# NHSBSA logoNHS Pensions Podcast – Episode 5 – Partial Retirement

**NHS Pensions**

**NHS Pensions Podcast**

0:00

Hello and welcome back to our NHS

0:02

Pensions podcast series where we take

0:05

each topic of the NHS Pension Scheme and

0:08

break it down for you to help you manage

0:10

your pension, plan the future, and

0:13

understand the scheme.

0:15

[Music]

0:28

I'm joined by two members of the NHS

0:30

Pensions team here. I've got Mal and

0:32

Angie. Today we're going to be

0:34

discussing partial retirement. And

0:37

partial retirement is just one of many

0:39

retirement options that members may

0:41

choose to take. And we're going to learn

0:43

more about how that works. So let's kick

0:46

things off. I'm going to go in with the

0:49

main question here. Can I have an

0:51

overview of what partial retirement is?

0:54

Absolutely. So partial retirement is the

0:57

process by which you access a proportion

0:59

or all of your pension benefits that

1:01

you've accrued to date. But that day

1:04

could be in advance of a full

1:05

retirement. And you can continue

1:07

working with the NHS thereafter

1:10

and continue to build further benefits

1:12

in the Scheme.

1:13

When you say a portion, oh do we mean a

1:16

percentage? Is there a minimum? Is there

1:17

a maximum? So you can actually access

1:20

between 20 and 100% of the pension

1:23

benefits that you've accrued to date.

1:26

Okay. Next question then. If you can

1:29

access 100% of your

1:32

benefits through partial retirement,

1:33

what's the difference between taking

1:35

partial retirement and then just taking

1:37

normal retirement?

1:38

Okay. So there's when taking partial

1:41

retirement, this is a fixed process.

1:43

Obviously, you would have to agree

1:44

with your employer, but essentially

1:46

there's a there's a fluid move from

1:49

the employment beforehand to the one

1:51

afterwards, but you're just taking some

1:53

of that pension. You would have to

1:54

reduce your commitment or your paid

1:58

salary by a minimum of 10%. However,

2:01

when you retire, that's you leaving the

2:03

scheme. And in something different

2:05

called retire and return, we get a bit

2:07

of confusion between the two sometimes.

2:09

When you take that option, you take all

2:10

of your retirement benefits and then you

2:12

have to have a gap in service of a

2:14

minimum of 24 hours. Now, the difference

2:17

is that when you do that, you could

2:18

actually lose some of the benefits that

2:20

you've accrued to date. Could be the

2:23

amount of holiday that you get.

2:25

Not all employers would take you back

2:28

to square one with that. But with

2:30

partial retirement, it's just a much

2:32

more fluid process.

2:33

Okay. So in that explanation you said

2:36

that with partial retirement it was more

2:39

fluid. There was no break in service but

2:40

with retire return you do have to leave

2:43

employment don't you? You have to end

2:44

your contract. You're having that break

2:46

of service. So with partial retirement

2:48

you can dip into your pension so to say

2:51

take a percentage continue at work. Next

2:54

question is then you mentioned a 10%

2:56

reduction in pensionable pay or a 10%

2:59

commitment. Do you need your employer's

3:00

permission to do this?

3:02

Absolutely. So the fact is they're

3:03

taking partial retirement and that 10%

3:05

reduction which is done through a

3:07

variety of ways but can be through a

3:10

reduction in hours or dropping a band or

3:12

moving into a different role that's

3:13

going to impact your employer. So you

3:15

need them to agree to something that

3:17

works out for you and for them. But they

3:19

do have the option to say no to that.

3:22

You just said before about that 10%

3:24

reduction could be reached by dropping a

3:26

band but that might be more than 10%.

3:29

So, can it be more than 10%? If somebody

3:31

really wanted to step down to maybe a

3:33

less stressful role, would it be okay if

3:35

that then reduced their pensionable pay

3:37

or their commitment by more than 10%?

3:39

You can do that. Yeah, absolutely.

3:41

Absolutely. But you do have to get

3:43

that agreement from your employer

3:44

because it can affect their business

3:45

output.

3:46

So, 10% is the minimum, but it can be

3:48

More?

3:48

Absolutely.

3:49

And you absolutely need your employer's

3:51

permission to do this?

