

## NHS Pensions

### Member factsheet

#### Partial Retirement

**If you are aged 55 and over and you have agreement from your employer, you can choose to take part, or all, of your pension benefits and continue in NHS employment. This is called partial retirement - it may also be known as drawdown.**

Your pension benefits will be paid to you as a monthly amount.

Partial retirement is already available to members with 2008 Section and 2015 Scheme benefits and from 1 October 2023, the NHS Pension Scheme regulations are changing so members with 1995 Section benefits can also take partial retirement.

From this date, the amount of benefits you are able to take when partially retiring is also changing. You'll be able to partially retire and claim up to 100% of your pension benefits from any Section or Scheme.

#### Before applying for partial retirement

If you wish to take partial retirement, you need to agree a new working arrangement with your HR department that lets you reduce your pensionable pay by at least 10%. For example, you could change your level of responsibility, work fewer hours, or move to a new role.

Speak with a member of your HR team who will be able to discuss options with you and agree an arrangement that works for both you and your employer.

This also applies if you want to take partial retirement of your pension for a second time.

Your pensionable pay must stay at the reduced level for at least 12 months after you take partial retirement, or you'll no longer be eligible for the pension you've taken. During this period, you may still be able to do additional work that doesn't count towards your pension, such as overtime or bank work.

Pay awards such as the annual Agenda for Change pay award, do not alter your 10% reduction in pensionable pay.

## To be eligible for partial retirement you must:

- have reached your minimum pension age,
- be an active member of the Scheme,
- reduce your actual pensionable pay by at least 10% for the 12 months starting from the date you take partial retirement (for GP's, Dental Practitioners, Ophthalmic and non-GP Providers a 10% reduction in commitment is required),
- your 10% reduction in pensionable pay is calculated based on your previous level of pensionable pay for the 12 months before you take partial retirement,
- have a change in your terms and conditions of employment to reflect your reduction in pensionable pay, the rest of your terms and conditions remain the same,
- expect your new level of pensionable pay to last at least 12 months from the point partial retirement is taken,
- not have already claimed partial retirement on two occasions.

## Minimum Pension Age

The minimum pension age for most members is 55. However, there are some members of the 1995 Section with a protected minimum pension age of 50. These are generally members who joined the NHS Pension Scheme before 6 April 2006.

If you have a minimum pension age of 50 and wish to claim your partial retirement pension benefits, you must take 100% of your 1995 Section pension benefits. This is part of the legislation published by HM Revenue & Customs (HMRC) which we are required to comply with.

If you're applying to take partial retirement before you reach your normal pension age, your pension benefits will be reduced as they are being paid early. Your normal pension age depends on which part of the Scheme you are a member of. In the:

- 1995 Section - it's 60,
- 2008 Section - it's 65,
- 2015 Scheme - it's your State Pension Age or 65, whichever is later.

## Being an active member of the Scheme

To be eligible for partial retirement you must be paying pension contributions as part of your monthly salary to the NHS Pension Scheme. If you have opted out of the NHS Pension Scheme, you are not eligible to claim your pension under the partial retirement rules.

Once you have taken partial retirement, if you choose to opt out of the Scheme this will become effective from the end of your next pay period – in most cases this is at the end of the month. If you opt out of the Scheme, please remember you will no longer be entitled to ill health retirement benefits and death in service benefits you're entitled to as an active member.

You must be an active member for a minimum of at least one day after taking partial retirement.

## For members who have reached maximum service

The maximum pensionable membership in the 1995/2008 Scheme is 45 years. The maximum pensionable membership for Special Class members is 40 at age 55 and 45 years thereafter. You cannot continue in either the 1995 Section or 2008 Section if you're over the age of 75 years old.

Members who have maximum membership in the 1995 Section and have ceased paying contributions are unable to access those pension benefits using partial retirement. If you have 1995 Section benefits and wish to claim your benefits and continue working, you will need to retire and rejoin the 2015 Scheme.

You can find more information on re-employment on our website

[www.nhsbsa.nhs.uk/pensioner-hub/re-employment](http://www.nhsbsa.nhs.uk/pensioner-hub/re-employment)

Those with maximum membership in the 2008 Section will be able to access those pension benefits using partial retirement. This is because of existing provisions in the Scheme regulations for members with 2008 Section benefits to access partial retirement benefits after achieving maximum membership of 45 years and who may have ceased contributions to the Scheme but continued in NHS employment.

## A change in terms and conditions

Following the reduction in pensionable pay, you must have a change to your terms and conditions of employment to be eligible to partially retire. This change in terms and conditions is to reference how you've reduced your pensionable pay by 10%.

