

Protect Our Pensions NHS briefing

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Special Edition.....Special Edition.....Special Edition.....

Special Class/Mental Health Officer Status - How will the attacks on the NHS Pension Scheme affect members with Special Class or Mental Health Officer Status?

What is a Special Class member?

Members of the 1995 Section of the NHS Pension Scheme who were members prior to the 6 March 1995 may have Special Class pension protection if they have routinely worked in a qualifying occupation. Qualifying occupations include the following:

- Nurses (including student and occupational health nurses)
- Physiotherapists
- Midwives
- Health visitors

The following occupations are not included:

- Nursery nurses
- Physiotherapy helpers

What is a member with Mental Health Officer (MHO) status?

Members of the 1995 Section of the NHS Pension Scheme who were members prior to the 6 March 1995 may have MHO status if they satisfy the following conditions:

- They work in an approved place used for the treatment of patients suffering from mental disorders
- They are employed for the whole or almost whole of their time in the direct treatment or care of those patients

Members with Special Class and MHO status also have to not have had a break of 5 or more years in any pensionable NHS employment and their last 5 years of membership prior to retirement has to be in a qualifying job.

What are the respective benefits of both Special Class and MHO status?

Having either status allows a member to potentially retire from employment and draw their pension benefits from as early as 55 and currently without any reduction applying to their pension benefits. MHO members will need 20 years of qualifying MHO membership however to retain a Normal Pension Age of 55. MHO members can also count each year of MHO qualifying membership in excess of 20 years as 2 years for pension benefit purposes.

How can I check whether I have such protection?

Members of the 1995 Section should receive or have already received information concerning whether they wish to stay in their Section or switch across to the 2008 Section (i.e. the Section for new entrants from April 2008) as part of the CHOICE exercise. This information should include a Personalised CHOICE Statement which would specify whether NHS Pensions hold a record of you having any pension protection.

You could also request an annual benefit statement that should reveal any protection you have.

If unsure of your position or feel that you should have such protection and want to present a case to this effect you should get in contact with NHS Pensions whom administer the NHS Pension Scheme. Their contact details are as follows:

NHS Pensions

Hesketh House

200-220 Broadway

Fleetwood

Lancashire

FY7 8LG

E-mail: https://www.nhspa.gov.uk/PDWeb/contact/contact_us.cfm

Telephone: 0845 421 4000

Will the attacks on my pension affect me any differently than any other NHS Pension Scheme member?

YES. Given that you can retire at 55 with unreduced pension benefits the changes in the future retirement age would seem particularly unfair for you given that this protection would be removed for your future service.

In addition you, along with all NHS Pension Scheme members face the possibility of contribution increases; a move to a Career Average Revalued Earnings (CARE) pension scheme; a worse rate for increasing your pension when it's being paid (already introduced in April 2011); increasing retirement ages and worse potential pension protection in the event of being outsourced.

Also, members with MHO status will not be able to accrue "doubled" years for future service in any new scheme.

Will members with MHO and Special Class status still continue to have a protected pension age of 55?

YES. You would still be able to access the pension benefits you accrue up to the point of switching over to a new scheme at 55 without reduction. However, any pension benefits you build up in the new pension scheme would be with reference to the new increased retirement

age (i.e. at least 65) meaning that these benefits would be significantly reduced if you claimed them at 55.

How much less would my pension be if I still wished to claim it at 55 in the new scheme?

Bearing in mind the Normal Pension Age in the new scheme proposals will be at least 65 it means at least 10 years worth of reduction factors would apply if you wished to draw your pension in the new scheme at 55. On current reduction factors this is likely to result in a loss in excess of 40% - obviously very significant indeed.

We have included some examples below to show you the impact of this.

Example 1: Healthcare Assistant, aged 40, 20 years pensionable service at April 2015 – Band 3 (Top increment £18,827 at 55)		
	£ (rounded figures)	
Pension received per annum with no retirement age changes		
35 years at 55 ($35 \div 64 \times 18,827$)		10,296
Pension received per annum after retirement age changes:		
20 years – at April 2015 ($20 \div 64 \times 18,827$)	5,883	
15 years - from April 2015 ($15 \div 64 \times 18,827 = 4,413$ -46% reduction)	2,383	8,266
Overall reduction because of retirement age changes		2,030
	Overall % reduction	20%

Assumptions:

- Retires at 55 with Normal Pension Age of 67 in new scheme after April 2015. Benefits would suffer a 46% reduction through retiring 12 years early.
- A pension build up rate of $1/64^{\text{th}}$ is assumed for calculating pension entitlements as this is equivalent to a $1/80^{\text{th}}$ pension build up rate with additional $3/80^{\text{th}}$ tax-free cash recognising that the new schemes will not pay an additional, automatic tax-free cash sum
- The early retirement factors used are from the 2008 Section early retirement figures on the NHS Pensions website (<http://www.nhsbsa.nhs.uk/Pensions/2682.aspx>) with a 3% per year assumption for each year over 10 years for actual retirement relative to Normal Pension Age
- This example is based on the current proposals for the State Pension Age. If this increases in the future all service after 2015 could also be based on a higher retirement age and reductions could be even higher
- The overall pension loss relates only to retirement age changes. The move to a career average scheme has not been factored in to these examples

