can bank workers claim partial retirement? If so, how can employers provide evidence of the 10% reduction when the work pattern is unknown?**

It is possible for bank workers to take partial retirement. However, it is down to the employee to demonstrate that they have had a 10% reduction in the pay.

So a lot of bank work you don't actually have to do all the sessions that are available and you may get part way through a year and you've hit your maximum and so may not be able to do anymore without breaking that 10%.

So as long as an employee can demonstrate it is feasible and it is possible, then yes, a bank worker or even a local hospital doctor is in exactly the same position. As long as they



can demonstrate that the 10% reduction has taken place and has been maintained for that first 12 months, then there isn't a problem.

**I'm not sure partial retirement eligibility states active member of this Scheme. How will this affect members that are in full-time employment, have annual allowance charges or have deferred benefits yet to be drawn down?**

Yes, you do have to be an active contributing member to the Scheme. If you have opted out or have left employment and you have deferred benefits, you won't be eligible.

**What is the anticipated processing time for a partial retirement? Is it still three months?**

It is, yes, absolutely. So yes, the same process that we asked for final awards / final retirement. If you could submit the application three months in advance then that means that we will process on time.

Again, as I said, we're aware of people going in early October, there's only a two-month process there, but that's fine that's our problem here internally and my problem to resource that and make sure that we can complete them in a shorter time frame to make sure that those payments happen.

**What if members work various hours, mix of full time and part-time between 2015 and the 31 March 2022. Can they still not then be used and referred to NHS Pensions for the estimate?**

Yes, it would need to be.

**Lucy is asking if a member agrees to wait until 1 October to use the calculator, how soon after then can they take partial retirement?**

This is a very good question.

If they wait, it wouldn't be the three months is what we're saying. So, if they wait until 1 October, they use the partial retirement calculator, work out what they want to take and then they put the application into us. We will process that as soon as possible for them and we'll backdate that for them, if need be, to the date that they wanted to go.

I would tentatively say that if they're waiting until the 1 October to use that tool, we should be able to facilitate them going in late October.

**The factsheet does not mention special class or MHO members with 1995 Section normal pension age of 55. Can they draw down 1995 Section benefits without early retirement deduction reductions from age 55 onwards?**

The simple answer to that is yes, they can as they have special class / MHO status that will remain for the 1995 benefits, and they will be unreduced.

And just to point out that's where we're expecting the vast majority of applications to come in from. Originally, they were going to be excluded as part of the new legislation, but then that was amended, which has caused us a lot of our work here within NHS Pensions because we do think that's where most of these applications are going to come from and potentially a high volume of them as well.

**Will the whole partial retirement process be manual, i.e., not done via Pensions Online (POL)?**

Yes, it will be. So, it's a manual AW8 and a manual AW8 supplementary form that will come into us.

There's a reason for that, in that McCloud choice on retirement will be coming in at some point next year. And as a part of that, which I'll be leading again, there will be a revision to the awards process which will mean changes to the AW8 and the whole process. So, what we didn't want to do was make all this part digital and then unpick that next year.

I can't guarantee that digital process will happen even when choice on retirement comes in next year because of the scale of McCloud, but it's certainly an ambition of ours to digitise the whole awards process in the not-too-distant future.

**Employees aged 60 in January 2024, can they take all the 1995 pension and continue to work full time and pay into the 2015 Scheme without taking partial retirement?**

If we're saying that employee is aged 60, so they are entitled to their pension normally from the 1995 Section, but if they are still active then we would expect a 24-hour break.

But if they do partial retirement, they will still need to fulfil the 10% reduction to be able to access those 95 benefits without taking the 24-hour break.

**Linda has asked can a member who has opted out rejoin for a month or do they have to be a member for 12 months?**

The member does have to rejoin to be actively paying contribution of the Scheme. So, they will need to opt in, and it doesn't have to be for the full 12 months.

If they are in for one month only, we would pro rata that pay up for the whole 12 months and expect a 10% reduction on that pay.

**OK. Next question is, will the AW8 supplementary form be available from 1 August 23? If not, how do we process pre-October applications?**

I can confirm it's available now. It is on the on the employer hub for you now.

**Can an individual fully retire within 12 months of taking partial retirement?**

Yes, they can. We would like to think that it will be unlikely, but if it does happen, they are able to do that.

**All our partial retirements want 100% of the legacy scheme and they're over the normal retirement age and they all want it ASAP on the 1 October 2023. So why would they need to wait for the calculator as they only want 1995 only, 100%, over NRA (normal retirement age) and they want the remedy period as 1995 as well?**

Ok, if that's what they're saying they want and they aren't worried about wanting to change their benefits for that remedy period in the future, within 12 months when it comes to make their decision, they're happy to pay back the lump sum and pensions that they've taken as an overpayment should they change, then that's not a problem. You know, members are all entitled to take exactly what they wish to take there. So yes, if they wish to take the 100% and don't want to wait for the calculator and then they can apply to us from the 1 August, and we'll process that for them.

