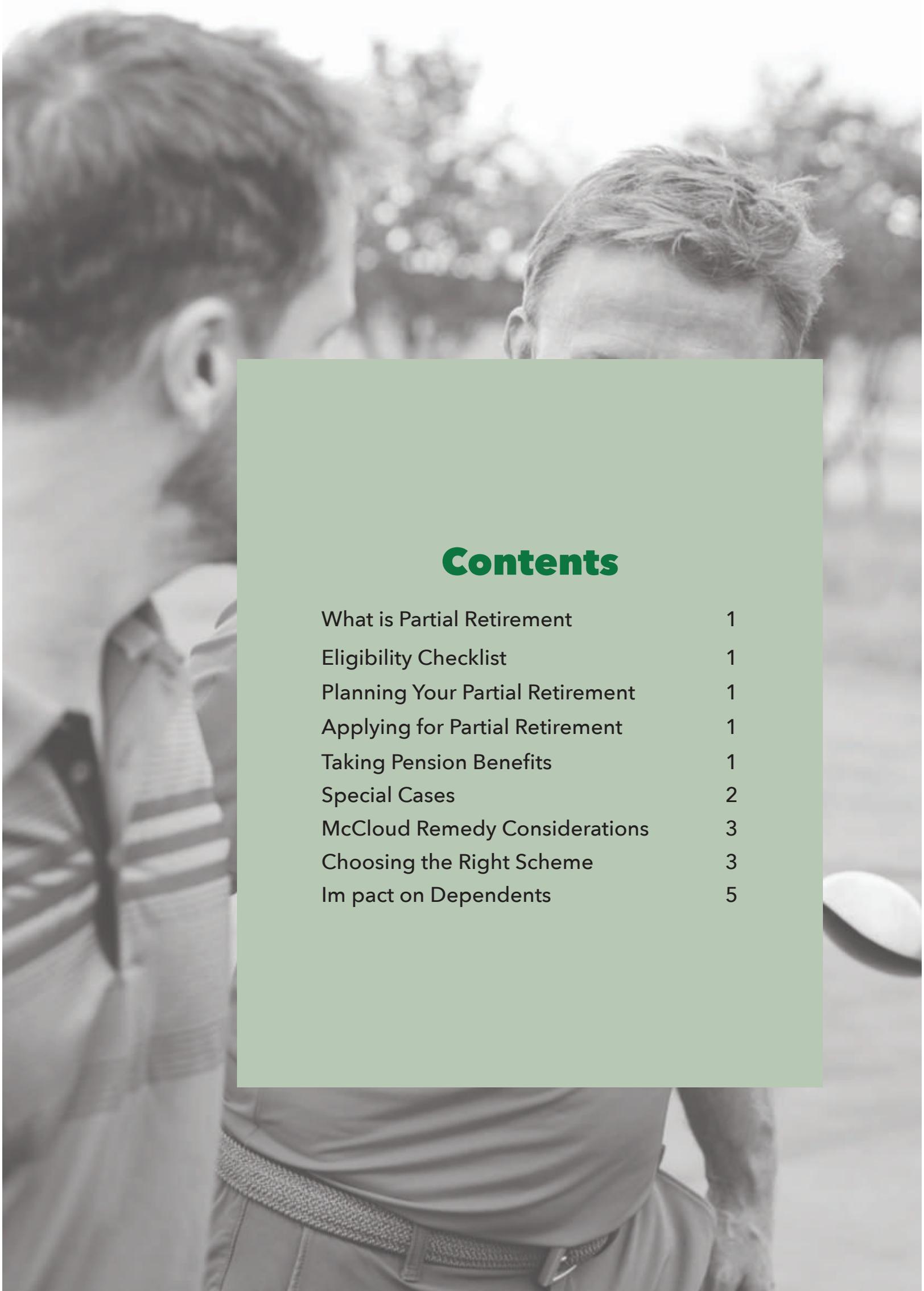




A clear guide to navigating your partial retirement

Prepare your next steps at your pace.



A black and white photograph of two men in business attire (suits and ties) standing outdoors and talking. The man on the left is seen in profile, looking towards the man on the right. The background is a blurred outdoor setting with trees.

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Partial Retirement

Understanding how to plan your next steps to your dream retirement via the NHS Pension Scheme.

1. What is Partial Retirement?

Partial retirement, or drawdown, allows NHS Pension Scheme members aged 55+ (or 50+ with a protected minimum pension age) to take part or all of their pension whilst still working. You'll receive monthly pension payments and continue to build further pension benefits. Partial retirement is available to all members of the 1995, 2008, and 2015 NHS Pension Schemes.

