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# NHS Pensions

## Final salary linking - Guide for employers

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## Background

Where a member moved to the 2015 Scheme, the Government made a commitment that 1995 or 2008 Section pension benefits would be calculated using a member’s pensionable pay at retirement or when they left the 2015 Scheme, rather than their pensionable pay when they left the 1995 or 2008 Section. This is known as the final salary link.

All members moved to the 2015 Scheme on the 1 April 2022.

The final salary link is lost if there is a break in public sector pension scheme membership exceeding 5 years.

Further information about transition members is outlined later in this guide.

Where a member was subject to the pensionable earnings cap, special rules apply that are outlined later in this guide.

## Which pay do we use?

**1995 Section members** – best of the last 3 years total pensionable pay

**2008 Section members** – the average of the best consecutive 3 years reckonable pay in the last 10 years

**2015 Scheme members** – Total of 1/54th of pensionable pay + index adjustment for each year of membership

### Officers – no break in membership

NHS pension benefits in respect of transition officer members are based on a combination of final salary 1995/2008 Section and career average pay 2015 Scheme.

Following the transition, a member who has continuous membership will retain a final salary link in respect of their 1995 Section or 2008 Section pensionable membership. This means their pensionable pay at the point at which they leave the 2015 Scheme is their best of the last 3 years’ salary for their 1995 Section benefits, or reckonable pay for their 2008 Section benefits.

Where a transition member is entitled to the final salary link, their 1995 or 2008 Section benefits must be reviewed if the employing authority (EA) provides revised pensionable pay.

Examples 1 and 2 outline how the final salary link applies where there are no breaks in NHS Pension Scheme membership.

#### Example 1

Member A has 10 years of 1995 Section membership, and 20 years of 2015 Scheme membership, with no break in membership. Therefore, the member will be entitled to a final salary link, meaning their 1995 Section benefits will be calculated on the best of the last 3 years’ pensionable pay at retirement.

Their pensionable pay on the last day of their 1995 Section membership was £30,000.

Their pensionable pay on the last day of their 2015 Scheme membership was £60,000.

Their 1995 Section annual pension is calculated using the formula

|  |
| --- |
| **pensionable pay (£60,000) × pensionable membership in days (3,650) ÷ 1/80th of a year (29,200) = annual pension (£7,500).** |

For example purposes, their 2015 Scheme revalued annual pension is £13,000.

The mandatory lump sum for their 1995 Section membership is £22,500. This is 3 times their annual pension.

There is no mandatory lump sum for the 2015 Scheme.

Member A’s total annual pension is £20,500 (£7,500 + £13,000), with a one off lump sum of £22,500.

#### Example 2

Member B has 10 years of 2008 Section membership, and 20 years of 2015 Scheme membership, with no break in membership. Therefore, the member will be entitled to a final salary link, meaning their 2008 Section benefits will be calculated on their reckonable pay at retirement. This is the average of the best 3 consecutive years pensionable pay, in the last 10 years.

Their reckonable pay on the last day of their 2008 Section membership was £25,000.

Their reckonable pay on the last day of their 2015 Scheme membership was £40,000.

Their 2008 Section annual pension is calculated using the formula

|  |
| --- |
| **reckonable pay (£40,000) × pensionable membership in days (3,650) ÷ 1/60th of a year (21,900) = annual pension (£6,666.67).** |

For example purposes, their 2015 Scheme revalued annual pension is £13,000.

There is no mandatory lump sum for the 2008 Section or 2015 Scheme.

Member B’s total annual pension is £19,666.67 (£6,666.67 + £13,000).

### Breaks in 2015 Scheme membership of no more than 5 years

NHS Pension Scheme members who leave and rejoin, and the break is no more than 5 years, are able to retain a final salary link between their new membership and their previous membership, as though they have always been an active member.

Where the member is a 1995/2015, or 2008/2015 transition member and has a break of no more than 5 years, this may influence what pay is used to calculate their 1995/2008 Section pension benefits. A separate and combined calculation will be required. See the examples 3 and 4.

#### Example 3

Member C has 10 years of 1995 Section membership, and 10 years of 2015 Scheme membership, with a break in their 2015 Scheme membership that is no more than 5 years, but more than 12 months. Therefore, the final salary link is maintained, and their 2015 Scheme benefits continue to be revalued because the break in membership is no more than 5 years.

Their pensionable pay on the last day of their 1995 Section membership was £30,000.

Their pensionable pay immediately prior to their break in their 2015 Scheme membership was £40,000.

Their pensionable pay on the last day of their 2015 Scheme membership was £60,000.

Their pension benefits are calculated using the better of £40,000 inclusive of Pensions Increase, or £60,000 inclusive of Pensions Increase. In this example, using £60,000 is more beneficial.