It's just I think we really do need to flag up to members where you're able to as employers what that might mean for them when they come to make their choice about their remedy period. What we don't want to see is members, getting their lump sum, spending that on things that they want to spend now but then realising down the line that they're sort of limiting their choice on McCloud in the future because they may not have that money to pay back for the remedy period if they choose 2015

It's all about how long after they take that partial retirement they intend to carry on working. You know, if they carry on working for a few months after partial retirement, then yes, legacy scheme probably is the right choice for them. But if they're intending to take partial retirement and then carry on working for another 20 years, 2015 is likely to be far more beneficial for them. And if they were to choose that, that would involve an overpayment and a repayment to us.

Our Scheme has flagged up to us that there is a tipping point where it might be more beneficial for members moving across and it's around about a 62 and a half 63-year age mark and that's when it might be better to take the 2015 benefits. So, they might want to be careful what they decide straight away.

If they do decide that they want to be careful about the remedy period, use the calculator and draw down, let's say 75% of their benefits - when they do come to make their choice and they say right actually now I've seen it, I do want to stay in the legacy scheme [for the remedy period] they can immediately draw down that remaining 25% and we'll pay that to them at that point of choice. So, it's not like they are making a choice here and then they can't get the rest of it. It's just saying look, be sensible, hold off a bit here, take this percentage and then when you come to make your choice, you're either going to realise you're better off in the 15 or you're going to want it in Legacy, and we'll pay you the rest of that there and then. And that wouldn't be a second drawdown for them, that would just be a revision to their first drawdown.

### **Can we submit partial retirement applications prior to 1 August 2023?**

You can if it's for a 2008 or 2015 member that wants to draw down between 20 and 80%, because that's the current rules and you've been able to do that since 2008. So yes, absolutely. If it's for a member that's 1995, or for a 2008 or 2015 member that wants to take more than 80%, then no, not until 1 August.

### **What is the advantage between taking partial retirement compared to retire and rejoin, especially if the member wants to take 100% of their legacy scheme from the 1995 Section?**

That is usually down to local policy. When someone retires and rejoins it basically severs their contract and everything resets for them, annual leave, pay, everything, but that's down to local arrangements. So, when someone does partial retirement, they don't actually have to take a break in the contract of employment, they just carry on, so they have the continuity there.

So, it's all really down to what you have as local arrangements. If your local arrangements where a member stays on same contract that's fine, but if they don't partial retirement is the way to go.

### **The fact sheet says members may still be able to do additional work that doesn't count towards their pensions such as overtime or bank work. Bank work is only non-pensionable if the member is already full time or opt out on the bank contract. Does that mean that the member could take an additional substantive contract, opt out in that contract, and then not have that count towards their pension?**

This is where the NHS Employers webinar would provide you with that lower level of detail there.

## **How would the final salary link be affected by partial retirement?**

It all depends on if they're exhausting the pension benefits from the legacy scheme.

So, if we have as an example, somebody's 1995 and has transitioned to the 2015 and they'd like to take 100% of their 95 benefits, the final salary link is completely extinguished on partial retirement. If they only decide to take 80% of those pension benefits, then the remaining 20% will continue to attract the final salary link apart from if they have a break of more than five years at any stage.

## **If someone is eligible to take partial retirement from age 50-55, is the 100% just 1995 or is that across the board?**

If they're eligible to take partial retirement between 50-55 and they want their 1995, they have to take the full 100% of the 1995 they can't just take a percentage, but that's explained in the factsheet.

If that's not quite the question and the question is about members over 55, they can ask to draw down 100% of everything if they wish to. But just remember that if they're also asking for 100% of their 2015, then that would be actuarially reduced.

## **A question about how a bank member of bank staff could reduce their pay by 10%.**

Again, that one would be covered at the NHS Employers webinar. They're going to focus purely on that for you. So, where we've gone through all of the application process and our processing timelines and things here, that's your opportunity to find out member specific wise what would happen in enabling that 10% reduction to happen. That session is more focused as we said on HR people within employers who allow that to happen and then to inform you as the pensions administrators that that's happened so that you can complete the AW8 supplementary form and tell us to go ahead and process the application.

## **Someone has asked could you please go over why they can only take a certain percentage during the remedy?**

So, where we've got to with the Remedy period, which is 1 April 2015 to the end of March 2022, that's where the McCloud bit comes into play. That's where it's been judged by the High Court that those people have been discriminated against on age grounds and they were automatically moved into the 2015 Scheme at a point between those dates. What has to happen on 1 October because of that judgement is that that service must go back into the legacy scheme.