2. Eligibility Checklist

To qualify, you must:

- Be 55+ (or 50+ with protection).
- Be actively paying contributions into the NHS Pension Scheme.
If you opted out of the NHS pension scheme, you are not eligible.
- Reduce your pensionable pay by at least 10% for 12 months.
- Reduce your commitment by 10% (for GPs, Dental practitioners, and Ophthalmic and GP providers)
- Update your employment terms to reflect the pay reduction.
- Not have taken partial retirement more than twice.

Note: Pay awards like Agenda for Change do not affect the 10% reduction requirement.

3. Planning Your Partial Retirement

Before applying, you must:

- Agree your new working arrangements with HR (e.g. changing your level of responsibility, working less hours, or moving to a lower band).
- Ensure your pensionable pay stays reduced for 12 months.
- You can still do non-pensionable work like overtime or bank shifts.
- If you increase your pensionable pay above 90% during the 12-month period, you're no longer eligible for pension you've already taken.

It's important to note: if you take partial retirement BEFORE your normal pension age, your pension

benefits are reduced. This is because you are being paid early. Your normal pension for each scheme is:
1995: age 60
2008: age 65
2015: age 65 or your State Pension age (whichever is later)

4. Applying for Partial Retirement

Steps to apply:

1. Talk to HR about reducing your pensionable pay.
2. Use the Partial Retirement Calculator to decide how much pension to take.
3. Complete the AW8 Retirement Benefits Claim Form and the Partial Retirement Supplementary Form.
4. Submit both forms to your employer at least 3 months before your retirement date.
5. Begin your new working arrangement and start receiving your pension.



5. Taking Pension Benefits

You can take between 20% and 100% of your pension benefits while continuing to build pension in the 2015 scheme.

Use the Partial Retirement Calculator to work out how much pension to take without significantly reducing your overall benefits.

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

Scenario

Sandra has £10,000 of pension benefits in the 1995 scheme, and £2000 in 2015 scheme. She chooses

to take 80% of her benefits = £9,600
This is taken from her 1995 pot. This leaves her with £400 leftover in her 1995 pot + £2000 from her 2015 pot = £2,400

Lump sums

If you have a 1995 scheme benefits, you automatically get a lump sum from your 1995 pension pot when you partially retire. So back to our scenario above: Sandra's taken 80% of her benefits = £9,600 She also gets the lump sum associated with this, which is £28,800 (£9,600 x 3).

If you are on the 2008/2015 scheme, you don't automatically get a lump sum. You can choose to get one by giving up some of your pension. This is known as 'commutation.' If you're on 1995 scheme you can commute more of your pension for a larger lump sum when you partially retire.

6: Special Cases

Maximum service 1995 scheme

If you reached maximum membership in 1995 scheme and stopped paying contributions, you can't access pension benefits from that scheme with partial retirement. If you want to access them, then you need to retire and rejoin the 2015 scheme. Maximum membership in 1995 scheme is 45 years. If you're 75+, you've reached maximum membership.

2008 scheme

If you reached maximum membership in 2008 scheme, you can access those pension benefits with partial retirement. Maximum membership in 2008 scheme is 45 years. If you're 75+ , you've reached maximum membership.

Added pension or additional years

You can claim your additional pension or years at the same time as your partial retirement. If you take more benefits through partial retirement than what's in your scheme, then your added benefits are automatically paid. If you don't, then you can

choose whether you claim your additional benefits.

Scenario: Alex has:
£6,000 in his 1995 pension pot.
£2,000 in additional pension he purchased for this pot.
£4,000 in 2015 scheme.

His total pension is
 $6000 + 2000 + 4000 = £12,000$.

Alex wants to take 90% of his pension

through partial retirement. (£10,800)

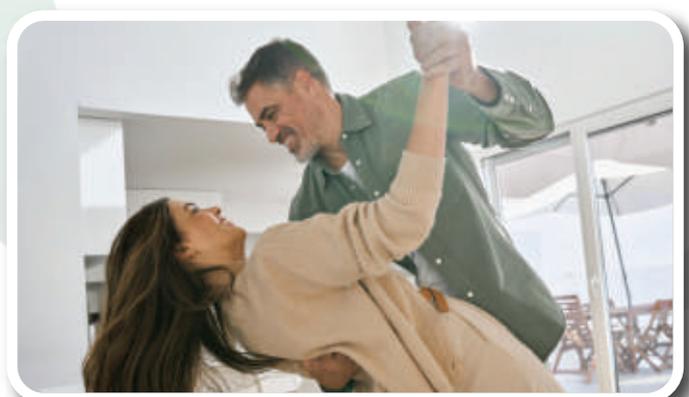
So, he takes all of 1995 pot, all of his additional pension, and some of his 2015 scheme. $6000 + 2000 + 2800 = £10,800$

Please note:

Additional benefits are always paid in full. It's not necessarily advantageous to take your additional benefits early, because they will be reduced. If you haven't finished paying them, they'll be adjusted based on what you've paid so far.

