

Scottish NHS Pensions Choice Exercise 2009-10

Briefing on ...

Scottish NHS Pensions: Choice Exercise 2010

Introduction

This briefing outlines the revised arrangements that were introduced to NHS Pensions from 1 April 2008. New first time members after this date joined the new 2008 section of the scheme. Members of the scheme prior to April 2008 will now have the option to transfer to the new 2008 arrangements or remain in the 1995 section. This process in Scotland is called the NHS Pension Choice Exercise.

Timetable

The Choice Exercise started in July 2009 with eligible members retiring from 1 October 2009.

The main exercise is due to start early in 2010. The Scottish Public Pensions Agency (SPPA) will begin issuing Choice statements to superannuation scheme members from mid to late January to the end of February 2010.

The information will go to members' home addresses and will comprise of an NHS Choice Pack. This will contain an NHS Choice Statement to help compare benefits that could be received from each section of the

scheme and an NHS Choice Guide which gives more detailed information about the differences between the two sections.

There will be a Choice reply form attached to the statement and this must be returned to SPPA by the date shown on the statement. Members will have up to 4 months to respond.

Anyone who does not reply will remain in the current 1995 section of the scheme.

Eligibility to Participate

Members of the Scheme prior to April 2008 and still active in the 1995 section on 1 October 2009 will be eligible to participate in the Choice exercise. Other groups who will also be eligible include:

- Those who returned to NHS employment between 1 April 2008 and 30 September 2008;
- Those who returned after 1 October 2008 within 5 years of leaving

Main Differences between the Scheme

The main difference with the new 2008 Section of the scheme is that it is based on a normal pension age of 65 and has a higher accrual rate of 1/60th of final salary for every year of service. The 1995 Section is based on a normal pension age of 60 and

1/80th of final salary for every year of service.

Some arrangements for Practitioners are different, for example, their benefits are increased from 1.4% to 1.87% of their Total Up-rated Superannuable Remuneration.

Contacts list:

Willie Duffy

w.duffy@unison.co.uk

Diane Anderson

diane.anderson@unison.co.uk

Dave Watson

d.watson@unison.co.uk

@ the P&I Team
14 West Campbell St
Glasgow G26RX
Tel 0141-332 0006
Fax 0141-307 2572

Service in the New Scheme

If you transfer to the new 2008 Section, your Service will be worked out in years/days in the current scheme up to 31 March, then a conversion factor will be applied, based on your age on 1 October

2009, to calculate a service credit in the new 2008 Section.

All of the service earned after 1 April 2008 will also be added on to this figure.

Tax Free Lump Sum

In the 1995 Section a lump sum is automatically applied, normally equal to 3 times your pension.

However, transferring to the new 2008 Section, means that a minimum lump sum *must* be taken by giving

up some pension. It is also possible to take a bigger lump sum but receive a smaller pension.

£1 of pension will have to given up for each £12 of the lump sum

Special Class Status

The new 2008 Section has no special class or Mental Health Officer (MHO) status, but members can opt to take voluntary early retirement at age 55, although their pension will be reduced.

Those who remain on the 1995 Section who were members of the scheme before 1 April 1995 and have not had a break in service of more than 5 years since then are still entitled to retire from 55 without any reduction in benefits

Choice Calculator

The SPPA has produced a modeller for illustrative purposes only to help members make an informed choice about their pension. The calculator allows members to compare benefits in the current 1995 and 2008 sections of the scheme. However, the

modeller can only calculate standard information. It cannot, for example, take other aspects into account, e.g. special classes, MHO status, protected entitlements, etc.

The SPPA has also produced a DVD explaining the Choice options which can be ordered from the SPPA

Action for Branches

- Sign up for the Briefing in West Campbell Street on 11 January
- Arrange briefing sessions to advise members of the Choice exercise
- Advise Nicola Morris at n.morris@unison.co.uk of the arrangements
- Indicate if you would like a presentation by Willie Duffy, Regional Organiser, the UNISON rep on the SPensiR Group

- Individual reps can request a pack directly from SPPA nhschoiceexercise@scotland.gsi.gov.uk
- Publicise through stewards' networks to members and non-members.
- Use this briefing as recruitment and organising tool.

Further Information

UNISON Scotland
<http://www.unison-scotland.org.uk>

SPPA NHS Pension Reforms
http://www.sppa.gov.uk/pension_reform/nhs.htm

Choice Calculator
http://www.sppa.gov.uk/documents/ChoiceWebFinalv1191109_000.xls

Your Pension – Your Choice DVD
http://www.sppa.gov.uk/nhs_dvd.htm