So, for example, myself, I was moved from the 2008 Section into the 2015 Scheme on the 1 April 2015, but on 1 October this year I will move back in so that I'm in the 2008 scheme right up until 31 March 2022. When I come to retire I will have a decision to make about whether I want to keep it in 08 or whether I want it in 2015.

When members make partial retirement applications, that also triggers that choice for them.

But because that's not coming into play until next year as a part of the McCloud project, then they will get their decision within 12 months of taking partial retirement. And what we're saying is that they may not wish to draw down any of the service within that remedy period. They may wish to only draw down up until the 1 April 2015, because if they draw down any more than that within the legacy scheme, they may then in the future decide they want that as 2015 service and what they need to do then is make a repayment to us because they've been overpaid on the amount of money that they've drawn down.

So, the safest thing for members to do is only draw down up to the start of that remedy period. And then as I say, when they get their decision within 12 months, if they want to stay in the legacy scheme, they can have the rest of the money then. But if they decide they want to stay in the 2015 then that's fine for them without any consequences.

**Would final pay controls still be applicable when someone takes partial retirement?**

Very short answer this one. Yes, it will.

**Given that partial retirement is mainly to enable members still contributing to the Scheme to take a percentage of their benefits or 100% of their pension from the October 2023, how is this going to be applied for those members who have had to stop paying contributions and are no longer actively contributing to the Scheme because they have reached max service?**

They will be able to take partial retirement.

**Are they going to be given some special consideration to rejoin the Scheme before they can submit the drawdown application to claim 100% of their 1995 benefits?**

We'll pick up this last part of the question after and we'll publish the answer to that one.

**One of the early slides you mentioned that someone can reduce their hours by 10% but continue to work on the bank. If someone only works 30 hours per week, does that not mean that the first 7.5 hours per week of the bank work then should be pensionable pay?**

A very valid question but one to ask at the NHS Employers webinar.

**What do they do if there's multiple changes in hours between 1 April and March 2022?**

Ask us and we'll provide that percentage for them.

**Can we be given a working example of an employee and their drawdown options?**

Not sure what's being asked for there apart from the eligibility and all the information and then the factsheet, I'm not sure I quite know what additional is being required there. If you could provide a bit more information about what it is that you think you're looking for that would be helpful.

**Given you are recommending staff not to start until the tool goes live on 1 October, when would you recommend that they then retire so as not to delay payment?**

As I said, we're not recommending, so we're not saying you must not retire and you must wait until 1 October. We're just saying we think that's the best experience for them because they'll be able to model fully to get their own estimates and then go. But if they if they do wish to do that and want to wait until 1 October, use that tool, get your percentage, apply straight after and I would anticipate that we'd be able to facilitate people going at the end of that month and if we aren't then we would be able to backdate that for them.

**Someone just asked how we find out reckonable membership as it's not obvious online. Is that something that's on the members annual benefit statements?**

Yes, if the members are fully protected so they didn't move across to the 2015 Scheme until 1 April 2022, the information for Reckonable membership will be on the Total Reward Statement (TRS) on their Annual Benefit Statement part that would have the recommendable membership on 31 March 22.

**What is the anticipated processing time for partial retirement? Is it still three months?**

Yes. So, for the ones coming in on 1 August, 2 months, and we're aware we've got less time to do those, and we will facilitate that.

But for all ones further on from that, if you can give us the three months, that gives the better chance for members to be paid on time, in line with the same that we do for final retirements.

**What does this mean for staff that have recently, within the last 12 months, taken retirement? What should they do if they wish to return to contributions?**

They're fully entitled to retire and return, that was made available to all members, including 1995 members now from the 1 April this year.

If any information, further information is needed there, it's all on our employer and our member hub on the website from where the legislation was changed on 1 April this year.

**Someone just made a couple of comments about why they haven't seen an ABS for a long time, when will they return, please?**

Not too sure why they're not getting an ABS. TRS and ABS are still produced twice a year, the refresh is happening in August and December, so they haven't stopped.

**The next one is around the remedy scheme – I don't understand the remedy scheme.**

There is a lot of information on our website. I think we've probably included some of the links on here that explain a bit more about what McCloud is, why we're doing it and all the rulings that came in. So hopefully that should be able to help with that question.

**Next question is on abatement and what it is?**

In relation to partial retirement, abatement is where the member exceeds the reduction that was applied, the 10% reduction. So, if they exceed that in the first 12 months, then the pension will stop in full until such time that the pay returns to the 10% level.

I should add on this that the reduction in pay is only for the first 12 months from taking partial retirement. After that first 12 months, the member can then increase their hours and pay if they so wish. We're only asking the member to reduce the commitment and the pay for that first 12 months following partial retirement.

