



Flexible Pensions Policy

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Welsh Partnership Forum

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Working in Partnership



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Section 1

Policy scope, principles and benefits

1. Introduction

The definition of retirement is changing and broadening. Many employees are considering how they can gradually adjust their working patterns to achieve a healthy work-life balance and a smoother transition from their working life into retirement. This shift towards retiring flexibly leaves behind the expectation that retirement means permanently leaving the workplace and employment, or that full time work should immediately be replaced with full time retirement.

Flexible working is just as valuable for staff approaching the end of their careers, and for retired staff who are returning to the NHS, as it is for those joining the NHS for the first time or returning from parental leave.

Flexible working is key to retention, employee engagement and supporting staff to live healthy working lives, and NHS Wales is committed to offering more flexible, varied roles and opportunities to their employees.

To support employees to access flexible working later in their careers this policy has been developed to provide an overview of the options available to employees who are members of the NHS Pension Scheme to access their pension or part of it and/or plan for retirement through utilising the flexibilities available within the scheme which fit with employees' aspirations for flexible working and work/life balance.

2. Policy statement

NHS Wales is committed to developing and maintaining arrangements which make it a great place to work and learn, and to the delivery of a quality service, recognising that our staff are fundamental to our success, and that we need to attract new staff from a varied range of backgrounds. NHS Wales also understands that it is vital to retain the embodied investment in knowledge, skills and experience of staff over many years, which we commit to maintain both now and in the future.

Consistent with this commitment to ensuring all staff can access the benefits of flexible working, NHS Wales is committed to supporting and enabling staff to utilise the flexible pension provisions and benefits offered through membership of the NHS Pension Scheme.

3. Scope

To ensure promotion and consistent application of flexible pension options, this policy has been developed in partnership, for use within all NHS Wales organisations and supersedes/replaces any existing policies, guidance, minimum standards e.g. Retire & Return Policies at employer/organisation level.

<i>This Policy:</i>
✓ <i>Will enable employees to understand the range of options available to access their pension and combine this with flexible working</i>
✓ <i>Will enable employers to understand, promote and discuss flexible pension options with staff.</i>
✓ <i>Sets out the expectations and requirements of employees and employers in pursuing and considering applications to access one of the options.</i>
✓ <i>Seeks to ensure that employees later in their careers will feel valued, rewarded, and recognised by their employer for their experience, service and commitment.</i>
✓ <i>Forms part of the contract of employment for staff working in NHS Wales.</i>

The aim of this policy is to enable employees and employers to make informed choices regarding the appropriate use of the flexible pensions available. The approach advocated by Welsh Government, employers and trade union partners is that these flexibilities are of mutual benefit with the expectation that conversations and applications will be progressed and approved.

This means that the default position will be that a request to access one of the pension flexibilities options, that meets the requirements of the Pension Regulations, will be approved, and every possible avenue explored to facilitate this. Requests will only be declined where there are clear business reasons in policy and law that prevent approval.

NHS Wales will not discriminate, either directly or indirectly, on the grounds of any of the characteristics protected by the Equality Act 2010 or any other personal characteristic in the implementation of this policy. We aspire to a diverse workforce and recognise that compassionate leadership does not mean treating everyone the same but treating them fairly and considering detailed knowledge of each individual staff members' needs, circumstances and background.

4.Principles

Flexible pension options support the following principles:

To support:	Through:
Work-life balance	➤ employees working flexibly later in their careers helping to achieve a healthy work-life balance
Retaining experience	➤ enabling experienced employees to stay in the NHS for longer and pass their valuable skills and knowledge to colleagues.
Health and Wellbeing	➤ supporting the health and wellbeing of employees who are later in their careers.
Financial Wellbeing	➤ supporting the financial wellbeing of employees through offering retired staff,

	the option to re-join the NHS Pension Scheme after full or partial retirement thereby enabling employees to build up further pension.
Managing work later in careers	➤ providing employees with flexible working options as a bridge between taking their NHS Pension and receiving their State Pension benefits.
Managing pension growth	➤ controlling pension growth to support staff affected by the annual allowance.

5. Benefits

The NHS Pension Scheme offers several flexible pensions options. These options can support employers attract and retain experienced staff whilst supporting employees, through a range of options, to access pension benefits whilst continuing to work for NHS Wales.

