

NHS Pension Scheme

2024/02

Who should read:

- NHS HR and Payroll Managers
- GP Practice Managers
- Direction Bodies
- Practitioner Service Division (PSD)
- Dental Payments
- Trade Unions

Action:

To read and circulate to scheme members and interested parties

Subject:

- Refreshed Employer Partial Retirement Guidance
- New Requirements for Submission of Retirement Applications
- Price Change for Additional Pension and Early Retirement Reduction Buy Out (ERRBO)

Date:

19 February 2024

The purpose of this circular is to

- **Advise employers that there is refreshed guidance on Partial Retirement available on the SPPA website.**
- **Changes to the pensionability of overtime for employees who have taken partial retirement**
- **Provide an update on Partial Retirement applications and the completion of the Partial Retirement Certificate**
- **Inform employers of new timescales for submission of retirement applications**
- **Advise scheme members of changes to prices used to calculate Additional Pension and ERRBO purchases**

1. Refreshed Employer Guidance on Partial Retirement

SPPA Circular [2023/08](#) was published on 11 August 2023 and contained an employer guide to Flexible Retirement. This guide has now been updated to provide further detail on Partial Retirement which was introduced from 1 October 2023. This includes detail on changes to the pensionability of overtime for staff who have taken Partial Retirement and further FAQs to address recent enquiries from employers.

[Flexible Retirement Employer Guidance](#)

2. Changes to the pensionability of overtime for staff who work part time

Partial Retirement was introduced for member from 1 October 2023, and requires members who take partial retirement to reduce their pensionable pay by at least 10% for the 12 months following partial retirement. For GPs, a 10% reduction in commitment is required.

In some cases, where the employer and employee agree that the individual should continue to work in the same role, with no reduction in working hours, commitments or responsibilities, employers may review the structure of the employee's remuneration to achieve the 10% reduction in pensionable pay. This could be achieved by reducing an employee's core pensionable contract and the employee working discretionary, non-pensionable overtime.

SPPA recently [consulted](#) on a change to the definition of "overtime" in the scheme regulations which confirms that any overtime or additional hours worked by employees within their first 12 months of taking partial retirement is non-pensionable. This includes all additional work above their contracted hours. This facility is important for members who take partial retirement but wish to continue working at 100% capacity. They would achieve this by reducing their contracted hours by at least 10% following a partial retirement election and continuing to work additional sessions up to 100% as non-pensionable overtime.

A consultation response will be published shortly which will confirm our intention to proceed to implement this change retrospectively. Employers are therefore able to access this facility with immediate effect.

3. Partial Retirement Applications and the completion of the Partial Retirement Certificate

Employers should note that applications for Partial Retirement which do not have the Partial Retirement Certificate completed cannot be processed. In order to accept an application from a member for Partial Retirement, SPPA must have confirmation from the Employer that the member's terms and conditions of employment have been changed to achieve a reduction in pensionable pay of at least 10 per cent (or reduced their commitment by 10% for GPs, dental practitioners, ophthalmic practitioners, or non-GP providers), and that the reduction in pensionable pay is expected to be in place for 12 months starting from their chosen partial retirement date.

Applications for Partial Retirement which are submitted without a completed Partial Retirement Certificate will be returned to the employer and the member's retirement may be delayed. The Partial Retirement Certificate is found in the application forms NHS:RET or PRAC:RET available on the [SPPA website](#).

4. Inform employers of timescales for submission of retirement applications

SPPA appreciate employer’s ongoing collaboration in ensuring the seamless transition of our members into retirement. As part of our commitment to timely and accurate pension payments, we want to stress the importance of submitting retirement applications well in advance.

Currently, approximately 34% of retirement applications are received late (within 3 months of retirement date), posing challenges in guaranteeing on-time payments to our members. To address this and accommodate the additional calculations required for remedy provisions, the deadline for receipt of applications has been increased to 4 months before the member's retirement date.

The following is a schedule for 2024 of when fully completed applications must be received by SPPA to ensure payments are made on time:

Retirement Month	Applications Required By
March 2024	Due February 2024
April 2024	Due February 2024
May 2024	Due February 2024
June 2024	End of February 2024
July 2024	End of March 2024
August 2024	End of April 2024
September 2024	End of May 2024
October 2024	End of June 2024
November 2024	End of July 2024
December 2024	End of August 2024

We are working on a first come first served basis and do not have the ability to fast track late applications. Please ensure that members considering retirement are fully aware that late applications will result in delays in receiving their pension benefits. We understand the pressures that employers are under, and especially payroll teams, and acknowledge your assistance in helping us to maintain the high standard of service our members deserve.

You can find more information on the SPPA [website](#).

5. Price Change for Additional Pension Payment and ERRBO

Following a change to the discount rate used for public service pension schemes that HM Treasury announced on 30 March 2023, the prices used to calculate Additional Pension purchases have changed. These will be implemented from 1 April 2024. All members who are currently paying monthly contributions to purchase Additional Pension will be contacted shortly.

In general, the cost to purchase Additional Pension has increased. Members who wish to purchase Additional Pension by a single lump sum may wish to do so prior to the price increase in April 2024.

There has also been a price increase for Early Retirement Reduction Buy Out agreements. Members who have entered into such an agreement will also be contacted shortly regarding the increase.

Any questions?

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

SPPA Policy
19 February 2024