

You Your Pension Your Options

You

Thinking about retirement

Perhaps you feel you've already done enough. You're counting down the months until retirement day dawns and you won't have to go to work any more.

But there are other ways of looking at retirement. It needn't be a hard and fast line you cross at a certain age - a sudden shift from working to not-working. Your years of service in an inflation-linked scheme may merit a good pension but it will still be much less than your previous salary. And as life expectancy steadily increases, you could be a pensioner for almost as long as you have worked.

There are options which would enable you to wind down gradually by reducing the number of hours you work, or moving into a less demanding role. And even when you do retire, you could come back to work part-time, full-time or for short periods, for example, in the winter months.

A large number of NHS staff are over 50 years old, and approaching retirement. As part of this group, you could play an important part in helping to match supply with demand for qualified staff at a local level, and at peak times of the year. If you're thinking about retirement, it's not just a Yes/No decision. This leaflet will give you some idea of the choices you can make.

NHS Pensions Helpline

It's important that before taking any decision about flexing your retirement, you know where you stand. **For more detailed information on your own pension position, call the NHS Pensions Helpline, details on page 8.**

Your Pension

Protecting the benefits

You may be worried that flexing your retirement plans will have a negative effect on your pension benefits.

If you simply retire in the conventional way, you'll know exactly what benefits you are entitled to.

But there's a widespread misconception that if you defer your retirement, and then vary your working arrangements, then your pension entitlements will reduce.

The alternatives to conventional retirement outlined in this leaflet all have the effect of protecting, and even enhancing, your pension income.

If you defer retirement by moving into part-time work or agreeing a shift into a less responsible role, you will continue to build up entitlement under the rules for calculating your pension. But when you do retire, the calculation can be made on your equivalent full-time income or previous higher salary.

If you retire and then resume work, your pension will continue to be paid at the full level in almost all circumstances. Only if you're under 60 and your pension + earnings add up to more than your pay at retirement could your pension be affected.

So flexing your retirement needn't reduce your pension benefits. In most cases, it will actually help to increase your retirement income.

Your Options

Wind down

As an alternative to simply retiring, you can wind down by working fewer days in your current post. Pensions for part-time staff are calculated on the whole time equivalent salary, so if you wind down rather than retire, this should not reduce your eventual pension. In the meantime, you will continue to build up pension entitlement. A difference may occur where special allowances, for example a night shift allowance, are not attached to the part-time role.

Pat is 54, a senior staff nurse, with almost 20 years pensionable service. She has been thinking about retiring at 55 to devote more time to gardening and other hobbies, but knows her pension will be only 25% (20/80ths) of her present income. She wants more time of her own, so she renegotiates her role to start working half-weeks of two and three days alternately. She carries on working part-time until 61.

During this period, Pat earns 50% of her previous staff nurse salary and over the 6 years adds a further 3 years to her eventual pension entitlement. When she retires, her pension is still calculated on the equivalent full-time salary for her job.

Neil is a Laboratory technician, aged 58, with 32 years pensionable service. He wants to spend more time at home helping with the grandchildren who he and his wife are looking after while their daughter and her husband are out at work. But he doesn't want to stop working altogether. So he moves into a part-time role, working 2/3rds of the hours he used to. He eventually retires at 64.

Working part-time he earns 66% of his previous salary, instead of a pension of 32/80ths (40%). When he does retire, 6 years later, his pension is calculated on the full-time pay of the job. And added to that will be a further 4/80ths - the equivalent of 4 full years service built up working 66% part-time over 6 years.

Your Options

Step down

It might be the pressure and responsibilities of your current role that you want to give up, without leaving work altogether. If so, you could look to step down into a less demanding job on lower pay, but which still makes good use of your skills and experience. With the formal agreement of your manager, the pension you had already earned before the step down could be frozen. You would then start a second pension based on your stepped down pay. When you finally retire you would receive both pensions added together. The frozen pension would also be kept up to date with cost of living increases during this period.