Their 1995 Section annual pension is calculated using the formula

|  |
| --- |
| **pensionable pay (£60,000) × pensionable membership in days (3,650) ÷ 1/80th of a year (29,200) = annual pension (£7,500).** |

For example purposes, their 2015 Scheme revalued annual pension is £10,000.

The mandatory lump sum for their 1995 Section membership is £22,500. This is three times their annual pension.

There is no mandatory lump sum for the 2015 Scheme.

Member C’s total annual pension is £17,500 (£7,500 + £10,000), with a one off lump sum of £22,500.

#### Example 4

Member D has 10 years of 2008 Section membership, and 10 years of 2015 Scheme membership, with a break in their 2015 Scheme membership that is no more than 5 years, but more than 12 months. Therefore, the final salary link is maintained, and their 2015 Scheme benefits continue to be revalued because the break in membership is no more than 5 years.

Their reckonable pay on the last day of their 2008 Section membership was £30,000.

Their pensionable pay immediately prior to the break in their 2015 Scheme membership was £40,000.

Their pensionable pay on the last day of their 2015 Scheme membership was £60,000.

Their pension benefits are calculated using the better of £40,000 inclusive of Pensions Increase, or £60,000 inclusive of Pensions Increase. In this example, using £60,000 is more beneficial.

Their 2008 Section annual pension is calculated using the formula

|  |
| --- |
| **reckonable pay (£60,000) × pensionable membership in days (3,650) ÷ 1/60th of a year (21,900) = annual pension (£10,000).** |

For example purposes, their 2015 Scheme revalued annual pension is £10,000.

There is no mandatory lump sum for the 2008 Section or 2015 Scheme.

Member D’s total annual pension is £20,000 (£10,000 + £10,000).

### Breaks in 1995 or 2008 Section membership of no more than 5 years

Where a 1995/2015 or 2008/2015 transition member has a break in 1995 or 2008 Section membership of no more than 5 years, they retain the final salary link. A separate and combined calculation will be required to determine the most beneficial calculation of benefits. See the examples 5 and 6.

#### Example 5

Member E has 8 years of 1995 Section membership, a break in membership that is no more than 5 years, but more than 12 months, a further 8 years of 1995 Section membership, and then 10 years of 2015 Scheme membership. Therefore, the final salary link is maintained, however, calculations take place to determine whether the member’s pension benefits are more beneficial using separate calculations for their 1995 Section membership or combining both membership periods.

Their pensionable pay immediately prior to the break in their 1995 Section membership was £25,000.

Their pensionable pay on the last day of their 1995 Section membership was £40,000.

Their pensionable pay on the last day of their 2015 Scheme membership was £50,000.

#### Calculation 1

The first period of their 1995 Section (8 years) annual pension is calculated using the formula

|  |
| --- |
| **(pensionable pay (£25,000) × pensionable membership in days (2,920) ÷ 1/80th of a year (29,200)) + Pensions Increase (£700) = annual pension (£3,200).** |

The second final salary linked period (8 years) of their 1995 Section annual pension is calculated using the formula

|  |
| --- |
| **pensionable pay (£50,000) × pensionable membership in days (2,920) ÷ 1/80th of a year (29,200) = annual pension (£5,000).** |

Member E’s total annual pension for their 1995 Section membership is £8,200.

#### Calculation 2

The combined (16 years) final salary linked 1995 Section annual pension is calculated using the formula

|  |
| --- |
| **pensionable pay (£50,000) × pensionable membership in days (5,840) ÷ 1/80th of a year (29,200) = annual pension (£10,000).** |

Member E’s total annual pension for their 1995 Section membership is £10,000.

In this example, it is more beneficial for Member E’s benefits to be calculated by combining the 2 periods of 1995 Section membership.

For example purposes, their 2015 Scheme revalued annual pension is £9,200.

The mandatory lump sum for their 1995 Section membership is £30,000. This is 3 times their annual pension.

There is no mandatory lump sum for the 2015 Scheme.

Member E’s total annual pension is £19,200 (£10,000 + £9,200), with a one off lump sum of £30,000.

#### Example 6

Member F has 3 years of 2008 Section membership, a break in membership that is no more than 5 years, but more than 12 months, a further 2 years of 2008 Section membership, and then 10 years of 2015 Scheme membership. Therefore, the final salary link is maintained, however, calculations take place to determine whether the member’s pension benefits are more beneficial using separate calculations for their 2008 Section membership or combining both membership periods.

Their reckonable pay immediately prior to the break in their 2008 Section membership was £25,000.

Their reckonable pay on the last day of their 2008 Section membership was £40,000.

Their pensionable pay on the last day of their 2015 Scheme membership was £50,000.

