**UNISON Briefing on the new Retirement Flexibilities in the NHS Pension Scheme (1995 section)**

Introduction and Context

A stated aim of the government is to increase participation in employment by older people. This is particularly a priority in the NHS, where UNISON members are well aware of the staffing crisis and the huge demands on services. It is in this context that the government has made amendments to the NHS pension scheme, introducing new ‘retirement flexibilities’ for members of the 1995 section. It is important to note that the government approach is to seek to remove disincentives to staying in employment in the NHS. UNISON is supportive of these changes as they give members more options and they do not involve any compulsion to work longer.

There are two main retirement flexibilities that the government is introducing as options for members with pension entitlements in the 1995 section:

1. Retire and re-join the NHSPS
2. Partial retirement

These will be summarised in this briefing.

How the 1995 section regulations have disincentivised NHS staff working longer:

The changes to the NHSPS are about removing disincentives in the 1995 scheme to working longer. Prior to April 2023, the following potential disincentives apply:

* members who bring their 1995 benefits into payment cannot build up any further entitlement in the 2015 section (i.e. if they retire and return they are no longer in NHSPS)
* Limit of 16 hours per week in first month back
* 45-year total service limit

A further disincentive to deferring payment of 1995 section benefits is that there is no ‘late retirement factor’ if not brought into payment. UNISON proposed this in the recent consultation, but this has not been taken forward by the DHSC.

(i) From April 2023: Retire and re-join the NHSPS

* A member who brings their 1995 section benefits into payment and (after 24 hours) returns to work, **will be enrolled into the NHSPS** (2015 scheme).
* No restrictions around weekly hours limit in first month.
* No 45-year service limit, just have to be under 75 to re-join the NHSPS.

*What if a member retired and returned before April 2023?*

If a member has already taken their 1995 benefits and returned to work:

* The employer should notify staff that they are **eligible to join the NHSPS**
* Member may ask to transfer benefits from an alternative pension (accrued since return) to the NHSPS.

(ii) From October 2023: Partial retirement

Under plans to allow partial retirement, members with entitlements to pension benefits in the 1995 section, when aged 55 or over, will be allowed to draw down the benefits and continue in work.

This is a new alternative to retire and return for members in the 1995 section. It avoids the need to leave employment and be re-employed.

There will be a requirement that pensionable pay must be reduced by 10% going forward.

The consultation outcome states that it will be possible to take one or two draw down payments of between 20% and 100%. The implementation of this flexibility has been delayed to October 2023, and we expect details to be confirmed by the DHSC before then.

No change on how much you can take as a cash lump sum

There is no change in the options on how you take your pension. You still cannot just take a cash lump sum if you bring your 1995 section into payment or partially retire. Part of the 1995 pension has to be taken as a cash lump sum. Of the pension you bring into payment you can elect to take more of your pension as a cash lump sum. You can elect to take up to 25% of the total value of your pension as a cash lump sum by exchanging £1 of lifetime index linked pension for £12 tax free cash lump sum. The rest has to be taken as pension.

More information:

These new retirement flexibilities apply to the NHSPS in England & Wales and in Scotland. They do not yet apply to the HSC scheme in Northern Ireland.

NHS Pensions website

<https://www.nhsbsa.nhs.uk/department-health-and-social-care-confirms-changes-scheme-rules-retire-and-re-join-and-partial>

NHS Employers website

<https://www.nhsemployers.org/articles/flexible-retirement>

Scottish Public Pensions Agency circular

<https://pensions.gov.scot/sites/default/files/2023-03/2023-04_-_NHS_Circular_-_Introduction_of_Retirement_Flexibilities_and_CPI_Changes.pdf>