3:52

100%. Yeah.

3:53

Could your employer say no? it's within

3:56

their right to. You're on a

3:57

contract to deliver a service or an

3:59

output to that employer and you're

4:01

effectively changing what you're

4:02

contributing to that employer's

4:04

output. So they have the absolute

4:06

right to say no. But that's why a

4:08

discussion with them there are a number

4:10

of different ways that you can achieve

4:11

this. So having that discussion early on

4:13

would help with your employer.

4:16

I'd like to go back to the key

4:18

differences between partial retirement

4:21

and retire in return. If you could

4:23

bullet point it for the members of the

4:24

pension scheme, what are the

4:26

differences? Why would they do one and

4:29

not the other? Can we talk about

4:31

that sort of thing? Are there really key

4:33

reasons you see from members as to why

4:35

they would take partial retirement and

4:37

not retire and return or the other way

4:40

round? Because I think that's going to

4:41

be the main topic for them watching this

4:44

podcast today.

4:46

So the flexibility of partial

4:48

retirement would be something that

4:49

I'd start on. So how much of your

4:52

retirement benefits you've got to date.

4:54

You can take between 20 and 100% of

4:57

that. So there's flexibility there. As

4:59

you pointed out, there's also

5:00

flexibility in how much you reduce your

5:02

work by and there is no break in

5:04

service. You theoretically could carry

5:06

on under the same terms and conditions

5:08

less for a reduction in hours or

5:11

dropping a band as we discussed. Whereas

5:13

retire and return it is a fixed procedure.

5:15

So, you do leave the service, it has

5:18

to be a minimum of 24-hour break in

5:20

employment, could be longer, and there's

5:22

a bit more, not uncertainty,

5:25

your employer is not

5:26

under an obligation to continue the same

5:29

terms of service that you were on

5:31

before. Is there anything that you think

5:32

I've missed?

5:33

I don't think so. No, like I say, that

5:35

is the big selling point for partial

5:37

retirement from what we've seen from our

5:38

members is that continuity of their

5:41

service that they have in NHS employment

5:43

because they don't have to break that

5:44

NHS employment. They may have

5:47

to have a change in the terms and

5:48

conditions to achieve that at least 10%

5:50

reduction in pensionable payer

5:52

commitment, but that is about

5:54

flexibility since why this was brought

5:56

in as an option for members to give

5:58

them more flexibility with their

6:00

retirement. I think that's the word,

6:01

isn't it? It's much more flexible to do

6:03

partial retirement for what you said.

6:05

Yes. Next question. I'm thinking and if

6:07

I'm thinking it, I think the members

6:08

will be thinking it, can you do this

6:10

more than once? If you don't take 100%,

6:12

if you wanted to take 20% and then a

6:15

year or two down the line you wanted to

6:16

take another percentage, could you do

6:18

that?

6:19

Absolutely. So you can do it twice

6:21

before you have to fully retire. So you

6:23

can up two steps and then a full

6:24

retirement which can sort of allow you

6:26

to have a sort of gradual entry into

6:28

retirement and maybe not take the

6:31

financial hit you may experience going

6:32

from full-time employment into full

6:35

retirement. You can just gradually enter

6:37

a full-time retirement over two partial

6:40

retirements and then subsequent full

6:42

retirement.

6:43

Okay. So coming back to the 10%

6:46

reduction or at least 10% reduction we

6:48

should say. How long is that for? Or is

6:50

this a permanent reduction to somebody's

6:52

pensionable pay or somebody's

6:53

commitment? No. Um it's at least 10%.

6:58

I'm sorry for at least 12 months from

6:59

the date that you partially retire. But

7:02

if at some point within that 12 months

7:04

you decide you want to leave the NHS

7:06

Pension Scheme or leave NHS employment,

7:08

you do you do obviously still have that

7:11

option. You don't have to stay in your

7:12

pensionable role for another 12 months

7:15

following your partial retirement, but

7:16

we'd expect if you do that pensionable

7:19

pay or the 10% reduction to last at

7:22

least 12 months and the onus to make

7:25

sure that you remain below that 10%

7:27

reduction is on the member themselves to

7:30

make sure that they're not taking on any

7:31

additional they're not taking a

7:33

promotion within that 12-month period.