#### Calculation 1

The first period of their 2008 Section (3 years) annual pension is calculated using the formula

|  |
| --- |
| **(reckonable pay (£25,000) × pensionable membership in days (1,095) ÷ 1/60th of a year (21,900)) + Pensions Increase (£200) = annual pension (£1,450).** |

The second final salary linked period (2 years) of their 2008 Section annual pension is calculated using the formula

|  |
| --- |
| **reckonable pay (£50,000) × pensionable membership in days (730) ÷ 1/60th of a year (21,900) = annual pension (£1,666.67).** |

Member F’s total annual pension for their 2008 Section membership is £3,116.67.

#### Calculation 2

The combined (5 years) final salary linked 2008 Section annual pension is calculated using the formula

|  |
| --- |
| **reckonable pay (£50,000) × pensionable membership in days (1,825) ÷ 1/60th of a year (21,900) = annual pension (£4,166.67).** |

Member F’s total annual pension for their 2008 Section membership is £4,166.67.

In this example, it is more beneficial for Member F’s benefits to be calculated by combining the 2 periods of 2008 Section membership.

For example purposes, their 2015 Scheme revalued annual pension is £9,200.

There is no mandatory lump sum for the 2008 Section or 2015 Scheme.

Member F’s total annual pension is £13,366.67 (£4,166.67 + £9,200).

### Breaks in membership of more than 5 years

For a transition member who has a single break exceeding 5 years during 2015 Scheme membership, the final salary link ends immediately prior to the break. The 1995 or 2008 Section benefits are then index linked (tied to inflation by CPI) as they become deferred benefits. The break also means that revaluation of the 2015 Scheme pension ends at the start of the break.

The initial period of 2015 Scheme pension is revalued up to the break and then index linked as though it was deferred. The second period of 2015 Scheme pension is revalued in the normal way up until the last day of pensionable membership.

If the member had membership with another UK public sector pension scheme during the break, this may bridge the gap and they may retain the link. There is more information on this later in the guide.

A 2015 Scheme single break exceeding 5 years can result in the following:

* 1995 or 2008 Section pension with final salary link up to the break, plus Pensions Increase using the Consumer Price Index (CPI)
* 1st revalued 2015 Scheme pension up to the break plus Pensions Increase using the Consumer Price Index (CPI)
* 2nd revalued 2015 Scheme pension up to LDOS using Treasury Orders + 1.5%

### Breaks in membership exceeding 5 years whilst a 2015 Scheme member: not a member of another UK public sector pension scheme during the break

**Example 7:**

Member G has 10 years of 1995 Section membership, 5 years of 2015 Scheme membership, then a break in membership that exceeds 5 years, then a further 5 years of 2015 Scheme membership. Therefore, the final salary link is maintained, but only up to the break, and the 1995 Section and first period of the 2015 Scheme membership become index linked (tied to inflation), as though they were deferred benefits.

Their pensionable pay on the last day of their 1995 Section membership was £30,000.

Their pensionable pay immediately prior to the break in their 2015 Scheme membership was £40,000.

Their pensionable pay on the last day of their 2015 Scheme membership was £50,000.

As the final salary link is only maintained up to the break in membership, their 1995 Section annual pension is calculated using the formula

|  |
| --- |
| **pensionable pay (£40,000) × pensionable membership in days (3,650) ÷ 1/80th of a year (29,200) = annual pension (£5,000).** |

This is then index linked up to the payable date, meaning Member G’s total annual pension for their 1995 Section membership is £5,200.

For example purposes, their 2015 Scheme revalued annual pension prior to the break in membership is £3,000.

This is then index linked up to the payable date, meaning Member G’s total annual pension for their 2015 Scheme membership prior to the break is £3,200.

For example purposes, their 2015 Scheme revalued annual pension following the break in membership is £4,500.

The mandatory lump sum for their 1995 Section membership is £15,600. This is 3 times their annual pension.

There is no mandatory lump sum for the 2015 Scheme.

Member G’s total annual pension is £12,900 (£5,200 + £3,200), with a one off lump sum of £15,600.

### 1995/2015 transition member with a break in 1995 Section membership exceeding 5 years; not a member of another UK public sector pension scheme during the break

**Example 8:**

Member H has 8 years of 1995 Section membership, a break in membership that exceeds 5 years, a further 8 years of 1995 Section membership, and then 10 years of 2015 Scheme membership. Therefore, the final salary link is maintained, because although the break exceeds 5 years, it is during 1995 Section membership, and the first 1995 Section pension cannot be paid earlier than the second 1995 Section pension.

Calculations also take place to determine whether the member’s pension benefits are more beneficial using separate calculations for their 1995 Section membership or combining both membership periods.

Their pensionable pay immediately prior to the break in their 1995 Section membership was £25,000.

