



Navigate your pension, achieve your dreams

# A clear guide to the 1995 / 2008 pension scheme (1995/2008)





# *Contents*

<b>Introduction</b>	<b>1</b>
<b>Membership</b>	<b>1</b>
<b>How Your Pension Builds</b>	<b>2</b>
<b>Enhancing NHS Pension</b>	<b>2</b>
<b>Leaving and Rejoining and Transfers</b>	<b>4</b>
<b>Retirement and Lump Sum</b>	<b>4</b>
<b>Early, Late, Partial Retirement</b>	<b>6</b>
<b>Ill health assurance benefits</b>	<b>7</b>
<b>Dependants and Survivor Pension</b>	<b>8</b>
<b>Tax Revaluation and Allowance</b>	<b>10</b>
<b>Summary and Next Steps</b>	<b>11</b>

# 1995/2008 NHS pension scheme

## Introduction & Scheme Overview

The 1995 and 2008 sections of the NHS Pension Scheme were created to provide NHS staff with a guaranteed, inflation-protected income for life. Although both sections are now closed to new members, existing members retain all the benefits they earned before they moved to the 2015 Scheme. As a result, your final pension may include two or more parts, reflecting your membership across different sections. It will be paid in line with your section's Normal Pension Age (NPA) — age 60 for the 1995 Section and age 65 for the 2008 Section. At Wealth Genius, we help NHS professionals understand how the benefits from different sections fit into a complete retirement strategy.

## 2. Membership, Eligibility & Contributions

The 1995 and 2008 Sections of the NHS Pension Scheme closed to future accrual on 31 March 2022. From 1st April 2022 all active contributing members of the NHS Pension scheme were moved to the 2015 scheme. You remain a member of either the 1995/2008 scheme if you worked in the NHS before April 2015 and have not taken a refund or transferred your pension. You cannot build new benefits if you are over 75, have 45 years of pensionable service, or are not in NHS pensionable work.

The 1995 and 2008 Sections are final salary schemes, which differ from the Career Average Revalued Earnings (CARE) structure used in the 2015 NHS Pension Scheme.

<b>Annual Pensionable Pay</b>	<b>Contribution Rate (2025/26)</b>
Up to £13,259	5.2%
£13,260 – £27,797	6.5%
£27,798 – £33,868	8.3%
£33,869 – £50,845	9.8%
£50,846 – £65,190	10.7%
£65,191 and above	12.5%

Your employer contributes 20.6%, making the NHS Pension Scheme one of the most valuable public-sector pension arrangements in the UK.

Contribution rates shown are based on NHS Pension Scheme member contribution tiers for the 2023/24 scheme year.

Disclaimer:

Tax treatment varies according to individual circumstances and is subject to change.

### 3. How Your Pension Builds

Your pension is based on your pensionable pay and years of membership.

Section	Accrual Rate	Basis
1995	1/80th	Final year's pay × years of service
2008	1/60th	Best 3 consecutive years (in last 10) × years of service
Practitioner 1995	1.4%	Of total career earnings each year
Practitioner 2008	1.87%	Of total career earnings each year

#### Example:

A 30-year member with a pensionable pay of £45,000:

→ 1995 Section: *£16,875 annual pension + £50,625 lump sum*

→ 2008 Section: *£22,500 annual pension (optional lump sum up to £75,000)*

All NHS pensions rise annually in line with Consumer Prices Index (CPI) inflation to preserve real value.



### 4. Enhancing Your NHS Pension

You can increase your benefits through Additional Pension (AP) or Money Purchase AVCs (MPAVCs).



<b>Option</b>	<b>Details</b>
Additional Pension (AP)	Buy up to £5,000 extra pension (in £250 increments) via lump sum or instalments (1–20 years). Revalued annually with CPI.
Money Purchase AVCs	Contribute through approved providers (Standard Life / Prudential). Up to 25% may be taken tax-free at retirement.
Annual Allowance (AA)	£60,000 (maximum growth per tax year).
Lifetime Allowance (LTA)	Abolished from April 2024; max tax-free lump sum remains £268,275.
MPAA	£10,000 for flexible-access pensions.

These options allow NHS members to strengthen their retirement income within HMRC's tax-efficient framework.

**Disclaimer:**

Tax treatment varies according to individual circumstances and is subject to change.

## 5. Leaving, Rejoining & Transfers

If you leave NHS employment, your benefits remain protected.