Opting out

If you opt out of the NHS pensions scheme after taking Partial Retirement, this will go into effect at the end of your next pay period (usually end of the month). You won't be entitled to ill health



retirement or death in service benefits. You must stay an active member for at least one day after partial retirement.

Taking partial retirement more than once
You can claim partial retirement twice before retiring fully. Full retirement is a 24-hour break in your contract of employment. You don't need to take a 24-hour break to claim partial retirement. If you took partial retirement in 2008 scheme, before you moved to 2015 scheme, then you can only take partial retirement once more.

7. McCloud Remedy Considerations

If affected by the McCloud remedy, the period 1 April 2015 – 31 March 2022, your pensionable service for this period will fall under the 1995/2008 scheme.

If this affects you, then you'll be:

- Contacted within 12 months of partial retirement
- Asked to choose which benefits you want to keep (1995/2008 or 2015)

You should make sure you know:

- which scheme gives you the most benefits
- for how long you want to keep working under partial retirement, as this will affect your benefits.

E.g. if you plan to work longer while partially retired then 2015 scheme benefits might better suit you.

- How your choice affects your tax position, your final salary and your future pension growth.

You can:

- use the McCloud Percentage Tool to avoid overpayments and work out your benefits.
- consult Wealth Genius to make an informed decision on partial retirement under McCloud.

8. Choosing the Right Scheme

Choosing the right scheme depends on how long you want to work for whilst partially retired.

2015 Scheme benefits

1. increase annually with inflation
2. late retirement increase for every year worked beyond Normal Pension Age
3. unlinked to final salary

1995 Scheme benefits

1. Does not increase annually with inflation
2. No late retirement increases for years worked beyond normal pension age
3. Linked to final salary



The table below highlights the most advantageous scheme for 4 respective cases. The table is modelled on a band 7 member.

Retirement age	Best Scheme	Reason
Retire early (around 60)	1995 scheme	1995 normal pension age is 60, so you'll receive full benefits and an automatic lump sum. 2015 normal pension age is 67, so you'll receive reduced benefits and no automatic lump sum.
Work until 63 with no significant salary increase	2015 scheme	2015 is based on your pensionable pay for each year, then revalued against inflation until your retire. If your income doesn't change, then your inflation-linked growth could outpace your final salary link in 1995 scheme.
Work until 63 with an expected salary jump	1995 scheme	1995 used your final salary to calculate pension. If your salary increases, then your pension could grow faster than inflation.
Work past 67	2015 scheme	Your pension grows with inflation. You receive late retirement increases for working beyond your normal pension age.

To learn more about the right scheme for you, book a consultation with Wealth Genius' expert NHS financial specialist. They can analyse your individual circumstance, outlining the most advantageous scheme for you.

9. Impact on Dependents

If you die after taking partial retirement, the benefits that your dependants receive will be calculated differently.

Unclaimed benefits

Calculated as twice the percentage of your reckonable pay at death. This percentage is the amount you didn't take under partial retirement. E.g if you took 80% partial retirement, then this percentage is $20\% \times 2 = 40\%$.

The reckonable pay put simply is the average of the best 3 consecutive years of pension in your last 10 years of NHS employment.

Claimed benefits

If you die within 5 years of partial retirement, then dependents receive the lesser of:

1. 5 times your pension minus any pension already taken.
2. Twice the percentage of reckonable pay minus the lump sum you took.

Adult and children's pensions follow the rules for either death in service or death after retirement of your scheme. After the short-term pension ends, your spouse or scheme partner receives an adult dependant's pension for life.

Disclaimer:

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



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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

Website: www.WealthGenius.co.uk



Dinesh Bharwani

FPS, MAP, MBA, STEP Member

Financial Planning Consultant,
Dental & Medical Professionals
Specialist



With over 15 years' experience in the Financial Services Industry, the majority has been spent delivering face-to-face advice and building long-term relationships with clients. Since joining Quilter Financial Advisers, I have worked with both personal and corporate clients providing tailored financial advice. I have attained a Fellowship in Financial Planning which means I have been able to develop expertise in Pension Planning, Investments, Protection, and Inheritance Tax Planning.



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