Their pensionable pay on the last day of their 1995 Section membership was £40,000.

Their pensionable pay on the last day of their 2015 Scheme membership was £50,000.

#### Calculation 1

The first period of their 1995 Section (8 years) annual pension is calculated using the formula

|  |
| --- |
| **(pensionable pay (£25,000) × pensionable membership in days (2,920) ÷ 1/80th of a year (29,200)) + Pensions Increase (£700) = annual pension (£3,200).** |

The second final salary linked period (8 years) of their 1995 Section annual pension is calculated using the formula

|  |
| --- |
| **pensionable pay (£50,000) × pensionable membership in days (2,920) ÷ 1/80th of a year (29,200) = annual pension (£5,000).** |

Member H’s total annual pension for their 1995 Section membership is £8,200.

#### Calculation 2

The combined (16 years) final salary linked 1995 Section annual pension is calculated using the formula

|  |
| --- |
| **pensionable pay (£50,000) × pensionable membership in days (5,840) ÷ 1/80th of a year (29,200) = annual pension (£10,000).** |

Member H’s total annual pension for their 1995 Section membership is £10,000.

In this example, it is more beneficial for Member H’s benefits to be calculated by combining the 2 periods of 1995 Section membership.

For example purposes, their 2015 Scheme revalued annual pension is £9,200.

The mandatory lump sum for their 1995 Section membership is £30,000. This is 3 times their annual pension.

There is no mandatory lump sum for the 2015 Scheme.

Member H’s total annual pension is £19,200 (£10,000 + £9,200), with a one off lump sum of £30,000.

Note: Although the gap in 1995 Section membership, the member returned to the same Section of the Scheme upon their return. As the pension benefits fall in the same Section, the comparison calculation must use all membership built up in that Section against the final salary. This is assuming that there have been no further breaks of more than 5 years.

### 2008/2015 transition member with a break in 2008 Section membership exceeding 5 years; not a member of another UK public sector pension scheme during the break

#### Example 9:

Member J has 3 years of 2008 Section membership, a break in membership that exceeds 5 years, and then 10 years of 2015 Scheme membership. Therefore, they are no longer eligible for the final salary link. Their 2008 Section membership is ‘decoupled’, meaning they can take their 2008 Section pension without the required 24-hour break in their contract of employment and remain a 2015 Scheme member.

Their reckonable pay on the last day of their 2008 Section membership was £25,000.

Their pensionable pay on the last day of their 2015 Scheme membership was £50,000.

Their 2008 Section annual pension is calculated using the formula

|  |
| --- |
| **reckonable pay (£25,000) × pensionable membership in days (1,095) ÷ 1/60th of a year (21,900) = annual pension (£1,250).** |

Member J’s total annual pension for their 2008 Section membership is £1,250. Once in payment, Pensions Increase is added to bring the value of the pension up to current date.

For example purposes, their 2015 Scheme revalued annual pension is £9,200.

There is no mandatory lump sum for the 2008 Section or 2015 Scheme.

Member J’s total annual pension is £10,450 (£1,250 + £9,200).

### 2008/2015 transition member with previous 1995 Section membership that ceased 5 years or more before joining the 2008 Section

#### Example 10:

Member K has 10 years of 1995 Section membership, a break in membership that exceeds 5 years, then 3 years of 2008 Section membership, and a further 10 years of 2015 Scheme membership. Therefore, the final salary link only applies for the 2008 Section membership. As the break after leaving the 1995 Section membership exceeds 5 years, these benefits become ‘decoupled’. This means they are no longer eligible for the final salary link on their 1995 Section benefits, and on reaching Minimum Pension age, the member can choose to take these benefits and continue to pay into the NHS Pension Scheme, without requiring a 24-hour break in membership.

Their pensionable pay on the last day of their 1995 Section membership was £20,000.

Their reckonable pay on the last day of their 2008 Section membership was £30,000.

Their pensionable pay on the last day of their 2015 Scheme membership was £40,000.

Their 1995 Section annual pension is calculated using the formula

|  |
| --- |
| **pensionable pay (£20,000) × pensionable membership in days (3,650) ÷ 1/80th of a year (29,200) = annual pension (£2,500).** |

This is then index linked (tied to inflation) up to the payable date, meaning Member K’s total annual pension for their 1995 Section membership is £3,500.

Their final salary linked 2008 Section annual pension is calculated using the formula

|  |
| --- |
| **reckonable pay (£40,000) × pensionable membership in days (1,095) ÷ 1/60th of a year (21,900) = annual pension (£2,000).** |

Member K’s total annual pension for their 2008 Section membership is £2,000.

For example purposes, their 2015 Scheme revalued annual pension is £7,500.

