

NHS Pensions - Half cost added years

Prior to 1 April 2008 most Scheme members who could not reach 40 years of Scheme membership by their Normal Pension Age could increase their Scheme benefits by buying added years.

Added years are not a feature of the NHS Pension Scheme 2008 Section, but members of the 1995 Section of the Scheme retained the following limited opportunities to buy them.

Half cost added years

You may be eligible to buy added years at half the normal cost if you took a refund of NHS contributions for a period of membership prior to 6 April 1978, or for any period when you were a self employed GP.

It was not necessary to make an expression of interest about buying half cost added years before 1 April 2008. New contracts to purchase half cost added years can start after 31 March 2009 and enquiries should be referred to NHS Pensions to confirm eligibility.

Methods of payment and conditions

The most common payment method is the deduction of additional contributions from pay. There is a limit on those contributions and this may affect the number of years that can be bought:

If the standard membership contribution is 5% of pay, the maximum additional contribution is 10% of pay

If the standard membership contribution is more than 5% of pay, the maximum additional contribution is 9% of pay

In addition, half cost added years are limited by the amount of refunded membership.

A contract to pay by regular contributions must run for a minimum of 2 years. It will start from your next birthday, but you can choose to complete it either at age 60 or 65. Members of the Special Classes can also choose to complete a contract at age 55.

Instead of making payment by regular additional contributions members who are eligible to buy half cost added years may be able to pay by a single lump sum contribution; this option is only available in the first 12 months after re-joining the Scheme, following a break in membership of 12 months or more.

HM Revenue and Customs (HMRC) allow tax relief on pension contributions up to 100% of relevant UK earnings for the tax year.