



Department  
of Health

# Re-employment of staff in receipt of NHS Pension Scheme benefits.

Guidance for employers and staff

<b>Title: Re-employment of staff in receipt of NHS Pension Scheme benefits</b>
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# 1. Returning to work for the NHS after taking NHS Pension Scheme benefits

Returning to work for the NHS after taking NHS Pension Scheme (NHSPS) benefits (referred to as "retire and return") is an option available to NHSPS members.

The aims of "retire and return" are to:

- enable the NHS to retain the skills, knowledge and experience necessary to deliver safe patient care;
- help support the health and wellbeing of older staff as they approach retirement and wish to continue working;
- ensure that overall workforce costs are managed in line with budgets.

Staff should apply to their employer if they wish to continue working for the NHS having taken their NHSPS benefits.

Each case should be considered on its own merits and employers should have clear policies and procedures in place for doing this.

Applications should not be automatically approved and should take account of current and future workforce requirements.

The context of tight public finances and pay restraint has meant that use of "retire and return" has been the subject of some negative media publicity, raising questions about inappropriate use of NHSPS benefits.

## 2. Why has this guidance been issued?

The purpose of this guidance is to help employers consider applications from staff who wish to "retire and return" to work for the NHS.

Used appropriately, "retire and return" can benefit both employers and employees by helping retain valuable skills and experience for patient care as well as supporting staff health and wellbeing, work/life balance and potentially realising financial savings through reduced recruitment costs, agency spend and employer pension contributions.

Employers should have policies and procedures so that decisions to re-employ staff who have taken their NHSPS benefits can be justified on the grounds of service need and value for money.

This guidance applies to NHSPS members wishing to "retire and return" who:

- are employed directly by NHS organisations as well as those employed by medical contractors, GP providers, direction bodies and independent providers;
- are engaged as medical, dental and ophthalmic practitioners;
- have reached the maximum service limits for pension contributions;
- have reached their annual allowance or lifetime allowance for pensions tax relief;
- plan to take their pension benefits before their Normal Pension Age;
- plan to take their pension benefits after their Normal Pension Age.

### 3. "Retire and return" Principles

NHSPS rules (see Annex A) allow members to take their accrued pension benefits and then ask to return to work for the NHS. The underlying principles of "retire and return" are to:-

- ensure older staff who have valuable skills, knowledge and experience, can continue working for the benefit of patients;
- ensure older staff can be supported in prioritising their health and wellbeing at the same time as working longer / staying in work;
- support staff in making the transition from work to final retirement through, for example, "stepping down" (reducing their level of responsibility) and/or "winding down" (reducing their number of hours worked);
- demonstrate value for money.

There should be no guarantee that applications from staff to "retire and return" will be granted. Employers should ensure they have agreed reasonable, fair, transparent policies and procedures to consider applications from staff who have or are planning to take their NHSPS benefits and return to employment.

They should also ensure that through workforce engagement and communication, staff are aware that "retire and return" applications will be considered in line with the principles (above) taking account of service, financial and workforce needs.

Employers should be prepared to publicly justify their decisions. Annex B provides a checklist to assist decision making in respect of "retire and return" applications.

Annex C provides links to other "retire and return" guidance.

## 4. Other flexible retirement options

Staff who work for the NHS who are approaching retirement can leave their employment, take their accrued pension benefits, and return to work for the NHS to supplement their pension income.

The NHSPS offers a number of options that allow changes to the way in which people work without a major or negative impact on their future pension or the need to leave work and the NHSPS completely. These are often referred to as 'flexible retirement options' (see below) and are defined as providing flexibility in respect of the age at which an employee retires, the length of time an employee takes to fully retire and/or the nature and intensity of work in the lead up to final retirement.

Flexible retirement options that support a longer working life can also benefit staff by:

- supporting work/life balance considerations including caring responsibilities;
- allowing staff to prioritise their own health and wellbeing;
- allowing skills to be retained whilst changing working arrangements (e.g. reduced physical demands and/or responsibilities, different shift patterns etc) to provide a range of choices as staff prepare for retirement or decide to work longer.

### Wind down

As an alternative to retiring completely, staff can request to wind down by working fewer days, or hours, in their existing post.

Pensions for part time staff are calculated on their whole time equivalent salary, so moving from full time to part time work, rather than retiring completely, should, for those in the 1995 and 2008 sections of the NHSPS, not reduce their NHSPS benefits at the time they decide to "wind down", though it will reduce the rate at which they build up future membership.