For the Last 10 years, Helen has been a busy Clinical Manager on the management pay scale. She is 56 and could retire now with 24 years pensionable service. But whilst she is ready for a change, she still enjoys many aspects of her work. With the formal agreement of her Trust to freeze her pensionable pay at the previous level, she applies for a job as a 6 grade diabetic liaison nurse, working in outpatients, the medical wards and community. Helen gets the job. Her salary in the new role is 30% lower; she works for a further 4 years, retiring at 60.

Her income while she continues to work is 70% of her previous earnings, rather than a pension of 24/80ths (30%). When she does retire, her pension is calculated on her earnings as a Clinical Manager, with the addition of 4 extra years entitlement at the Lower earnings Level.

Your Options

Retire and come back

Taking your pension does not mean you have to stop working. If you're over 60, the amount you earn should have no effect on your pension income. If you're under age 60, your pension can be affected but not until your pre-retirement pay*. In both cases you and your employer will need to make sure that whatever age you are when you retire, you do not work for more than 16 hours a week in the first month of your retirement. Once you start drawing your pension you can't build up any further pension benefits.

Jean is an Occupational Therapist approaching her 60th birthday, with 30 years of pensionable service. She has always intended to retire at this age, but as it gets closer she realises she'll miss the teamwork and involvement with patients. So she discusses with her manager the possibility of part-time work, helping to cover holiday period for other team members and providing continuity of contact for patients. The arrangement is flexible, but over the course of a year averages 2 days a week.

In retirement Jean has a pension of 30/80ths of her pay at retirement. She also earns 2/5ths of her previous salary from the flexible part-time work. This has no effect on her pension.

*This restriction does not apply if you retire early with an actuarially reduced pension.

Winter peaks

Working when you're needed most

Your own experience will have taught you how winter can intensify pressure on the NHS. More people become ill; hospital admissions increase; staff can fall victim to flu and other illnesses. Winter may also be the time when, once you have retired, you have least opportunity to enjoy your leisure time. Cold wet weather, short days, fewer chances to get out and about.

If you are planning to retire, you may like to think about coming into work if needed in these peak winter months, or at other times. As this leaflet illustrates, your pension should not be affected in any way. Trusts across the country are starting to keep registers of retired people who will be willing to come in and work for short periods when the situation requires. Talk to your manager or HR Department if you are interested.

NHS Pensions Helpline

It's important that before taking any decision about flexing your retirement, you get clarification from the NHS Pensions Agency. The illustrations used in this leaflet provide only an outline of the full picture, and individual circumstances will vary. **For more detailed information on your own pension position, call the NHS Pensions Helpline and have your pension reference or National Insurance number ready.**
Tel: 01253 774440.

The Pensions Helpline is open:
Monday to Thursday, 8.30am - 5.00pm
Friday, 8.30am - 4.30pm

If your enquiry is not about flexing your retirement, please call 01253 774774.

Glossary

Pensionable earnings: The earnings on which a pension is calculated are usually the whole time equivalent salary in the best of the last three years of employment. Overtime is excluded.

Pensionable service: The number of years an employee has been part of the NHS Pension Scheme, with contributions made from salary and from employers. It is calculated as whole time equivalents, and each full year adds 1/80th to the pension calculation.

Pension entitlement: Pensioners receive 1/80th of pensionable earnings for each full year they have been a member of the scheme and making contributions.

Lump sum: On retirement pensioners will receive a lump sum of 3 times annual pension entitlement.

Retirement age: Most people can take pension benefits from the age of 60, although many nurses and staff in mental health services are able to take their pension at age 55. There are no rules to prevent retired people returning to work in the NHS, but until they have reached 60* their earnings plus pension must not exceed their pay at retirement.

Life Assurance benefits: Before retirement, NHS Pension Scheme members are eligible for a death benefit of 2 times salary to be paid to their spouse or estate. Once a member retires, this benefit is reduced according to the amount of pension and lump sum already paid.

*Pensioners under 60 who have taken an actuarially reduced pension are excluded from this condition.