7:35

That's going to take them out of that at

7:36

least 10% reduction. the onus is on the

7:39

member to be monitoring that because if

7:41

they do exceed that there is a

7:44

possibility that their pension would be

7:45

something called abated which basically

7:47

stopped until they were back under that

7:49

10% reduction again.

7:51

One of the questions that we get quite a

7:52

lot is whether the yearly pay rise

7:55

can affect the 10%. Yeah. So that that

7:58

isn't a factor. It's a 10%

8:00

reduction in in what you committed to

8:02

and the fact that you're getting

8:04

an overall pay increase. It

8:08

won't affect the calculation as long

8:09

as you can show that from the date that

8:11

you took out the the partial

8:14

retirement that you have to have 10%

8:16

reduction at that point.

8:17

Okay. So, I might be jumping the gun

8:19

here a little bit, but if somebody did

8:21

partially retire once or they did

8:23

twice if they took different percentages

8:25

and then they were ready to fully

8:27

retire. Is it the same process as it

8:30

normally would be for somebody that

8:32

hadn't taken partial retirement? It's

8:34

different once you've fully once you go

8:36

for your full retirement. So you've

8:37

taken partial retirement twice and

8:39

you're ready to fully retire and you

8:41

would have to do the full retirement

8:42

process which is same application form

8:44

as it is for partial retirement which is

8:46

the AW8 form but you would be fully having a

8:49

full 24-hour break in your contract and

8:51

employment all NHS employment would

8:52

cease. So those are the

8:54

main differences. Once you've done it

8:57

twice and you come to full retirement,

8:58

very similar process, but then you'd be

9:00

claiming what pension benefits you

9:02

haven't already claimed through partial

9:03

retirement in full and then having your

9:06

full 24-hour break at least at the end

9:07

of it. So is it fair to say then that

9:10

partial retirement is there for members

9:13

to be able to access their benefits in a

9:15

much more flexible way than retire and

9:17

return? Yeah, it gives people the

9:19

option. So they don't have to claim

9:20

their benefits in full. They can do whatever

9:22

works for them between the 20 and 100%.

9:24

So, they have that option to claim it.

9:26

And with every section of the scheme,

9:27

having a different retirement age, it

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gives people the opportunity to be more

9:31

flexible, work out what's best for them

9:33

as they head towards a full retirement.

9:35

Can we ask what happens to the

9:37

percentage they didn't take? So, if they

9:40

did choose to just take 20% or 30, you

9:42

know, or 60, what would happen to the

9:45

other bit of their pension that they

9:46

hadn't taken? So they can claim that at

9:48

normal retirement age for that section

9:50

or scheme or if they get to for example

9:52

if they have 1995 Scheme membership and

9:54

they get to age 60 they can claim that

9:56

but they don't have to then claim the

9:58

2015 Scheme until they reach state

10:01

pension age if they don't want to. They

10:03

could claim at age 60 and take the

10:04

reduction on it but there are options

10:06

available if they wanted to leave that

10:08

as in the scheme until they reach state

10:10

pension age or if they're doing a full

10:12

retire and return they could return and

10:14

continue paying into the 2015 Scheme.

10:16

So, as you said, it gives people more

10:18

flexibility. So, there are lots of

10:19

options. Ultimately, nothing is

10:22

happening to the bit they haven't taken.

10:23

It's just still there ready and waiting

10:25

for them and they can take it up

10:27

when they do their normal retire and

10:29

return or if they opted to do partial

10:32

retirement for a second time if they

10:33

haven't already. Yes, great. Thanks,

10:35

That's lovely. We've talked a lot

10:38

about partial retirement and the

10:40

percentages that might be available to

10:42

somebody, but how do they know what that

10:44

relates to in terms of their pension and

10:47

what they would be receiving? Is there a

10:49

way for them to get a personal estimate

10:51

to them that shows depending on the

10:53

percentage they wanted? This is what it

10:55

would mean to them in the actual pension

10:58

being paid to them. Yeah, sure. There's

10:59

a partial retirement calculator

11:01

available on the website within the

11:03

member hub of the NHS Pensions website.