The mandatory lump sum for their 1995 Section membership is £10,500. This is 3 times their annual pension.

There is no mandatory lump sum for the 2008 Section or 2015 Scheme.

Member K’s total annual pension is £13,000 (£3,500 + £2,000 + £7,500), with a one off lump sum of £10,500.

### Breaks in NHS Pension Scheme membership of more than 5 years where the person was a member of another UK public sector pension scheme during the break

Where a 1995/2015 or 2008/2015 transition member was a member of a UK public sector pension scheme during the break, this **may** result in continuity of membership, effectively bridging the gap and allowing for the final salary link upon their return to the NHS Pension Scheme.

For the final salary link to apply to any former 1995/2008 Section membership, it is necessary for a member to transfer their benefits into the NHS Pension Scheme.

The final salary link is subject to rules allowing the transfer and more information about transferring into the NHS Pension Scheme can be found on our website at [www.nhsbsa.nhs.uk/member-hub/transferring-scheme](https://www.nhsbsa.nhs.uk/member-hub/transferring-scheme). Where a member is not able to transfer in their UK public sector pension scheme, there is no final salary link.

The following are UK public sector pension schemes:

* Judiciary Scheme
* Local Government Pension Scheme
* Teachers’ Pension Scheme
* NHS Pension Scheme (including Scotland and Northern Ireland)
* Fire and Rescue Workers Scheme
* Police Forces Scheme
* Armed Forces Scheme

Where the previous pension scheme is not a UK public sector pension scheme, this membership would not bridge the gap and therefore no final salary link would apply.

## 1995 Section mental health officers/Special Classes

Where a 1995 Section member held mental health officer (MHO) status but is no longer an MHO, a comparison calculation is done at retirement using the uniform accrual formula (UAF). The most favourable pension is awarded.

The UAF calculation works by increasing the amount of benefit that would otherwise be payable by a proportion of the extra benefit that the member would have earned had they remained as an MHO until retirement (including any doubled years).

The pensionable pay used is the notional MHO pay at the point the status is lost.

The UAF is:

A x C

B

**‘A’** is the actual pensionable membership in the 1995 Section that a member has achieved at the date of leaving or ceasing to be a MHO, whichever is earlier excluding any doubling. Part-time membership is scaled to its whole time equivalent length.

**‘B’** is the pensionable membership a member could have expected to complete at age 55 had they remained in the 1995 Section, excluding actual and potential doubling. Part-time membership is scaled to its whole time equivalent length.

**‘C’** is the potential pension a member would have achieved at age 55 including actual and potential doubling. Part-time membership is scaled to its whole time equivalent length.

Pensionable pay x C ÷ 29,200 (80th accrual rate) = Pay for UAF calculation Pay for UAF calculation x **A** ÷ **B** = UAF pension

The outcome of the above calculation is then compared against the normal pension, which is calculated using the actual membership. If the member has already achieved 20 years of MHO membership any actual doubling must be included for this calculation only.

If the member continues to be an MHO until their last day of membership in the 2015 Scheme, the final salary link continues.

Uniform accrual pension may still apply to members who move to the 2015 Scheme even if they no longer qualify for MHO status.

Members with 1995 Section Special Class/mental health officer status may retire at age 55 without reduction.

### Transition 1995/2015 mental health officers and the final salary link

A 1995/2015 transition member who continues to hold MHO status is entitled to the final salary link in respect of their 1995 Section pension benefits as long as they do not have a break exceeding 5 years.

These members are also entitled to take their 1995 Section pension at age 55 in full but must take a 24 hour break or use partial retirement to access these pension benefits.

From 1 April 2023, these members were able to rejoin the 2015 Scheme after taking their 1995 Section pension.

Members can retain MHO status in respect of their 1995 Section pension benefits only.

There is no maximum membership restriction for 1995/2015 transitional MHOs, and they would be entitled to the uniform accrual calculation for their 1995 Section membership.

An MHO who was not able to transition to the 2015 Scheme due to achieving maximum membership or Maximum Pension age, can join the 2015 Scheme from 1 October 2023. They do not have to claim their 1995 Section pension first.

Where a 1995 Section MHO has not built up 20 years MHO membership before they move to the 2015 Scheme, they can still take their 1995 Section pension benefits from age 55 in full. These members would also automatically qualify for the uniform accrual calculation.

Doubling ceases upon joining the 2015 Scheme.

#### Example 11:

Member L has 25 years of 1995 Section membership and 10 years of 2015 Scheme membership, both as an MHO. After 20 years membership in the 1995 Section, they achieved ‘doubling’, meaning their remaining 1995 Section membership (5 years) is doubled to 10 years, bringing their total 1995 Section membership to 30 years. As there is no break in membership, they also maintain the final salary link.

