



A clear guide to navigating your partial retirement

Understanding how to plan your next steps towards your dream retirement through the NHS Pension Scheme, at your own pace.

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Section 1

What is partial retirement?

Partial retirement, or drawdown, allows NHS Pension Scheme members to take part or all of their pension whilst still working. You receive monthly pension payments and continue to build further pension benefits.

55+

Minimum age, or **50+** if you have a protected minimum pension age

3 schemes

Available to members of the **1995, 2008 and 2015** NHS Pension Schemes

Monthly

Pension payments while you **keep building** more pension

Section 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 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.

Please note: Pay awards such as Agenda for Change do not affect the 10% reduction requirement.

Planning your partial retirement

Before applying, you must:

1

Agree your new working arrangements with HR

For example, changing your level of responsibility, working fewer hours, or moving to a lower band.

2

Keep your pensionable pay reduced for 12 months

You can still do non-pensionable work, such as overtime or bank shifts.



Keep below 90% for the full 12 months

If you increase your pensionable pay above 90% during the 12-month period, you are no longer eligible for the pension you have already taken.

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 age for each scheme is:

60

1995 scheme

65

2008 scheme

65 or SPA

2015 scheme: 65 or your State Pension age, whichever is later



Section 4

Applying for partial retirement

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 forms

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

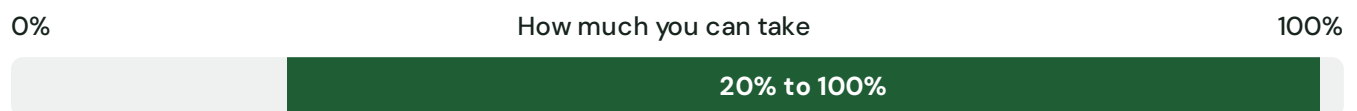
Begin your new working arrangement

And start receiving your pension.

Section 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 is taken from your **1995/2008 benefits first**.



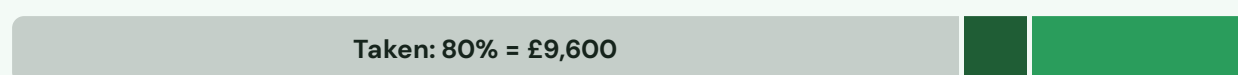
Sandra takes 80% of her pension

Sandra has £10,000 of pension benefits in the 1995 scheme and £2,000 in the 2015 scheme. She chooses to take 80% of her benefits, which is £9,600. This is taken from her 1995 pot first.

Before: £12,000 in total



After partial retirement



Taken as pension
 Left in 1995 scheme: £400
 2015 scheme: £2,000

Left in her 1995 pot	£400
Her 2015 pot	£2,000
Still to take	£2,400

Lump sums

£ 1995 scheme

You automatically get a lump sum from your 1995 pension pot when you partially retire. Sandra gets the lump sum linked to the £9,600 she has taken:

$$£9,600 \times 3 = £28,800$$

↻ 2008 and 2015 schemes

You do not automatically get a lump sum. You can choose to get one by giving up some of your pension. This is known as **commutation**.

In the 1995 scheme, you can also commute more of your pension for a larger lump sum when you partially retire.

Special cases

Maximum service



1995 scheme

If you reached maximum membership and stopped paying contributions, you **cannot** access these benefits through partial retirement. To access them, you need to retire and rejoin the 2015 scheme.



2008 scheme

If you reached maximum membership, you **can** access these benefits through partial retirement.

45 years

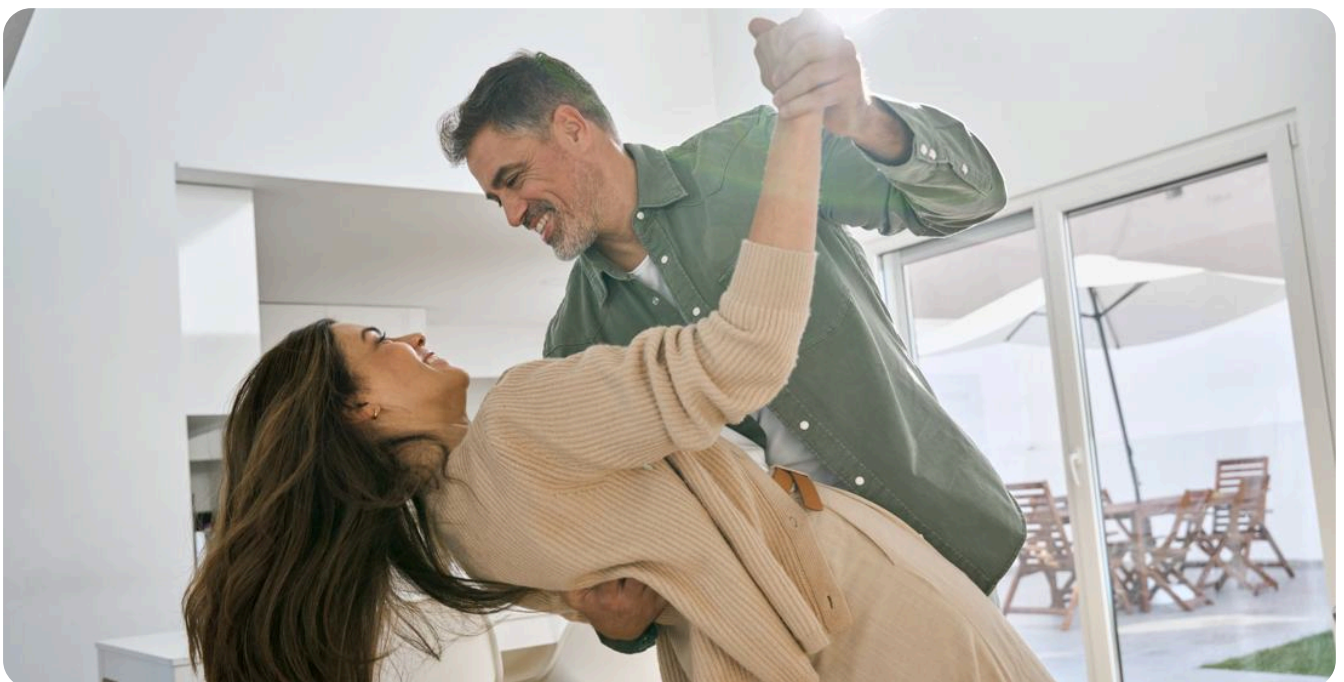
Maximum membership in both the 1995 and 2008 schemes

