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Contributions to the NHS Pension Scheme are changing

Dear member

In 2022, the Department of Health and Social Care (DHSC) proposed changes to the amount members pay for their NHS Pension benefits. We wrote to members at the time and explained that some changes would take effect on 1 October 2022, while others would happen later.

The DHSC launched a further public consultation in October 2023 to set out the proposals for the second phase of these changes to member contributions. In February this year, the DHSC confirmed that some of the proposed changes will go ahead on **1 April 2024**. The first part of this letter explains the changes that apply to all members, and what they mean for you.

Changes that only affect some members are explained at the end, so please take a moment to check if they apply to you.

Your contribution rate may change

The contribution rates for members and employers are reviewed regularly to make sure all members benefit fairly, and to help keep the pension scheme affordable for everyone. The following changes to contributions confirmed by DHSC are the second and final phase of reforms informed by the latest review.

The amount many members pay will stay the same, and some will pay less. For members who will pay higher contributions, assuming there has been no change in pay, the maximum increase from **1 April 2024** is **0.8%**. This means the difference to contribution amounts is likely to be small.

The table over the page shows the new contribution rates for each salary range.

Contribution rates for each salary range from 1 April 2024

Pensionable salary range	Contribution rates from 1 April 2024, based on actual annual pensionable pay
Up to £13,259	5.2%
£13,260 to £26,831	6.5%
£26,832 to £32,691	8.3%
£32,692 to £49,078	9.8%
£49,079 to £62,924	10.7%
£62,925 and above	12.5%

Employers will contribute more to your NHS pension

From 1 April 2024, the amount employers pay towards members' pensions will go up from 20.6% to 23.7% of pensionable pay.

Changes to the way contribution tiers are reviewed each year

Contribution tiers will be automatically reviewed in line with the % increase in the Consumer Price Index (CPI) on 1 April every year, with the exception of the lowest tier. This rate already anticipates that members' earnings in this tier may not be high enough to benefit from tax relief on their pension contributions. If the Agenda for Change pay award for England that is announced later in the year is higher than the increase in CPI, contribution tiers will be updated to reflect the higher pay award.

Other changes and the Public Service Pensions Remedy

We've included a section below about other changes that only affect some members, including those affected by the Public Service Pensions Remedy, also known as McCloud. Please take a few minutes to see if any of these changes affect you.

Where to find out more

You can see a full summary of what's changing at nhsbsa.nhs.uk/nhs-pensions along with helpful information and answers to common questions. For more general support, call our automated phoneline on **0300 330 2081** and follow the prompts – it's available 24 hours a day.

Yours sincerely

NHS Pensions Team

Changes that only affect some members

The Public Service Pensions Remedy - McCloud

On 1 April 2015, the government made changes to public service pension schemes which treated members differently based on their age. The 'Public Service Pension Schemes Remedy' puts this right and removes age discrimination for the 'remedy period', which is between 1 April 2015 and 31 March 2022.

Part 1 of the remedy closed the 1995/2008 Scheme on 31 March 2022. Active members who were affected by the remedy became members of the 2015 Scheme on 1 April 2022.

Part 2 of the remedy moved the 2015 Scheme pensionable service of affected members back into the 1995/2008 Scheme for the remedy period on 1 October 2023. This is called 'rollback'.

We are putting processes and support tools in place to allow working members affected by the remedy to choose between 1995/2008 Scheme or 2015 Scheme pension benefits for the remedy period when they claim their pension. We'll write in phases to ask eligible members already receiving their pension benefits to make this choice. It will take time to contact everyone, but we expect to have contacted the vast majority of retired members by April 2025.

There is nothing affected members need to do, as we'll get in touch when it's time for them to choose. You can stay up to date with the latest information about the remedy at www.nhsbsa.nhs.uk/public-service-pensions-remedy-mccloud

Overtime is pensionable for part-time workers except where a member has recently taken partial retirement

Overtime/additional hours for part-time members counts as pensionable pay up to their full-time equivalent pay, unless they have taken partial retirement in the previous 12 months. For these members, any additional hours worked above their contractual hours won't count towards pensionable pay during the 12-month period after partial retirement.

'Abatement' rules will be removed for good

The rules for how a pension might be reduced for Special Class and Mental Health Officer (MHO) members who retire on age grounds but return to work before age 60, have been suspended since March 2020. These rules will be removed permanently.

So, from age 55, Special Class and MHO members can take up to 100% of their pension benefits, stay in work, and continue to build up pension benefits in the 2015 Scheme – without having their pension reduced or stopped. Visit www.nhsbsa.nhs.uk/nhs-pension-retirement-flexibilities for more about partial retirement, and information about circumstances where abatement could still apply.

1995 Section members with maximum service will be able to apply for partial retirement

The existing regulations do not let members of the 1995 Section take partial retirement if they have reached their maximum service limit. These members can now apply for partial retirement from 1 April 2024, if they have the support of their employer.

Lifetime allowance (LTA) charges will no longer apply

HM Treasury announced in March 2023 that the LTA would be removed. This refers to the total amount you can build up across all your pension savings before paying an additional tax charge. DHSC has confirmed updates to the relevant Scheme regulations which will make sure these rules continue to work as intended once the LTA is removed on 6 April 2024.

Carer's leave will count towards pensionable service

In line with the Carer's Act 2023, members who take carer's leave will continue to build up pension benefits during this time away from work. Employers will continue to pay contributions based on their pensionable pay, and members will pay any contributions they owe when they return to work.