

NHS Pension Scheme

2020/06

| | |
|-------------------------|--|
| Who should read: | <ul style="list-style-type: none">• NHS HR and Payroll Managers• GP Practice Managers• Practitioner Service Division (PSD) |
| Action: | Read and circulate to all interested parties. Employers to ensure they are taking the correct administrative action in relation to returning members' eligibility to join the NHS Pension Schemes. |
| Subject: | COVID-19 guidance for recently retired staff returning to the NHS |
| Date: | 15 April 2020 |

The purpose of this circular is to advise Employers of the suspension of the NHS Pension Scheme rules to allow retired staff to return to work to tackle the COVID-19 outbreak. Also, to provide instructions to employers on the pension administration actions they need to take with regards to returning retired members.

Key information in this circular:

1. The Coronavirus Act 2020 contains temporary measures that suspend the following scheme rules:

- The 16-hour rule in the 1995 Section which currently prevents staff who return to work from working more than 16-hours pw in the first month following retirement.
- Abatement for special class status members in the 1995 Section.
- The requirement for staff in the 2008 Section and 2015 NHS Pension Scheme to reduce their pensionable pay by 10% if they elect to 'draw down' a portion of their benefits and continue working.

2. Retired members of the 1995 section of the NHS Superannuation Scheme (the majority of the returning retired members) are not eligible to re-join the NHS Superannuation Scheme or the NHS Pension Scheme 2015. A starter form should not be sent to SPPA in respect of these members and they should not have NHS Pension Scheme contributions deducted from their pay. If employers are unsure what scheme the returning member retired from, they should submit a starter to SPPA.

Employers should check Automatic Enrolment guidance to ensure compliance with their employer duties to provide a qualifying pension scheme for employees that meet the criteria.

Background

1. Suspension of NHS Pension Scheme rules

The measures predominantly affect members of the 1995 Section, although a smaller number of members could be affected by draw down abatement in the 2008 Section and the 2015 Scheme.

- Temporary suspension of the 16-hour rule

This rule currently prevents members who return to work after retirement from the 1995 Section of the NHS Pension Scheme from working more than 16 hours per week in the first calendar month after retirement.

Suspension of this rule also allows members to return immediately to work after taking a minimum 24-hour retirement and continue their existing working commitments, or increase them, whilst they are in receipt of their full pension benefits.

- Temporary suspension of abatement for special class status holders in the 1995 Section

This will remove a barrier which stops special class nurses and mental health officers aged 55 to 60 years old, who have claimed their pension benefits, from returning to work without having their pension reduced or suspended based on their earnings

Please note: The abatement rules also apply to people who have retired on ill health grounds or in the interests of the efficiency of the service, along with a limited class of persons who have retired on redundancy grounds. These measures do not suspend the abatement rules that apply to these groups

- Temporary suspension of abatement in the 2008 Section and 2015 Scheme

This is where a person has elected to 'draw down' a portion of their benefits and subsequently wishes to increase their earnings or commitment to the NHS so that they are in excess of 90% of the level before draw down was taken.

2. Employer administrative actions for returning retired members

- 1995 Section pensioners are not entitled to re-join the scheme

With the exception of members who retired on ill health. Members who have remained in the 1995 Section until retirement and retired after 30 September 2009 are not eligible to re-join the NHS Pension Scheme. Most members who have recently retired will be 1995 section members with a normal pension age of 60.

A starter should not be sent to SPPA in respect of these members and NHS Pension Scheme contributions should not be deducted from pay. Under auto-enrolment rules, as these members are not eligible to join the NHS Pension Scheme, they may need to be enrolled in another pension scheme, NEST for example.

- 2008 Section pensioners and 2015 Scheme pensioners are entitled to re-join the scheme

A 2008 section pensioner will automatically return to the 2008 section or the 2015 Scheme depending on their protection status and when they retired.

A 2015 scheme pensioner will automatically re-join the 2015 Scheme.

SPPA will ensure members are put into the correct scheme and a starter form should be sent to SPPA in respect of these members. NHS Pension Scheme contributions should be automatically deducted from pay.

A Question and Answer can be found in **Annex A**.

Any questions?

Please contact greg.walker@gov.scot if you have any enquiries about this circular

For all other general enquiries, please contact sppacontactus@gov.scot or 01896 893000.

Greg Walker

Policy Manager

15 April 2020

Annex A - Question and Answer

Question - When will these measures take effect

Under the Act, these measures will take immediate effect from 25 March 2020

Question - What will happen at the end of the outbreak

Following the end of the COVID-19 outbreak, a 6 month notice period will be given to staff and employers at the end of which the relevant sections of the scheme regulations will take effect again. Staff and employers will therefore have 6 months' notice to readjust their working patterns.

Question - Will staff who retire and return qualify for death in service cover?

The NHS Pension Scheme provides death in service cover to active members who are yet to retire to support to a member's partner and dependents should they die before claiming their benefits. Preserved members also have death in service cover.

The Scottish Government is developing firm proposals to offer a time limited death in service provision to those staff outside the NHS Pension Scheme. More information will become available soon.

Question - Do staff who are retiring imminently need to take a 24 hour break before returning to work?

Most members retiring on Age, Voluntary Early Retirement (VER) or where benefits have been deferred must take a 24 hour break in NHS employment/work to access their NHS pension in full. The 24 hour break normally follows a member's last day of NHS employment.

A member can take their 24 hour break from employment on retirement any day of the week, including the weekend or a bank holiday, regardless of their working contracted hours / regular working pattern.

To satisfy the 24 hour rule a member must terminate their contract of service (i.e. contract of employment), or contract for services if they are a self-employed Practitioner or non-GP Provider.

Some employers may require members following their retirement date to take more than a 24 hour break dependent upon the terms & conditions of their contract. However, NHS Pension regulations only require a 24 hour break following the members retirement date.