### For example:

This could be by reducing the hours you work per week or remaining whole-time but reducing your commitment by moving to a position in a lower pay band.

All your other terms and conditions remain the same.

## Taking partial retirement more than once

**With partial retirement, you can claim pension benefits on up to two occasions before fully retiring. Fully retiring means taking a 24-hour break in your contract of employment.**

You are not required to have a break in employment of 24-hours to claim your partial retirement benefits. If you have already taken partial retirement from the 2008 Section before becoming a member of the 2015 Scheme, you can only take partial retirement on one more occasion before full retirement.

## Applying for partial retirement

The application process for partial retirement is the same as when you're applying to retire, with the addition of a short supplementary form that is available via our website.

You will need to complete:

- AW8 retirement benefits application form which you get from your employer if you're still working, and the
- Partial Retirement Supplementary Form

Then send these together, to your employer to finalise their sections and they'll send your application on to us.

## Use the tools to help decide how much pension to take

You can take a minimum of 20% of your pension benefits and up to a maximum of 80% of your pension entitlement earned to date, whilst continuing to build up further pension entitlement. The maximum percentage that you can claim on partial retirement will increase to 100% from 1 October 2023.

Once you have partially retired you will continue to build up pension benefits in the 2015 Scheme.

From 1 October 2023, a Partial Retirement Calculator will be available via our website. This will allow you and your employer to see how taking different percentages of your pension at partial retirement affects the amount of pension benefits you'll get overall. We recommend waiting until this calculator is available, to work out the amount of pension you want to take and the change in working arrangement that's best for you, and then apply for partial retirement.

You can apply to take partial retirement from 1 October 2023 by submitting your form in early August, and we'll do all we can to process these applications by this date. We'll also make it possible for applications that need it to be backdated to your chosen retirement date.

## If you're affected by the McCloud ruling

**As part of the McCloud ruling, affected members are due to have their pensionable service for the McCloud remedy period - 1 April 2015 to 31 March 2022 - put back into the 1995/2008 Section of the Scheme on 1 October 2023.**

If this affects you and you take partial retirement, you'll be contacted in the 12 months after you've partially retired and asked to choose between keeping these benefits in the 1995/2008 Section or taking 2015 Scheme benefits for the remedy period instead. When it comes to making this choice, the part of the Scheme that's better for you could be different depending on how long you continue to work after you've taken partial retirement.

Your McCloud choice means there are other factors to take into account when deciding what percentage of your pension to take at partial retirement, as it could affect your tax

position, or your final salary link, if you have one. And if you later choose to take 2015 Scheme benefits for the remedy period, you may have overpayments to pay back. So, if you can't wait for the Partial Retirement Calculator, we've built an interim tool to help you avoid this.

You can read more about McCloud and if you're affected on our website [www.nhsbsa.nhs.uk/changes-public-service-pensions](http://www.nhsbsa.nhs.uk/changes-public-service-pensions)

## Tools to use if you're affected by McCloud

The McCloud Percentage Tool will be available from 1 August 2023 – it can't give you as much information as the Partial Retirement Calculator, but it will allow you see what percentage of pension you could take to avoid having overpayments to repay, when you make your McCloud choice later on.

This tool will be available at [www.nhsbsa.nhs.uk/member-hub/partial-retirement](http://www.nhsbsa.nhs.uk/member-hub/partial-retirement)

To use it you'll need to know the membership that's been used to calculate your pension benefits. This is called your pensionable service or reckonable pay depending on the Section of the Scheme and you can find it on your Annual Benefit Statement (ABS) or Total Reward Statement (TRS) or ask your employer.

Annual Benefit Statements (ABS) and Total Reward Statements (TRS) are updated each year in August, usually to the end of the most recent financial year. For example, in August 2023 updated statements will be made available that are up to date to the end of March 2023.

If you were a fully protected member for McCloud, you can use the percentage from this tool and your ABS or TRS statement to estimate your benefits.

If you were not a fully protected member and moved to the 2015 Scheme before 1 April 2022, use the Partial Retirement Member Estimate form on our [getting an estimate of your pension](#) webpage and we'll produce an estimate for you.

## Members with pension benefits in more than one Section/Scheme

**If you have benefits in both the 1995/2008 Section and 2015 Scheme, the percentage of benefits you apply for will be taken from your 1995/2008 Section benefits first.**

When you choose to take partial retirement, your chosen percentage is applied sequentially across all your benefits in the NHS Pension Scheme. This means you effectively take or use up your 1995/2008 Scheme benefits first, before you can take any of your 2015 Scheme benefits.