75+

If you are 75 or over, you have 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 are in your scheme, your added benefits are paid automatically. If you do not, you can choose whether to claim them.



Alex takes 90% of his pension

Alex has £6,000 in his 1995 pension pot, £2,000 of additional pension he bought for that pot, and £4,000 in the 2015 scheme: £12,000 in total. He wants to take 90% (£10,800). He takes all of his 1995 pot, all of his additional pension, and some of his 2015 pension.

His pension: £12,000

1995 £6,000	Added £2,000	2015 scheme £4,000
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Taken: 90% = £10,800

Not taken

£6,000	£2,000	£2,800	
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All of his 1995 pot	£6,000
All of his additional pension	£2,000
Part of his 2015 pension	£2,800
Total taken	£10,800

Please note: Additional benefits are always paid in full. It is not necessarily advantageous to take them early, because they will be reduced. If you have not finished paying for them, they will be adjusted based on what you have paid so far.



Opting out

If you opt out after taking partial retirement, this takes effect at the end of your next pay period (usually the end of the month). You will not 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 it 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 do not need that break to claim partial retirement. If you took it in the 2008 scheme before moving to the 2015 scheme, you can only take it once more.

McCloud remedy considerations

1 April 2015 to 31 March 2022



If the McCloud remedy affects you, your pensionable service for this period falls under the 1995/2008 scheme.

If this affects you, you will be:

1

Contacted within 12 months of partial retirement

2

Asked to choose which benefits you want to keep
1995/2008 or 2015.

Make sure you know

- Which scheme gives you the most benefits.
- How long you want to keep working under partial retirement, as this affects your benefits. If you plan to work longer while partially retired, 2015 scheme benefits might suit you better.
- 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.



Choosing the right scheme

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

	2015 scheme benefits	1995 scheme benefits
Inflation	✓ Increase annually with inflation	✗ Do not increase annually with inflation
Working past NPA	✓ Late retirement increase for every year worked beyond normal pension age	✗ No late retirement increases
Salary link	Not linked to final salary	Linked to final salary

The table below shows the most advantageous scheme in four cases, modelled on a Band 7 member.

Retirement plan	Best scheme	Reason
Retire early (around 60)	1995	1995 normal pension age is 60, so you receive full benefits and an automatic lump sum. 2015 normal pension age is 67, so you would receive reduced benefits and no automatic lump sum.
Work until 63, no significant salary increase	2015	2015 is based on your pensionable pay for each year, revalued against inflation until you retire. If your income does not change, inflation-linked growth could outpace the final salary link in the 1995 scheme.
Work until 63, expecting a salary jump	1995	1995 uses your final salary to calculate your pension. If your salary increases, your pension could grow faster than inflation.
Work past 67	2015	Your pension grows with inflation, and 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 circumstances and outline the most advantageous scheme for you.

Impact on dependants

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

Unclaimed benefits

Calculated as **twice the percentage** of your reckonable pay at death. The percentage is the share you did not take under partial retirement.

Example: you took 80% partial retirement

Not taken

Taken: 80%

20%

Dependants' benefit: $20\% \times 2$

40%

Reckonable pay, put simply, is the average of the best 3 consecutive years of pay in your last 10 years of NHS employment.

Claimed benefits

If you die within 5 years of partial retirement, your dependants receive the **lesser** of:

$5 \times$ pension

minus any pension already taken

OR

$2 \times$ % of pay

twice the percentage of reckonable pay,
minus the lump sum you took

Adult and children's pensions follow your scheme's rules for death in service or death after retirement. 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.

Plan your partial retirement with us

We can help you choose how much to take, which scheme suits your plans, and how it fits with the rest of your finances.

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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 career paths of doctors, dentists, GPs and locums.

We are committed to delivering a personalised, face-to-face service.

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

Part of a wider network

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.

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