Example 2: Nurse, aged 50, 30 years pensionable service* at April 2015 – Band 5 (Top increment £27,625 at 55)		
	£ (rounded figures)	
Pension received per annum with no retirement age changes		
35 years at 55 ($35 \div 64 \times 27,625$)		15,107
Pension received per annum after retirement age changes:		
30 years – at April 2015 ($30 \div 64 \times 27,625$)	12,949	
5 years - from April 2015 ($5 \div 64 \times 27,625$)=2,158-43% reduction	1,230	14,179
Overall reduction because of retirement age changes		928
Overall % reduction		6%

Assumptions:

- Retires at 55 with Normal Pension Age of 66 in new scheme after April 2015. Benefits would suffer a 43% reduction through retiring 11 years early.
- A pension build up rate of $1/64^{\text{th}}$ is assumed for calculating pension entitlements as this is equivalent to a $1/80^{\text{th}}$ pension build up rate with additional $3/80^{\text{th}}$ tax-free cash recognising that the new schemes will not pay an additional, automatic tax-free cash sum
- The early retirement factors used are from the 2008 Section early retirement figures on the NHS Pensions website (<http://www.nhsbsa.nhs.uk/Pensions/2682.aspx>) with a 3% per year assumption for each year over 10 years for actual retirement relative to Normal Pension Age
- This example is based on the current proposals for the State Pension Age. If this increases in the future all service after 2015 could also be based on a higher retirement age and reductions could be even higher
- The overall pension loss relates only to retirement age changes. The move to a career average scheme has not been factored in to these examples
- *Pensionable service includes student training period as employed status and contributing to NHS Pension Scheme.

Example 3: Community Nurse, aged 38, 20 years pensionable service* at April 2015 – Band 6 (Top increment £34,189 at 55)		
	£ (rounded figures)	
Pension received per annum with no retirement age changes		
37 years at 55 ($37 \div 64 \times 34,189$)		19,766
Pension received per annum after retirement age changes:		
20 years – at April 2015 ($20 \div 64 \times 34,189$)	10,684	
17 years - from April 2015 ($17 \div 64 \times 34,189$)=9,081-46% reduction	4,904	15,588
Overall reduction because of retirement age changes		4,178
Overall % reduction		21%

Assumptions:

- Retires at 55 with Normal Pension Age of 67 in new scheme after April 2015. Benefits would suffer a 46% reduction through retiring 12 years early.
- A pension build up rate of 1/64th is assumed for calculating pension entitlements as this is equivalent to a 1/80th pension build up rate with additional 3/80ths tax-free cash recognising that the new schemes will not pay an additional, automatic tax-free cash sum
- The early retirement factors used are from the 2008 Section early retirement figures on the NHS Pensions website (<http://www.nhsbsa.nhs.uk/Pensions/2682.aspx>) with a 3% per year assumption for each year over 10 years for actual retirement relative to Normal Pension Age
- This example is based on the current proposals for the State Pension Age. If this increases in the future all service after 2015 could also be based on a higher retirement age and reductions could be even higher
- The overall pension loss relates only to retirement age changes. The move to a career average scheme has not been factored in to these examples
- *Pensionable service includes student training period as employed status and contributing to NHS Pension Scheme.

What will be the effect of Fair Deal pension protection being removed to me?

Fair Deal is the pension protection implemented by the Treasury which requires a private contractor/charitable body to offer at least a broadly comparable pension scheme to public service workers they seek to employ. Ministers are seeking to remove this protection on the basis they consider it a barrier to outsourcing.

If Fair Deal is abolished this would mean that in the event of you being outsourced you would risk being offered minimum pension benefits from your new employer. These in all likelihood would be vastly inferior to the benefits you currently qualify for and accrue in the NHS Pension Scheme.

How much more am I going to have to pay to remain in the NHS Pension Scheme if the proposed contribution increases take effect?

UNISON has a member contribution Ready Reckoner and a questions and answer document on the Protect our Pensions section of the UNISON website which you can view by going to <http://www.unison.org.uk/pensions/reckoner.asp>

What is my pension retirement age going to be if a new pension scheme is implemented?

The pension reforms are proposing that the future Normal Pension Ages for public service schemes increase in line with increases in the State Pension Age. This would mean that from as early as 2015 members could be moved to a new scheme with a Normal Pension Age of 65 and is proposed to increase to 66 from April 2020, 67 between 2034-2036 and 68 from 2044-2046.

You can check your expected State Pension Age and hence future NHS Pension Scheme Normal Pension Age by accessing the pension pages of the UNISON website.

Please direct any queries to Alan Fox, National Pensions Officer at a.fox@unison.co.uk, or Glyn Jenkins, Head of Pensions, at g.jenkins@unison.co.uk