11:05

However, if the member was unable to use

11:08

the calculator, there is a specific

11:10

partial retirement estimate request form

11:13

that they can complete and send to us

11:14

and we will provide them with an

11:16

estimate of the partial retirement

11:18

whatever percentage they've requested

11:20

would give them within the NHS

11:22

Pension Scheme and their benefits. Where

11:24

can they find that form that you

11:25

mentioned? It's within the member hub

11:27

within the partial retirement section of

11:29

the NHS Pension website. Is there

11:32

anything a member would need if they

11:34

were using the calculator themselves?

11:36

Would it be helpful if they had their

11:38

pension details, a pension number, for

11:40

example, their member number? It would

11:42

probably help to have their membership

11:44

number. And if they had access to their

11:45

latest annual benefit statement or their

11:48

total reward statement as they may call

11:49

it, they could use the information that

11:51

they find in that on use the partial

11:53

retirement calculator themselves to

11:55

model different amounts and dates that

11:57

they may want to um take their benefits

12:00

from. Great. So there are those

12:01

provisions in place to allow members to

12:04

do this financial planning if you will

12:06

to look into partial retirement. There

12:08

is yes if somebody's wanting to take

12:10

partial retirement, they've had that

12:12

conversation with their employer,

12:13

they've reached all of the criteria,

12:15

they've got their estimate and they're

12:17

happy to go ahead. What are the next

12:18

steps for them to proceed? So they would

12:21

fill in the normal retirement

12:22

application form which every member

12:24

would complete if they were claiming

12:26

pension benefits which is the AW8 form

12:28

for active members. But with partial

12:30

retirement we also require some extra

12:32

information. So there's a supplementary

12:34

form that must be completed by both the

12:36

member and the employer. So the employer

12:39

confirms things like there's been a 10%

12:41

reduction at least a 10% reduction

12:43

in pensionable pay or a 10% reduction in

12:46

commitment if they're a practitioner so

12:48

a GP or a dentist. They'll confirm

12:50

that they've been made aware of all the

12:51

other information that is available for

12:53

them for partial retirement the

12:55

calculator and then they will sign that

12:57

off. If we don't have both the

12:58

supplementary form and the AW8 form signed

13:01

and completed by the member and the

13:02

pensions officer, we cannot process the

13:04

application. Just wanted to touch on

13:07

something that you mentioned. You said

13:09

before about the application form being

13:10

for active members and partial

13:12

retirement is only available for active

13:14

members, isn't it? It is. Yeah, you have

13:16

to be actively contributing to the

13:18

scheme at the point that you apply for

13:19

partial retirement in order to be

13:21

eligible to claim part of retirement.

13:23

Something I wanted to discuss about

13:25

partial retirement was how would members

13:28

who have been affected by the McCloud

13:30

judgment, how would that come into play

13:32

for their pension, is there anything

13:33

they need to know? Is there anything

13:35

they need to do? So there is the option

13:37

for members that are claiming partial

13:38

retirement that are also affected by

13:40

McCloud to ring fence all of their pension

13:42

benefits up to the 31 of March 2015

13:45

and there is a safe benefits percentage

13:47

calculator available on our website that

13:49

will show them how they can do that so

13:51

that they make sure that they're only

13:52

claiming a safe percentage that won't be

13:54

impacted by their McCloud decision in the

13:56

future. And is there a place they can

13:58

find out more information? Is it on the

13:59

website? There is a full section

14:01

available on the website now on the NHS

14:03

Pensions website about information

14:05

about the changes to public

14:07

sector pension schemes. That's where

14:09

you'll find all of the latest

14:10

information about the McCloud programme and

14:12

how we're delivering that for our

14:13

members. Lovely. Thank you. That brings

14:16

us to the end of today's episode all

14:18

about partial retirement.

14:21

If you head over to the NHS Pensions

14:23

website and look under the member hub,

14:25

you'll find all the information we've

14:27

talked about today. If you've got any

14:30

feedback on the topics you've heard

14:31

today or any suggestions about future

14:34

topics you want us to do an episode on,

14:37

please send us an email to the

14:38

stakeholder engagement team. And

14:41

finally, just hit subscribe to wherever

14:44

you listen to your podcasts for any

14:46

future episodes of the NHS Pensions

14:49

Podcast. That's all we've got time for

14:50

today. I'll see you on the next one.

14:52

Thanks.

14:53

[Music]

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