### Step down

Staff who would like to reduce the pressure and responsibilities they have in their current role can request to step down into a less demanding and lower graded post, which still makes use of their skills and experience.

### Draw down

This option, which is open only to members of the 2008 section of the NHSPS and the 2015 NHSPS, allows members to take part of their NHSPS benefits whilst continuing to work in or for the NHS.

Members who are over their minimum retirement age, and whose pay is reduced by a minimum of 10% (for example by working part time), can, subject to their employer's approval, take between 20% - 80% of their pension entitlement and continue in employment and build up future membership.

Members' NHSPS benefits would be reduced if they are paid before their 65th birthday. Pensionable pay must remain reduced for at least a year otherwise they will cease to be eligible for the pension they have taken.

Members can draw down benefits twice before retiring completely. The following table outlines which of the above options are available from the NHSPS.

Re-employment of staff in receipt of NHS Pension Scheme benefits.

	1995 Section	2008 Section	2015 Scheme
Step down	✓	✓	✓
Wind down	✓	✓	✓
Retire and return	✓	✓	✓
Draw down	x	✓	✓

## 5. Annex A - Pension Scheme Rules

	1995 Section	2008 Section	2015 Scheme
Minimum pension age (MPA)	50 for members who joined before 6 April 2006 and have not had a break of 5 years or more.  55 for members who joined on or after 6 April 2006.	55	55
Normal pension age (NPA)	60 (55 for Special Class Members/MHOs) <sup>1</sup>	65	In line with member's state pension age
Ability to return to pensionable employment	Not permitted except for:  i) members who retired on ill health grounds and return to NHS employment before age 50.  ii) active members who retired between 1 April 2008 and 30 September 2009 are eligible to rejoin the 2008 Section following a waiting period of either -  a) 2 years from the date of retirement; or  b) the length of any enhancement <sup>2</sup> received if longer than 2 years.	i) active members who retired between 1 April 2008 and 30 September 2009 from the 1995 Section following a waiting period of either-  a) 2 years from the date of retirement; or  b) the length of any enhancement received if longer than 2 years.  Permitted if the 2008 section protection conditions are satisfied, up to the maximum membership limits. If the protection conditions are not satisfied the member may join the 2015 Scheme.	Permitted up to age 75 without any limits on years of membership.
Minimum break in employment to qualify for payment of pension benefits	24 hours	24 hours	24 hours

<sup>1</sup> 'Special Class Status (SCS)' applies to nurses, physiotherapists, midwives and health visitors of the 1995 section of the NHSPS who joined on or before 6 March 1995 and fulfill certain criteria at age 55. 'Mental Health Officers (MHOs)' also need to fulfill certain criteria to retire at age 55.

<sup>2</sup> An 'enhancement' is any part of the pension which is funded by the employer or the NHSPS

## Re-employment of staff in receipt of NHS Pension Scheme benefits.

Waiting period	N/A	As detailed above.	N/A
Pension suspension	Pension payments are suspended if the member works more than 16 hours per week in the first calendar month after claiming their pension. (Does not apply to ill health retirement).	N/A	N/A
Abatement <sup>3</sup>	Applies to enhanced pensions on return to work before NPA.	Applies to enhanced pensions on return to work before NPA.	Applies to enhanced pensions on return to work before NPA.

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<sup>3</sup> Abatement occurs when a member's pension is reduced because of re-employment after retirement. For pensions which are paid under 'special class status' rules in the 1995 section of the NHSPS abatement applies when the post-retirement salary plus pension exceeds the pre-retirement salary. For those pensions in payment following ill-health or redundancy, the pension is abated on the 'unearned or enhanced element',

## 6. Annex B - Employers Checklist

Employers should be able to demonstrate there is a business requirement for posts to be filled through "retire and return" and that monies could not be better used differently.

Employers should, therefore, have clear policies and procedures to deal with "retire and return" applications so they can demonstrate they have considered:-

- the requirement for the post to be filled through "retire and return" in light of cost improvement pressures etc.;
- equality requirements;
- value for money;
- the standard of the employee's work and attendance;
- the employee's competence (skills, knowledge and experience) against the essential requirements of the post;
- whether the hours proposed can be accommodated / meet service needs;
- succession planning and the potential impact the employee's return will have on their team;
- whether it is in the best interests of the service to accommodate the "retire and return" request;
- longer term workforce / service plans for the post and team and how the "retire and return" request fits with this.

## 7. Annex C - Links to other Retire and Return Guidance

[Returning to Work after your Retirement](#) - NHS BSA Website

[Flexible Retirement Guidance](#) - NHS Employers Website