NHS Pensions and NHS Employers both provide further information on the NHS Pension scheme and the wider scheme design and contractual considerations of flexible retirement. Their resources can be accessed by following these links:

[NHS Pensions](#)

[NHS Employers](#)

Flexible pensions options support employees to:

- work flexibly towards the end of their careers
- to achieve a healthy work-life balance
- stay working in the NHS for longer and pass their valuable skills and knowledge to colleagues.
- maintain their experience within NHS Wales supporting the delivery of high-quality patient care.

By enabling employees to retire flexibly, employers can:

- Support the health and wellbeing of employees who are approaching the end of their careers.
- Develop working arrangements which fit with lifestyles and desired attendance patterns. Such arrangements support ongoing retention of employees and their productivity, while reducing rates of stress, fatigue and burnout.
- Offer retired employees the option to re-join the NHS Pension Scheme after full to supporting financial wellbeing, as it allows employees to build up further pension and may help to bridge any gap between taking their NHS Pension and State Pension benefits.
- Through partial retirement support employees who may be affected by the annual allowance, as the ability to take all or part of their pension whilst continuing to work may help some employees to control their pension growth.

Section 2

Flexible pensions guide and options

6. Pensions considerations

6.1 The NHS Pension Scheme - overview

There are 2 NHS Pension schemes. There's the 1995 / 2008 Scheme and the 2015 Scheme. From 1 April 2022, all active members of the NHS Pension Scheme are members of the 2015 Scheme.

The NHS Pensions website has extensive information on the schemes and sets out the benefits of membership withing the two member guides:

- The [1995/2008 Member Guide](#)
- The [2015 Member Guide](#)

6.2 How do I know what Pension Scheme an individual is in?

The NHS Pension Scheme has had several changes since 1995, and members may have service in more than one scheme. The [Total Reward Statement](#), which can be accessed through ESR, provides information on an individual's NHS Pension Scheme membership.

An individual may have service in more than one scheme, particularly if they have been an NHS Pension Scheme member since before 1 April 2012, and if so, their service will be detailed in two separate parts in the Pension Statement e.g. there would be an Annual Benefit Statement for 2015 Scheme service and an Annual Benefit Statement for 1995 Scheme service.

6.3 Considering the impact of the McCloud remedy

The McCloud remedy has been put in place following a legal case ruling (McCloud) and is the process of removing age discrimination that was judged to have arisen in public service pension schemes, including the NHS Pension Scheme.

Employees who joined the NHS Pension Scheme on or before 31 March 2012 and who were still members of the scheme on 1 April 2015 are eligible for the McCloud remedy. If an individual is considering applying for one of the Flexible Pension options, it is important that they understand their position in respect of the McCloud remedy.

As part of the McCloud ruling, affected members have had their pensionable service for the McCloud remedy period - 1 April 2015 to 31 March 2022 - put back into the 1995/2008 Scheme.

If this affects the individual once, they will be contacted by NHSBSA in the 12 months after they have accessed all or part of their pension and asked to choose between keeping these benefits in the 1995/2008 Scheme or taking 2015 Scheme benefits for the remedy period instead.

When it comes to making this choice, the part of the Scheme that's better for them could be different depending on how long they continue to work after they've taken partial retirement. Their McCloud choice means there are other factors to consider when deciding what percentage of their pension to take at partial retirement, as it could affect their tax position, or their final salary link, if they have one. And if they later choose to take 2015 Scheme benefits for the remedy period, they may have lump sum overpayments to pay back.

Further information about the McCloud remedy is available on the [public services pensions remedy – McCloud](#) (NHSBSA) links to modelling tools to support the decision-making process.

6.4 Choosing when to retire

Each member of the NHS Pension Scheme has a normal pension age (NPA), at which they can retire and claim pension benefits. This age is defined by the scheme they are a member of (or additionally have preserved benefits in e.g. the 1995 scheme).

There is also a minimum pension age (MPA) which is the earliest age at which individuals are eligible to take their NHS pension.

Scheme	Normal pension age (NPA),	Minimum pension age (MPA)
1995	60 (55 for Special classes)	Age 50 if joined pre 06/04/2006 and not had a break of 5 years or more. Otherwise, age 55*
2008	65	55*
2015	State Pension Age	55*

* The minimum age that an individual can start taking their pension is changing from 55 to 57 from 6th April 2028.

