

NHS Pension Scheme: Working After Retirement Factsheet

The effect of returning to NHS work (including a Direction Body) after retirement depends on which Section of the NHS Scheme you are a member of and what your last day of pensionable employment was.

In all cases your pension will not be abated if you return to NHS work before age 60/65 as a result of compulsory transfer of a non-NHS post.

Members of the 1995 Section

Returning to NHS work within a month of retirement

If you retire with Age, Voluntary Early Retirement or Deferred Benefits and work in the NHS for more than 16 hours a week within one calendar month of retirement, your pension will be suspended from the day the work begins. You will be able to keep your lump sum.

Your pension will restart when you:

- work 16 hours or less a week for at least one full calendar month, or
- have a break in your contract of at least one full calendar month, or
- stop working in the NHS, or
- reach age 75 (70, if your last day of Scheme membership was before 1 April 2008).

Returning to NHS work before age 60

Any NHS earnings will not affect your pension where:

- your voluntary early retirement or deferred pension has been reduced because of early payment; or
- you are receiving an early retirement pension that has not been enhanced following redundancy (this does not include early retirement in the interests of the efficiency of the service).

In all other cases if you work in the NHS your pension may have to be reduced or suspended until you reach age 60. We call this abatement. If this applies to you, **write to Xafinity Paymaster** at Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH with the details before you go back to work in the NHS. Xafinity Paymaster will then write and tell you the amount you could earn (your “earnings margin”) before your pension is affected. If you do not do this you may be paid too much pension. If this happens you will have to pay the money back.

Pensioners whose last day of pensionable employment was on or after 1 April 2008

The new abatement provisions apply to the following types of pensions:

1. Ill health - under the previous ill health retirement arrangements;
2. Ill health Tier 1 or Tier 2 - under the new ill health retirement arrangements;
3. Early payment of deferred benefits due to ill health;
4. Redundancy – where enhanced benefits are paid under ‘Transitional Protection’ arrangements;
5. Early retirement in the Interests of the efficiency of the service - this is because there is no severance pay so the employer funds the early payment of benefits;
6. Age pensions awarded between ages 55 to 59 to members of the Special Classes/Mental Health Officers.

In the case of types 1 to 5, abatement applies where the earnings from re-employment plus the ‘unearned’ element of the pension in payment exceeds the earnings before retirement.

The ‘unearned’ element is the difference between the annual pension payable and the amount that would have been paid as a reduced pension due to voluntary early retirement. The reduction can be up to the total value of the ‘unearned’ element and will continue until the pensioner reaches age 60 or the earnings from re-employment reduce sufficiently.

If you are in receipt of a Tier 2 pension and become re-employed **anywhere, including outside the NHS**, you should also read the Factsheet “Ill Health Retirement – Returning to work with a Tier 2 pension.” This gives further details of the effects of working after retirement.

In the case of type 6 pensions, abatement applies where the earnings from re-employment plus the gross annual pension exceeds the earnings before retirement. The reduction can be up to the total value of the annual pension and will continue until the pensioner reaches age 60 or the earnings from re-employment reduce sufficiently.

In all cases, the gross pension amount used in the calculation is the amount of pension before reduction to pay for any optional bigger lump sum.

Pensioners whose last day of pensionable employment was on or before 31 March 2008

The previous abatement provisions apply up to age 60 and require that the pension amount is reduced where the new earnings from re-employment plus the gross annual pension exceeds the earnings before retirement. The reduction can be up to the total of the annual pension and continue until the pensioner reaches age 60 or the earnings from re-employment reduce sufficiently.

Members of the 2008 Section

Returning to NHS work

There is no provision within the 2008 Section of the NHS Pension Scheme to suspend payment of benefits following a return to work after retirement. However, abatement does apply to pensioners who return (or continue working) in the NHS before age 65 and are in receipt of one of the following pensions:

- Ill health Tier 1 or Tier 2;
- Early payment of deferred benefits due to ill health;
- Early retirement in the Interests of the efficiency of the service - this is because there is no severance pay so the employer funds the early payment of benefits.

If this applies to you, **write to Xafinity Paymaster at Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH** with the details before you go back to work in the NHS. Xafinity Paymaster will then write and tell you the amount you could earn (your “earnings margin”) before your pension is affected. If you do not do this you may be paid too much pension. If this happens you will have to pay the money back.

The annual pension is reduced where the earnings from re-employment plus the ‘unearned’ element of the pension in payment exceeds the earnings before retirement.

The ‘unearned’ element is the difference between the pension amount payable and the amount that would have been paid as a reduced pension due to voluntary early retirement. The reduction can be up to the value of the ‘unearned’ element and will continue until the pensioner reaches age 65 or the earnings from re-employment reduce sufficiently.

If you are in receipt of a Tier 2 pension and become re-employed **anywhere, including outside the NHS**, you should also read the Factsheet “Ill Health Retirement – Returning to work with a Tier 2 Pension.” This gives further details of the effects of working after retirement.

The gross pension amount used in the calculation is the amount of pension before reduction to pay for any optional lump sum.