**If we have deferred members who want to draw their pension down as they are not active members, do they still need to effectively leave employment and take a 24-hour break?**

Yes. If they're not active, partial retirement isn't open to them. To access the pension benefits they would normally need to take a break of 24 hours. But more information regarding people who are deferred and taking the 24 hour break is on the website.

**Could you just repeat what was mentioned earlier regarding the exceptions for people that can't use the McCloud tool?**

First of all any members with mental health officer status, including doubling years, it won't work for them; any male nurses who joined before the 17 May 1990; and also for practitioners because of the way that their benefits are calculated.

So, if they fall into any of those three pots, they wouldn't be able to use that tool and they'd need to come to us, and we'd advise them and produce an estimate for them on the percentage that would stop them going into the remedy period.



**Can a member take partial retirement if they've already reached their normal retirement age?**

Yes, it is open to anyone who's reached their minimum pension age and all the way up to the 75th birthday.

**Someone who is wanting to take partial retirement for 31 October should they wait for the new calculator on 1 October?**

If you know what you want to take, so you could use the Partial Retirement interim tool from 1 August if you know that you only want to take your legacy service up to the start of the remedy period, then I would say no reason to wait. You know what percentage and what you want to take, apply on 1 August and we'll process that so that you're paid on 31 October.

If you don't know what you want and you're thinking '*Do I want to draw down only 20% because I just need a bit of money in addition, or do I want 60% or 90%? I'm not quite sure.*' Then yes, wait for that tool because we can't provide you with multiple estimates. You're best to wait and then model all of your options open to you, work out what's right for you, then apply on 1 October and hopefully we'll still pay you on the 31 October, but it is going to be very dependent on the volume of cases that we get in.

We're expecting to be in a position where we can process up to 3,000 partial retirements a month. If we get overloaded with more than that then we'll need to look at things, but we we're confident and comfortable that we'll be able to deal with the volumes coming in.

**A question about whether the employee must have a reduction in the pay based in the last 12 months, but what if they haven't been in the Scheme for 12 months, i.e., they've opted in and out? This particularly effects senior clinicians who are opting in and out due to AA reasons.**

We touched on this early in the Q&A, where someone has not been active for that first 12 months, we look at what activity they have had in the Scheme in that 12 months and then pro rata it up to 12 months. Then the 10% reduction is based on that.

If they haven't been pensionable at all in the 12 months before, they can't take it unless they come back into the Scheme for at least a month and then that will be pro-rata'd. If they haven't got a full 12 months before then that's pro-rata'd and they're able to take it.

**Will there be a facility on pensions online, so employers are aware which members have drawn down their pension?**

Not as far as I'm aware, no. They will still look like an active employee because we're not

asking you to close the record down the record, we'll need to stay open. So, I don't think they will, but I will double check.

**Can an individual fully retire within 12 months of taking partial retirement?**

And that's a yes.

**Does the partial retirement 10% reduction in pension will just apply to the 1995 /2008, or is it the 2015 Scheme too?**

It's across the board, so all members will be in the 2015 Scheme now. So, the 10% reduction applies to the pay in general.

Yeah, I think it's key here that it does what it says on the tin. So partial retirement is partially retiring and reducing your commitments because you're wanting to partially retire. So yes, across all Schemes to demonstrate that you are partially retiring then you have to have at least a 10% reduction.

But I think it's again key point here is that it's at least 10%, you know it could be more than that and it is able to be more than that. You know, when somebody's looking at partially retiring, they might be saying, *'I've come to the point where I want to partially retire. I want to go down from full time to only working two days a week and draw down my pension benefits.'* You know, when we talk about the 10%, that's the starting figure. They can take more than that.

**Someone's asking what will pensions online look like as a member will not be a leaver as a record will still be open.**

As I said, there's still an active employee, you're still deducting contributions, so I'll double check. I don't think it'll look any different, but I will come back to you.

**I think this is going to be the last question that we answer, on today's session because we've only got a minute left. If a member is made redundant, how will partial retirement affect their redundancy pay entitlement?**

That is something that they'll have to take up with NHS Employers.

Ok, I think we have come to the end of the Q&A now. I don't know if Daren you'd like to finish the event.

Yes, thank you very much for such a well-attended event.

I hope that's given you all of the clarity that I know you've had outstanding for a while now about the process and how you would apply on behalf of members for partial retirement.

We very much tried to keep the process as is and as it has been, but with some improvements for members, for ourselves and for yourself as employers and hopefully some key new tools. You know, we've never had something like the Partial Retirement Calculator before that will be really key when that comes in on the 1 October once GAD finish development there.

Thank you everyone.