The NHS Pension Scheme enables members to be flexible about the age at which they retire to suit their plans. This allows individuals to retire earlier or for the 2008 and 2015 schemes, later than their NPA.

If an individual is considering retirement:

- before their NPA, the pension they receive will be reduced because it is being taken earlier. This is because their pension will be paid for longer.
- later than their NPA, their pension benefits may increase by the application of late retirement factors. Late retirement enhancement is only available for membership of the 2008 scheme and 2015 scheme.

6.5 Early retirement

As noted, taking pension benefits before NPA will result in a reduction to the pension because it is being paid earlier. This is called an “actuarial reduction” and is based on the earlier age at which the individual is choosing to take their benefits compared with their NPA.

The term ‘actuarial reduction’ refers to the tables used to calculate the reduction to their benefits if they retire early. An individual incurs this reduction when their pension is paid earlier than normal and, therefore, potentially it will be in payment for longer. NHS Pensions have produced a factsheet which can be accessed [here](#), setting out the early retirement percentage reductions across the different schemes.

Where an individual has membership in more than one NHS Pension scheme, then the actuarial reduction is applied to each specific period of membership in each scheme. For example, someone aged 58 (without Special Class Status) with a state pension age of 67 wishing to retire early would have any of their 1995 membership reduced by 2 years because they are retiring 2 years before age 60, however any membership they have in the 2015 scheme would be reduced by 9 years because their normal pension age (NPA) is the same as the state pension age i.e.67.

It is important to note that the pension paid to dependents will be based on their pension before actuarial reduction and further information is set out in their Total Reward Statement section on [Adult Dependant’s Pension](#).

6.6 Early retirement reduction buy out (ERRBO)

Early Retirement Reduction Buy Out (ERRBO) is part of the 2015 scheme. If an individual claims their 2015 pension before their Normal Pension Age (NPA), it will be reduced, however they can plan to buy out one, two or three years of any reduction before their NPA but no earlier than age 65. Through purchasing an ERRBO this would enable the individual or the employer if they agree, to pay extra contributions so they can buy out the reduction that would apply to their 2015 Scheme benefits if they retired before their NPA.

NHS Pensions have produced a [ERRBO Factsheet](#) which provides more information regarding the scheme and the costs of additional contributions which are payable to buy out 1,2 or 3 years of reduction.

6.7 Employer pension contributions recycling/alternative payment

In certain circumstances an individual’s pensionable pay may result in a pension growing to a level which exceeds the annual allowance.

The arrangements set out in Section 7 Flexible Pensions provide mechanisms which can support members of the NHS Pension Scheme to manage their pension growth which enables individuals to manage their level of annual allowance.

However, individuals who are under the Normal Pension Age (NPA) are not able to manage their pension growth in this way and they may seek to reduce their pensionable pay through a reduction in their clinical activity as a way of managing any annual allowance liability/charge. Maintaining clinical activity is critical for NHS Wales services and a specific facility has been established on an All-Wales basis to support such individuals through a

scheme where they can apply, on an annual basis, to receive an alternative payment in place of their employer pension contributions whilst they are opted out of the NHS Pension Scheme.

This provision is open to staff who can demonstrate that their level of earnings in the NHS (which may be a projection of earnings) will result in their being impacted by the annual allowance in any financial year and who are unable to manage their pension growth through accessing the partial retirement provisions or reduce their level of pensionable pay without an impact on their activity.

To approve an alternative payment, employers are required to take legal considerations into account and to evidence whether there is an objective justification based on the risk to service delivery posed by an individual reducing hours or being reluctant to take on additional work.

Further details on the criteria and considerations regarding employer pension contributions recycling are included in the ¹[Employer Pension Contributions - Model Alternative Payments Policy](#) process which employers administer in line with the provisions at a local level.

6.8 What is abatement?

The Scheme regulations say a pensioner cannot receive more in pension and re-employed salary than the salary earned before retirement. This is known as an earnings margin.

If this earnings margin is exceeded, the annual pension will be reduced. This is known as abatement.

In March 2020, the Department of Health and Social Care (DHSC) suspended abatement for members who have Special Class (SC) and Mental Health Officer (MHO) status and claim age retirement pension benefits before age 60.