Their pensionable pay on the last day of their 1995 Section membership was £30,000.

Their pensionable pay on the last day of their 2015 Scheme membership was £40,000.

Their 1995 Section annual pension is calculated using the formula

|  |
| --- |
| **pensionable pay (£40,000) × pensionable membership in days (10,950) ÷ 1/80th of a year (29,200) = annual pension (£15,000).** |

Member L’s total annual pension for their 1995 Section membership is £15,000.

For example purposes, their 2015 Scheme revalued annual pension is £13,000.

The mandatory lump sum for their 1995 Section membership is £45,000. This is 3 times their annual pension.

There is no mandatory lump sum for the 2015 Scheme.

Member L’s total annual pension is £28,000 (£15,000 + £13,000), with a one off lump sum of £45,000.

### Transition 1995/2015 Special Class members and the final salary link

A transition 1995/2015 member may retain their Special Class status in respect of their 1995 Section benefits only.

Membership is not restricted to 40 years pensionable membership at age 60 or 45 years overall.

A Special Class 1995/2015 transition member may take their 1995 Section pension in full, from age 55, and be eligible for the final salary link, so long as they spent all of the last 5 years (leading up to retirement) in Special Class NHS pensionable membership and did not have a break exceeding 5 years.

Members may elect to take or defer their 2015 Scheme benefits where there is a break in pensionable membership of no more than 5 years providing Special Class status remains intact upon return to NHS employment.

1995 Section Special Class benefits are paid in full from age 55; that is, no early retirement actuarial reduction. 2015 Scheme benefits may be paid at 55 also but are subject to actuarial reduction.

From 1 April 2023, these members can rejoin the 2015 Scheme after taking their 1995 Section pension.

A member with Special Class status who could not transition to the 2015 Scheme due to achieving maximum membership or Maximum Pension age, may join the 2015 Scheme from 1 October 2023. They do not have to claim their 1995 Section pension first.

The final salary link rules are the same for Special Class transition members as they are for normal members, except that their 1995 Section pension is unreduced if payable from 55.

### Maximum membership followed by 2015 Scheme membership

Pension benefits for members who reached maximum membership and then rejoin the 2015 Scheme are calculated by determining whether it is more beneficial to use separate calculations for their 1995/2008 Scheme and 2015 Scheme membership or combining both membership periods. The final salary link will be maintained as long as there is no break in membership of more than 5 years.

## Practitioners and the final salary link

General dental practitioners or ophthalmic medical practitioners may also have concurrent officer membership.

Practitioners are entitled to an equivalent final salary link in respect of their pre-transition practitioner or officer membership. This is facilitated by continuing to dynamise their pre-transition practitioner membership. Their pre-transition officer membership is either regarded as an index linked separate officer pension or converted into a flexible value earnings credit.

### How the equivalent final salary link applies to practitioners

Although there are still practitioners in the 2015 Scheme there are no longer any ‘flexibilities’. Transition 1995/2015 and 2008/2015 practitioners have their flexibility rights protected up to the point of joining the 2015 Scheme.

There are 2 options in respect of officer membership that does not automatically convert to practitioner prior to moving to the 2015 Scheme. The option that provides the most beneficial pension benefits at retirement is the one that is used. The options are:

* option 1: the ‘flexible value earnings credit pension + 1995 (or 2008) dynamised practitioner pension + 2015 pension
* option 2: an index linked separate Officer pension + 1995 (or 2008) dynamised practitioner pension + 2015 pension

The flexible value earnings credit pension is a figure or credit that represents the value of the best officer ‘flexibilities’ pension up to the transition date.

The flexible value earnings credit pension is uprated annually by Scheme Actuaries (GAD) factor from the transition date, up to the last day of service. If the member has a break in 2015 membership exceeding 5 years, the flexible value earnings credit pension is uprated to the point when the member has the break.

### The final salary link and returning to NHS pensionable employment; 2008/2015 transition members

Final salary linked reckonable pensionable pay used to calculate the 2008 Section benefits is not reviewed if a 2008/2015 officer pensioner returns to NHS pensionable employment.

The final salary link can only be applied once at the first retirement. The reckonable pay is, however, reassessed if the member takes partial retirement.

The same principle applies to 2008/2015 Practitioners. Their original 2008 practitioner pension and flexible value earnings credit/separate officer pension is not reviewed if they return to pensionable employment.

The first pension must be reviewed where revised pay is provided.

### Restricting 1995 Section pensionable pay and the final salary link

Where a 1995 Section officer member with a final salary link, who works part-time and the sessional or hourly pensionable pay rate is inordinate, we, NHS Pensions, may apply a comparable whole time equivalent pensionable pay figure so that NHS pension benefits are not inflated.

