



A clear guide to the 1995/2008 pension scheme

Navigate your pension, achieve your dreams: how the 1995 and 2008 sections of the NHS Pension Scheme work, and what they mean for your retirement.

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Section 1

Introduction and scheme overview

The 1995 and 2008 sections of the NHS Pension Scheme were created to give NHS staff a guaranteed, inflation-protected income for life. Both sections are now closed to new members, but existing members keep all the benefits they earned before moving to the 2015 scheme. Your final pension may therefore include two or more parts, reflecting your membership of different sections. Each part is paid in line with its section's normal pension age (NPA).

60

Normal pension age, **1995 section**

65

Normal pension age, **2008 section**

31 Mar 2022

Both sections **closed to future accrual**

Section 2

Membership and eligibility

From 1 April 2022, all active contributing members were moved to the 2015 scheme. You remain a member of 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
- × Are not in NHS pensionable work

Final salary, not career average

The 1995 and 2008 sections are final salary schemes. This differs from the Career Average Revalued Earnings (CARE) structure of the 2015 scheme.

At Wealth Genius, we help NHS professionals understand how the benefits from different sections fit into a complete retirement strategy.

Contributions

What you pay depends on your annual pensionable pay.

Annual pensionable pay	Contribution rate (2025/26)
Up to £13,259	5.2%
£13,260 to £27,797	6.5%
£27,798 to £33,868	8.3%
£33,869 to £50,845	9.8%
£50,846 to £65,190	10.7%
£65,191 and above	12.5%

20.6%

Your employer contributes 20.6%
This makes 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.

How your pension builds

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

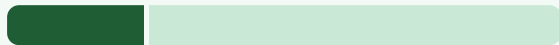
Section	Accrual rate	Basis
1995	1/80th	Final year's pay × years of service
2008	1/60th	Best 3 consecutive years (in last 10) × years of service
Practitioner 1995	1.4%	Of total career earnings each year
Practitioner 2008	1.87%	Of total career earnings each year

Example

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

1995 section

£16,875 pension



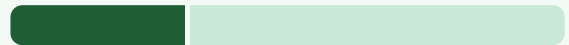
£50,625 lump sum



Annual pension plus an **automatic** lump sum.

2008 section

£22,500 pension

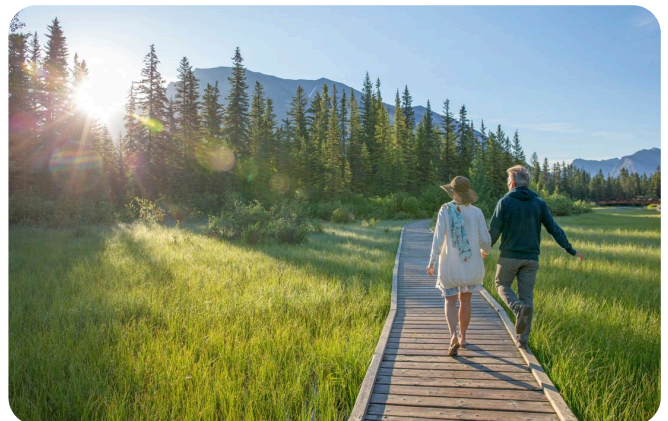


Optional lump sum up to £75,000



Annual pension, with an **optional** lump sum.

i Inflation: All NHS pensions rise each year in line with Consumer Prices Index (CPI) inflation to preserve their real value.



Enhancing your NHS pension

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



Additional Pension (AP)

Buy up to **£5,000** of extra pension, in £250 increments, by lump sum or instalments over 1 to 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.

The limits that apply

£60,000

Annual Allowance (AA):
maximum growth per tax year

£268,275

Maximum tax-free lump sum. The Lifetime Allowance was abolished from April 2024

£10,000

MPAA 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.

Leaving, rejoining and transfers

If you leave NHS employment, your benefits remain protected.

Membership period	Your options
Under 2 years	Refund (taxed) or transfer to another pension scheme
2+ years	Pension preserved and revalued annually with CPI until retirement

12 months

Transfers **into** the NHS scheme must be requested within 12 months of joining

5 years

Rejoin within 5 years and your earlier service **links** to your new membership

20% / 50%

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, so they keep their value until you retire. They are payable at your section's normal pension age:

1995 section

Age 60



2008 section

Age 65



2015 scheme

State Pension age



Retirement options and lump sums

Your normal pension age is the age at which you can take your full, unreduced NHS pension. Retiring early reduces your pension to reflect the longer payment period.

Scheme section	Normal pension age	Earliest age for a reduced pension
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

How your pension is calculated

Section	Formula	Lump sum option
1995 (officers)	$1/80 \times \text{final salary} \times \text{years of service}$	Automatic lump sum of 3× pension
2008 (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%)

Lump sum rules



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 the 25% cap.

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

Early, late and partial retirement



Early retirement

- Pension can be taken early, from 50 or 55 depending on section.
- Benefits are reduced by approximately 20 to 25% if taken five years early.
- The 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 age 75.
- Pensions taken after NPA are enhanced to reflect the later start.
- No backdating or interest applies; your uplifted pension replaces missed payments.

Partial retirement (“draw and continue”)

Partial retirement offers flexibility and suits those easing into retirement gradually. It 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

55+

Be at least 55 years old

10%

Reduce your pensionable pay by at least 10%



Gain employer approval



Ill health and life assurance benefits

There are two levels of ill health benefit, depending on medical assessment.

Tier	Eligibility	Benefit
Tier 1	Permanently unable to perform your 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 need supporting medical evidence approved by NHS Pensions' medical advisers.

Serious ill health lump sum

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

Death in service

2 × pay

Lump sum: 2 × actual annual pensionable pay, to your nominated beneficiary

6 months

Short-term pension: dependants receive your full pensionable pay for 6 months

For life

Family pension: ongoing pension for a spouse, civil partner or nominated partner

i Action: Complete form DB2 (Death Benefit Nomination) to make sure lump sums go to your chosen recipient.

Dependants and survivor pensions

Recognised dependants

Dependant type	Eligibility
Spouse / civil partner	Automatically entitled to a 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

Spouse or civil partner

Share of your pension

1995: 50%

2008: 37.5%

Children

One child

25%

Two or more children

50% shared

Same in both sections.

An eligible partner receives the same as a spouse. 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 the survivor pension continues
Inflation protection	All continuing pensions are revalued annually in line with the Consumer Prices Index (CPI)

Example

A £20,000 pension, and death after 2 years

Year 1
Paid

Year 2
Paid

Year 3
£20,000

Year 4
£20,000

Year 5
£20,000

Your family would receive 3 years' remaining pension, plus dependants' pensions

£60,000

Please note: Special Class members in the 1995 section may retire at 55 without reduction.



Tax, revaluation and allowances

Allowance	Limit (2024/25)	Notes
Annual Allowance (AA)	£60,000	Pension growth limit before tax applies
Lifetime Allowance (LTA)	Abolished	Maximum 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)

This year

£18,000 pension

Next year, if CPI inflation is 3%

£18,540

£18,000

Taxation of pension income

- The first 25% of benefits (including lump sum) is 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. Available for charges above £2,000, or voluntary amounts.

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.

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

Make sure your 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

We guide NHS professionals through complex pension decisions with clarity and care, with tailored retirement planning to make your pension simple, compliant and empowering.

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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.

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.

We offer

A detailed pension and tax analysis

A McCloud remedy impact assessment

Partial retirement and Scheme Pays guidance

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

