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Pre-Retirement Course

There are many topics covered on this course and there is a lot of information to take in during the day.

As there is only enough time to devote an hour to each topic the speakers cover as much as they can in the time allowed. This can lead to information ‘overload’ and sometimes confusion at the end of the day.

As the issues discussed are very important to the financial wellbeing after retirement seeking the advice from the speakers on the day is the best route forward.

The financial advisor and estate planner are the experts in these issues and only they can give you the proper advice. In particular, advice in relation to the NHS pension scheme(s) can only be given by an independent financial advisor. The pensions department within the Trust cannot legally give specific advice.

To assist in deciding if such specific advice is required the following is a reminder of the key issues discussed and the most frequently asked questions.

NHS Pensions Scheme(s)

Retire and return to work

This is subject to the employer’s discretion and on return there may be a change in grade or hours.

There is a break required and special classes in the 1995 scheme are subject to an earnings cap between 55 and 60. (See working after retirement factsheet which can be obtained on the NHS Business Services web site [www.nhsbsa.nhs.uk](http://www.nhsbsa.nhs.uk) in the ‘members’ section’).

Special classes are Nurses/Physiotherapists/Mental Health Officers who were paying into the scheme prior to April 1995.

Tax free lump sum

The 1995 scheme has an automatic tax free lump sum and income can be exchanged for a larger lump sum.

The maximum amount which can be exchanged is 25% of the value of the pension. The amount taken can also be in between the normal –

3 times pension - and higher tax fee sum – 25% of the pension fund value.

The 2008 and 2015 schemes do not have an automatic lump sum but, again, reducing income can increase the tax free amount subject to the maximum of 25%.

For example giving up £1,000 per annum of pension would increase the tax free amount by £12,000.

Do I have to take my pension?

 No, staff can continue to work up to 75.

The maximum service under the 1995/2008 schemes is 45 years at

60 years of age. Special classes in the 1995 scheme maximum service is 40 years at 55 years of age.

There is no maximum service at retirement age for staff in the 2015 scheme as retirement age is equivalent to the state retirement age.

Death in service

For staff working full time the death in service benefit is twice the pensionable salary. For those working part time the benefit is twice the salary.

If the beneficiary is not a spouse/civil partner then a DB2 form is required, this can be obtained from the pensions/payroll department. If the sole beneficiary is a spouse/civil partner a DB2 form is not required.

If the benefit is claimed within 2 years of death the amount is not taxable.

The benefit can now be split into any proportion ie 50% to spouse/civil partner, 50% split between children etc.

Children cannot receive the benefit until the age of 18 so if they are 16 or younger at the time of death it is advisable to appoint a guardian who can keep the benefit until the age of 18. This will negate the tax implication.

How is the pension calculated?

Under the 1995 scheme the highest recorded salary going back 3 years from either the normal retirement date or a selected retirement date after normal retirement date is taken.

The calculation is this figure x service divided by 80.

Under 2008 the base figure is the best 3 consecutive years’ salary - counting back 10 years - x service divided by 60.

The 20015 scheme is not a final salary scheme. It is a career average scheme whereby a pension amount is earned which is totalled every year and the cumulative amount is the value of the pension at retirement

State Pension

When can a state pension be taken

As there are many factors that can determine when a state pension can be taken visit the government web site where pension calculation tool is available [www.gov.uk/browse/working/state-pension](http://www.gov.uk/browse/working/state-pension)

There are a number of sections on this web site which will give all the information needed:-

 Check how much pension you could get

 How much is the basic state pension

 Check your state pension age

 What you need to get your state pension

 The new state pension

 Additional state pension

Do I have to take my state pension?

The state pension can be deferred and if state pension age was reached after April 6th, 2016 interest will be paid for the period of deferment as long as it is deferred for at least 9 weeks.

There is no action needed to defer the pension if the pension is no claimed it will automatically be deferred until it is claimed.

Independent Financial Advice

Lump sum advice

One of the most important decisions to make relates to the lump sum amount available when taking the NHS pension. Depending on the length of service this could be a considerable amount.

This amount can vary depending upon how much annual pension is taken ie more annual pension = smaller lump sum; less annual pension = higher lump sum. There are also other equations in between and the decision on which route to take is totally dependent on the individual’s situation and needs.

There is also then the decision on where to invest the lump sum.

Inheritance tax

Inheritance tax is a major and complicated issue and expert advice is also needed.

There are many issues discussed and as this advice is specific to the individual’s requirements if advice is needed then a meeting with the financial advisor that presented on the day is the only way to get this advice.

All advisors on these courses are regulated by the Financial Conduct Authority.

Estate Planning

Should I make a will?

Everyone with any assets should make a will. This is the only way to ensure assets will go to the correct beneficiaries.

There are different types of wills and the correct one for the individual depends on circumstances and expert advice is needed.

Family trusts

Trusts are an additional way to protect the assets and, again, depend on individual circumstances.

Lasting power of attorney

 There are two lasting powers of attorney:

 Financial and Health and Wellbeing

Should an individual become unable to make their own decisions with regards to their finances and/or their health and wellbeing LPAs are the only way their families/nominated persons may make these decisions on their behalf.

A meeting with the estate planner will provide all the information on these topics and more.

To ensure this expert advice is available tick the relevant box on the evaluation form provided on the day or the course or contact us via the pfa web site [www.pfaservices.co.uk](http://www.pfaservices.co.uk)

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