<b>Membership Period</b>	<b>Your Options</b>
--------------------------	---------------------

Under 2 years	Refund (taxed) or transfer to another pension scheme.
---------------	---

2+ years	Pension preserved and revalued annually with CPI until retirement.
----------	--

- Transfers into the NHS Scheme must be requested within 12 months of joining.
- If you rejoin within 5 years, your earlier service links to your new membership.
- Refunds are taxed at 20% on the first £20,000 and 50% above £20,000.

Your preserved benefits grow each April in line with inflation, ensuring they maintain value until you retire. Preserved benefits are payable at your section's Normal Pension Age (1995 Section: age 60, 2008 Section: age 65, and 2015 Scheme: State Pension Age).

## 6. Retirement Options & Lump Sum Benefits

### Normal Pension Age (NPA)

Your Normal Pension Age is the age at which you can take your full, unreduced NHS pension.

<b>Scheme Section</b>	<b>Normal Pension Age</b>	<b>Earliest Age for Reduced Pension</b>
1995 Section	60 (or 55 for Special Class members such as certain nurses, midwives, and physiotherapists)	From 50 (if joined before April 2006) or from 55
2008 Section	65	From 55

Retiring early will reduce your pension to reflect the longer payment period.  
How Your Pension Is Calculated:

## How Your Pension Is Calculated

Section	Formula	Lump Sum Option
1995 Section (Officers)	$1/80 \times \text{final salary} \times \text{years of service}$	Automatic lump sum of 3× pension
2008 Section (Officers)	$1/60 \times \text{best 3 consecutive years (in last 10)} \times \text{years of service}$	Optional lump sum (up to 25% of value)
Practitioner (1995)	1.4% of total career earnings per year	Automatic lump sum (3× pension)
Practitioner (2008)	1.87% of total career earnings per year	Optional lump sum (up to 25%)

### Example:

30 years' service at £45,000 salary →

- 1995 Section: £16,875 pension + £50,625 lump sum
- 2008 Section: £22,500 pension (optional £75,000 lump sum)



## Lump Sum Rules

Section	Lump Sum Structure
1995 Section	Automatic 3× annual pension (tax-free within HMRC limits)
2008 Section	Optional: exchange £1 of pension for £12 of lump sum (up to 25% cap)

All lump sums are paid tax-free under current HMRC rules.



## 7 – Early, Late & Partial Retirement

### Early Retirement

- Pension can be taken early, either from 50 or 55 depending on section.
  - Benefits are reduced by approximately 20–25% if they are taken five years early.
  - Reduction is confirmed in your NHS retirement estimate.
- Special Class members may retire from age 55 without reduction, subject to eligibility.

### Late Retirement

- You can continue working and contributing up to the age of 75.
- Pensions taken after NPA are enhanced to reflect later payment start.
- No backdating or interest applies, your uplifted pension replaces missed payments.

### Partial Retirement (“Draw and Continue”)

Allows you to:

- Take up to 75% of your pension while still working part-time
- Continue earning and contributing towards the remaining balance.

Conditions:

You must:

- be at least 55 years old,
- Reduce your pensionable pay by at least 10%,
- Gain employer approval.

Partial retirement offers flexibility. It is ideal for those easing into retirement gradually.

## 8 – III Health & Life Assurance Benefits

### III Health Retirement

There are two levels of benefits depending on medical assessment:

<b>Tier</b>	<b>Eligibility</b>	<b>Benefit</b>
Tier 1	Permanently unable to perform current NHS role	Pension based on actual service (no enhancement)
Tier 2	Permanently unable to undertake any regular employment before NPA	Pension based on service + enhancement (two-thirds of remaining service to NPA)

Applications require supporting medical evidence approved by NHS Pensions' medical advisers.

### Serious III Health Lump Sum

If you have a terminal illness (life expectancy < 12 months), you can receive your pension as a lump sum. This is normally tax-free if it's paid before the age of 75

### Death in Service

<b>Benefit Type</b>	<b>Payment</b>
Lump Sum	2× actual annual pensionable pay to nominated beneficiary
Short-Term Pension	Dependants receive your full pensionable pay for 6 months
Family Pension	Ongoing pension for spouse, civil partner, or nominated partner

Complete form DB2 (Death Benefit Nomination) to ensure lump sums go to your chosen recipient.



## 9 – Dependants & Survivor Pensions

### Recognised Dependants

<b>Dependant Type</b>	<b>Eligibility</b>
Spouse/Civil Partner	Automatically entitled to survivor pension
Eligible Partner	Must be nominated and financially interdependent
Dependent Children	Under 23 and in full-time education (or permanently incapacitated)

### Dependants' Pension Benefits

<b>Type</b>	<b>1995 Section</b>	<b>2008 Section</b>
Spouse/Civil Partner Pension	50% of your pension	37.5% of your pension
Eligible Partner	Same as spouse	Same as 1995 Section
Children's Pension	25% for one child, or 50% shared between two or more	Same as 1995 Section

Pensions rise each year with CPI inflation.