Contributions are not returned where we, NHS Pensions, applies a comparable whole-time equivalent pensionable pay figure.

Where a whole time 1995 Section officer member’s pensionable pay increases significantly in the context of final salary based pension benefits, we, NHS Pensions, may restrict the pensionable pay figure so that NHS pension benefits are not inflated.

Once an appropriate final salary figure is calculated, all excess member and employer contributions are returned. Alternatively, pension benefits may be awarded on the original pensionable pay figure, however the employing authority (EA) may be subject to a final pay control charge, the charge levied on the E A is in respect of 1995 Section benefits only. More information about final pay controls can be found on our website at [www.nhsbsa.nhs.uk/employer-hub/final-pay-controls](https://www.nhsbsa.nhs.uk/employer-hub/final-pay-controls).

### Restricting pensionable pay where there is significant increase and final salary linking

Where a whole-time officer member is a transition member with the final salary link and has a significant pay rise at retirement that inflates their 1995 Section benefits, we, NHS Pensions, may restrict the pensionable pay figure in respect of the final salary linked 1995 Section pension benefits only. The 2015 Scheme benefits are not affected; that is, they are based on the unrestricted pensionable because the 2015 Scheme is not a final salary related scheme.

In this instance member and employer contributions are **not** returned because 2015 Scheme benefits are still based on the unrestricted pensionable pay. This rule does not apply to 2008/2015 transition members.

### The pensionable earnings cap and the final salary link

On 1 June 1989 HMRC introduced a limit for pensionable pay known as the pensionable earnings cap*.* In the NHS the cap applied to members who joined the NHS Pension Scheme for the first time on, or after, 1 June 1989 and to members who joined the NHS Pension Scheme before 1 June 1989 but who had a break in pensionable employment of 12 months or more ending with effect from 1 June 1989. The cap also applied to members who left or opted out of the NHS Pension Scheme and took a refund or a transfer out, then rejoined the NHS Pension Scheme on or after 1 June 1989.

Although HMRC removed the cap with effect from 6 April 2006 the Department of Health decided to retain an ‘in house NHS Pension Scheme cap’ up to 31 March 2008. With effect from 1 April 2008 a virtual cap was still required in respect of member’s pensionable membership and added years contracts that were previously subject to the cap. Although the cap mainly affects 1995 Section members the following may also be subject:

* 2008 Section members who transferred in from another UK public sector pension scheme or under a bulk transfer arrangement and who were previously subject to the cap
* 2008 Section members who moved from the 1995 Section under ‘Choice’
* transition members of the 2015 Scheme who were previously subject to the cap

### How the cap affects the final salary link

Where a transition member was subject to the cap and entitled to the final salary link, they will still be subject to the virtual cap when they join the 2015 Scheme. This will result in 3 pensions:

* 2015 Scheme uncapped revalued benefits
* 1995 Section benefits based on membership from 1 April 2008 and uncapped pay
* 1995 Section benefits based on membership before 1 April 2008 and virtual capped pay

For a member who was subject to the cap, the final salary link pay in respect of membership prior to 1 April 2008 is different to the final salary link pay for membership from 1 April 2008 up to joining the 2015 Scheme.

For a member whose pensionable earnings did not exceed the cap prior to April 2008, but exceeds the virtual cap at retirement, their pre-April 2008 membership is capped.

Transfers of final salary related benefits (that were subject to the cap) from other UK public sector pension schemes to the 2008 Section continue to be capped even if the pensionable pay was below the cap.

Where a member is part time, it is their whole time equivalent pensionable pay that is assessed against the cap.

### Protection of pay and final salary link

If a member has at least 2 years of qualifying service and suffers a reduction in earnings through no fault of their own, they may apply to protect their pension benefits. This facility is available to members with membership in the 1995 and 2008 Sections of the Scheme, it is not available for membership in the 2015 Scheme.  
  
A transitional member will maintain a final salary link for their 1995/2008 pension benefits providing they do not have a break of more than 5 years. As long as a final salary link is maintained, the member can request voluntary or involuntary protection of pensionable pay subject to the relevant criteria. Further information about protection of pay can be found on our website at [www.nhsbsa.nhs.uk/employer-hub/technical-guidance/pay-and-contributions](https://www.nhsbsa.nhs.uk/employer-hub/technical-guidance/pay-and-contributions).

# 1995/2008 section transition member with deferred benefits

Where a member has not had a break of more than 5 years, they will have a final salary link for their 1995/2008 Section pension benefits.

Where a member has 1995/2008 Section benefits and they have had a break exceeding 5 years before entering the 2015 Scheme, there is no final salary link. As there is no final salary link it is not necessary to apply for protection of pay because previous pay in the 1995/2008 Section is automatically deferred.