## A member:



**A member with benefits in the 1995/2008 Scheme and 2015 Scheme chooses to take 80% of their benefits when partially retiring.**

### Two sets of benefits:

1995 Section pension benefits worth  
= £10,000

2015 Scheme pension benefits  
= £2,000

Equals a total pot of £12,000

$£12,000 \times 80\% = £9,600.00$

Benefits are used from the 1995 Section first. As £9,600 does not use up all the 1995 Section pension, only benefits from this Section are used. So, there's £400 of 1995 Section left and all of 2015 Scheme.

## Lump sum

If you have 1995 Section benefits, you are not able to take your lump sum from the 1995 Section separately from your pension. Taking partial retirement involves claiming a proportion of your pension and any lump sum associated with that pension.

### Example:

In the example above, the member takes 80% of benefits which is £9,600 from 1995 Section benefits.

The lump sum payable for this will be  $£9,600 \times 3 = \mathbf{£28,800}$

You will have the option to exchange some of your pension to provide for a lump sum (2008 Section/2015 Scheme) or an additional lump sum (1995 Section).

## Members with added pension or additional years

If you have added benefits (additional pension or added years) you can choose to claim them at the same time as your partial retirement benefits.

If the amount of benefits you are wanting to take is more than the benefits you have in that Section or Scheme, your added benefits will automatically be payable. Your added benefits will be paid in full.

If you do not use all the benefits in the Section or Scheme when applying to take partial retirement, you can choose if you want to claim your added benefits at the same time. If you choose to take your added benefits, the added benefits must be paid in full, you cannot choose to claim part of the added benefits.

If payments for added benefits are incomplete, the amount paid will be adjusted. If your added benefits are being paid before the selected end age of the purchase, a reduction factor for early payment will apply. For additional pension purchased in the 2008 Section or 2015 Scheme, late retirement factors will apply if pension benefits are claimed after normal pension age.

## **Maintaining your reduction in pensionable pay for 12 months**

To be eligible for partial retirement, you must reduce your pensionable pay by at least 10% for the first 12 months from the date you take partial retirement.

During this time, your pay should not increase to more than 90% of your pensionable pay before you took partial retirement.

Annual NHS pay awards and contractual pay increases you receive as you move through your pay band or pay scales don't count towards this, but any pay increase resulting from a contractual change to your terms and conditions will.

For example, if you decide to apply for a different job with a higher salary, increase your hours or increase your commitments. If this causes your pay to increase to more than 90% of your pensionable pay before you took partial retirement, the pension benefits you're receiving will be stopped (abated).

To avoid any overpayments you may need to pay back, you should inform NHS Pensions of any contractual changes to your conditions of employment which increase your pay to more than 90% of your pensionable pay before you took partial retirement.

If abatement occurs, your pension will only start to be paid again once your pensionable pay returns to 90% of your pensionable pay before you took partial retirement (or commitments for practitioner members).

The reduction in pensionable pay by 10% is only required for 12 months. After 12 months you can increase your pensionable pay without this affecting your partial retirement benefits.

## Recap of your steps for applying for partial retirement

1	Talk to your HR team about new working arrangements that mean reducing your pensionable pay by at least 10% for the 12 months after taking partial retirement.
2	From 1 October. Use the Partial Retirement Calculator to decide what percentage of pension to take. If you're affected by McCloud and can't wait until then, use the McCloud Percentage Tool.
3	Ask your employer for the AW8 Retirement Benefits Claim Form and start your retirement application.
4	Complete the AW8 Partial Retirement Supplement Form – attach it to your completed AW8 and send it to your employer to finalise their sections and forward your application to us for processing.
5	Start your new partial retirement working arrangement, take some of the pension benefits you've already built up and continue to add to your pension in the 2015 Scheme.

### Be aware of pension scams

The Pensions Regulator has warned that pension scams are on the increase in the UK, including examples of scammers encouraging savers to withdraw cash in the form of pension benefits.

Visit [The Pensions Regulator website](#) or the government's [Money Helper service](#) for information on scams and advice for what to look out for.

### We'll put more updates on our website



We'll add any new information about partial retirement to our website - find the latest information at [www.nhsbsa.nhs.uk/member-hub/partial-retirement](http://www.nhsbsa.nhs.uk/member-hub/partial-retirement)



## You may wish to consider the following when deciding the proportion of pension, you take:

Taking a pension or partial pension in addition to income from employment may alter your personal tax position.

If you take your benefits before the normal pension age (NPA), your benefits will be reduced. Different NPAs apply in the [1995 Section](#), [2008 Section](#) and [2015 Scheme](#). This may affect your preferences around how much pension you wish to take and when.

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