## Death After Retirement

Condition	Benefit
Death within 5 years of retirement	Lump sum equal to the remaining balance of 5 years' pension (normally tax-free if paid within 2 years, subject to individual circumstances)
Death after 5 years	No lump sum, but survivor pension continues
Inflation Protection	All continuing pensions are revalued annually in line with the Consumer Prices Index (CPI).

### Example:

If you retired with a £20,000 pension and died after 2 years, your family would receive £60,000 (3 years' remaining pension) plus a dependents' pensions.



### Note:

Class members in the 1995 Section may retire at 55 without reduction.

## 10 – Tax, Revaluation & Allowances

### Annual & Lifetime Allowances

Allowance	Limit (2024/25)	Notes
Annual Allowance (AA)	£60,000	Pension growth limit before tax applies
Lifetime Allowance (LTA)	Abolished	Max tax-free lump sum: £268,275
MPAA (Flexible Access)	£10,000	Applies to defined contribution savings only

NHS Pensions will issue an “Annual Allowance Pension Savings Statement” if your pension growth exceeds £60,000.

### Revaluation (Inflation Protection)

Stage	Increase Method
Before retirement	Revalued each April by Treasury Order (based on CPI)
After retirement	Increased annually under the Pensions Increase Act 1971 (CPI-linked)

Example:

If CPI inflation = 3%, a £18,000 pension becomes £18,540 the following year.

### Taxation of Pension Income

- The first 25% of benefits (including lump sum) are tax-free (subject to HMRC limits).
- The remaining income is taxed via PAYE.
- NHS Pensions applies your HMRC tax code to monthly payments.

### Scheme Pays Option

If you owe an Annual Allowance tax charge, NHS Pensions can pay it on your behalf using your pension entitlement (Scheme Pays).

Available for charges above £2,000 or voluntary amounts.

## 11 – Summary of Key Features

Feature	1995 Section	2008 Section
Normal Pension Age	60	65
Accrual Rate	1/80 + automatic 3× pension lump sum	1/60 + optional lump sum
Lump Sum	3× pension (automatic)	Up to 25% (optional)
Survivor Pension	50% of your pension	37.5% of your pension
Maximum Service	45 years	45 years
Revaluation	CPI-linked (Treasury Order)	CPI-linked (Treasury Order)

Both sections provide guaranteed, index-linked benefits backed by the UK Government.

## 12 – Next Steps and how Wealth Genius can support you

### What You Can Do Now

#### 1. Check Your Pension Record

Review your NHS Total Reward Statement for up-to-date service and pay details.

#### 2. Update Your Nominations

Ensure DB2 (Death Benefit Nomination) and Partner Nomination forms are current.

#### 3. Understand the McCloud Remedy

If you were in service between 1 April 2015 and 31 March 2022, your benefits may be adjusted at retirement.

#### 4. Plan with Confidence

Consider how your NHS benefits align with personal pensions, savings, or investments.

### How Wealth Genius Can Help

At Wealth Genius, we guide NHS professionals through complex pension decisions with clarity and care.

We offer:

- A detailed pension and tax analysis
- A McCloud remedy impact assessment
- Partial retirement and Scheme Pays guidance

Tailored retirement planning to make your pension simple, compliant, and empowering.

## About Us:

Wealth Genius is a specialist financial planning firm. Our dedicated team have in-depth knowledge of the NHS pension system, and the careers paths of doctors, dentists, GPs and locums. We are committed to delivering a personalized, face-to-face service.

We are part of the Quilter Financial Planning network, one of the UK's largest advice networks, dedicated since 2006 to helping clients secure their financial futures.

## Contact:

Wealth Genius, Beaufort Park, Lisvane, Cardiff, CF14 0AU

Email: [support@WealthGenius.co.uk](mailto:support@WealthGenius.co.uk)

Website: [www.WealthGenius.co.uk](http://www.WealthGenius.co.uk)

## How we use your information

For more information about how we process your personal data, see our privacy notice: <https://www.quilter.com/important-information/privacy-notices/appointed-representative-privacy-notice/>

# NHS pension scheme

## 1995 / 2008 Sections



## Disclaimer:

Tax treatment varies according to individual circumstances and is subject to change.