Where a member has previous period(s) of deferred membership (breaks of 12 months or more) in the 1995/2008 Section, these will be taken into account automatically at retirement.

# Members of 1995/2008 Section returning to the NHS Pension Scheme after a break of one year or more

For members with service in the 1995/2008 Scheme who return to the Scheme after a break of one year or more, benefits will automatically become deferred. From the point at which the deferment occurred, any pension benefits accrued when the member leaves will be pay protected. We will write to the member approximately one year after they left the Scheme to confirm the deferment has taken place.

Members of 2015 Scheme returning to the NHS Pension Scheme

For members of the 2015 Scheme any breaks of 5 years or less do not defer membership and their final salary will be linked. If they have a break of 5 years or less, their pension earned so far will continue to be revalued. Where the break is more than 5 years their pension continues to be revalued but only at the rate of CPI.

### Basic final salary linking rules – members with a break of 5 years or less

|  |  |  |
| --- | --- | --- |
| Transition member | Final salary link | Rules |
| Single break between leaving 1995/2008 Section and joining 2015 Scheme of no more than 5 years.  Not a member of another UK public sector pension scheme during the break. | Yes | Member retains the final salary link in respect of previous 1995/2008 Section membership as the break does not exceed 5 years. |
| Single break between leaving 1995/2008 Section and joining 2015 Scheme of no more than 5 years.  Member of a UK public sector pension scheme during the break. | Yes | Member retains the final salary link in respect of previous 1995/2008 Section membership as the break does not exceed 5 years.  Membership of another UK public sector pension scheme not relevant. |
| Several breaks in NHS Pension Scheme membership however individually they are no more than 5 years.  Not a member of another UK public sector pension scheme during the breaks. | Yes | Member retains the final salary link when joining 2015 Scheme in respect of previous 1995/2008 Section membership as the singular breaks do not exceed 5 years. |
| Several breaks in NHS Pension Scheme membership however individually they are no more than 5 years.  A member of another UK public sector pension scheme during the breaks. | Yes | Member retains the final salary link in respect of previous 1995/2008 Section sector upon joining 2015 Scheme as the singular breaks do not exceed 5 years.  Membership of another UK public sector pension scheme not relevant. |
| Break between leaving the NHS and returning as a 2015 Scheme member is no more than 5 years.  Active member of a final salary based UK public sector pension scheme during the break.  Transferred out their 1995/2008 Section benefits. Upon return to NHS, transferred in their UK public sector pension scheme into NHS Pension Scheme under Club terms. | Yes | Member retains the final salary link in respect of the 2008 Section membership credit resulting from the transfer in of the final salary element of the UK public sector pension scheme. |

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### Basic final salary linking rules – members with a break exceeding 5 years

|  |  |  |
| --- | --- | --- |
| Transition member | Final salary link | Rules |
| Break between leaving 1995/2008 Section and joining 2015 Scheme is more than 5 years.  Not a member of another UK public sector pension scheme during the break. | No | No final salary link in respect of previous 1995/2008 Section membership. Deferred 1995/2008 Section benefits based on historical 1995/2008 Section pay. |
| Break between leaving 1995/2008 Section and joining 2015 Scheme is more than 5 years.  Member of a private pension scheme during the break which was not a UK public sector pension scheme.  Did not transfer out their 1995/2008 Section membership to the other scheme. | No | No final salary link in respect of previous 1995/2008 Section membership. Deferred 1995/2008 Section benefits based on historical 1995/2008 Section pay. |
| Break between leaving the NHS and rejoining as a 2015 Scheme member is more than 5 years.  Joined a pension scheme during the break which was not a UK public sector pension scheme and transferred out their 1995/2008 Section to that scheme.  Did/did not transfer in their (private) pension upon returning to NHS. | No | No 1995/2008 Section membership, therefore no final salary link. |
| Break between leaving 1995/2008 Section and joining 2015 Scheme is more than 5 years.  Active member of a final salary based UK public sector pension scheme during the break.  Did not transfer out their 1995/2008 Section benefits to other scheme. Upon return to NHS did not transfer in their UK public sector pension scheme into NHS Pension Scheme. | No | No final salary link in respect of previous (deferred) 1995/2008 Section membership. The deferred 1995/2008 Section benefits are based on historical 1995/2008 Section pay. |

**How we use your information**

For more information about how the NHSBSA processes your personal data, please see our Privacy Notice - [www.nhsbsa.nhs.uk/our-policies/privacy/nhs-pensions-privacy-notice](http://www.nhsbsa.nhs.uk/our-policies/privacy/nhs-pensions-privacy-notice)

**NHS Pensions**

**Final salary linking - Guide for employers**

[www.nhsbsa.nhs.uk/nhs-pensions](http://www.nhsbsa.nhs.uk/nhs-pensions)

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