On 1 April 2024, abatement will be removed for these members if they retire and return.

Abatement is also the term used to describe the reduction or removal of pension payments if pensionable earnings have increased to pre partial retirement level within the first 12 months of partial retirement.

When will abatement apply?

Retire and return

If the individual is under their Normal Pension Age (NPA), abatement will apply if they retire on one of the following grounds and return to NHS work before their NPA:

- ill health under the previous ill health retirement arrangements
- ill health Tier 1 or Tier 2 under the current ill health retirement arrangements
- early payment of deferred benefits due to ill health
- redundancy if you retired before 1 October 2011
- early retirement in the interests of the [efficiency of the service](#)

¹ This Model Policy was previously issued by NHS Wales Employers as a guide for employing organisations. It is not an All Wales Policy agreed with BMA. Please contact your Workforce Department for the local policy/position.

Their pension being reduced depends on:

- their earnings while re-employed
- when they left the Scheme
- when they claimed their pension benefits
- the type of pension benefits claimed.

Abatement rules stop once they reach their NPA of the Section or Scheme which they've claimed their pension benefits from.

Individuals will not be subject to abatement if:

- they were over their NPA when they retired
- they are receiving redundancy benefits and retired after 30 September 2011
- they are receiving Actuarially Reduced Early Retirement (ARER) benefits.

Partial retirement

Partial retirement is a pension flexibility and requires employees to have a change in their terms of employment, and to reduce their pensionable pay by 10% or more for at least 12 months (based on the previous 12 months pensionable pay).

In the 12 months after partial retirement, if the member has a further change to their terms that increases their level of pensionable pay beyond the level required, they will no longer be eligible for the pension taken. Their pension payments will therefore be "abated".

Individuals will not be subject to abatement if there has been no change to their terms of employment, e.g. they have not been appointed to a new role at a higher rate of pay, not increased their substantive contracted hours.

7. Flexible pensions – the options

Summary of Flexibilities			
Flexibility	What is it?	What is the benefit	Considerations
Partial retirement	You can take between 20% and 100% of your pension benefits, without having to leave your current job. You can also continue to build your pension benefits in the 2015 Scheme.	Partial retirement enables you to claim all or some of your pension, whilst continuing to work, but without having to take a break and leave your job.	Whilst you won't need to take a break or change jobs, you will need to work with your employer to change your terms (such as by adjusting your hours) so your "pensionable pay" is reduced by 10% for the first year.
Retire and return/re-join	Accessing your full pension, then returning to work after a short break and, if you wish, re-joining the 2015 NHS Pension	If you're not ready to stop work altogether and you don't want to reduce your pensionable earnings, you can access your pension and re-	If you decide to re-join the NHS, you can work as many hours as you choose and in most cases your pension payments won't be reduced or

Summary of Flexibilities

	Scheme to keep building your future pension benefits.	commence work in your current role after a 24-hour break.	stopped (known as 'abatement').
Step down	You may not be ready to retire but wish to step down to a different role, for example, to reduce the level of responsibility while remaining in NHS employment.	This option enables you to change the intensity or type of work on the approach to retirement whilst supporting the organisation to retain your skills and experience. You may wish to use this option where you wish to change role as you approach retirement, but you don't want to access your pension.	With this option you may be eligible to have your higher level of pensionable pay protected, which would mean that your final salary benefits are not affected when you do access your pension
Reduction in Hours/wind down	You may wish to reduce the number of hours or days that you work but remain in your current post	This option may support you to remain in work for a longer period before retirement through reducing the hours or days which you work. You may wish to use this option where you wish to reduce your hours as you approach retirement, but you don't wish to access your pension.	Reducing working commitments will reduce pensionable pay and there will be less pension building up each year compared to the previous higher number of hours worked. However, any final salary benefits built up in the 1995/2008 scheme will continue to be based on whole-time equivalent pensionable pay and protected from changes in working patterns.

7.1 Partial retirement

Partial retirement, sometimes referred to as draw down, enables active NHS Pension Scheme members who have reached minimum pension age to take all or part of their pension whilst continuing to work.

NHS Pensions have produced an [Employers Factsheet](#) and a [Members Factsheet](#) which should be read alongside this policy.

To be eligible for Partial Retirement an individual must:

- ✓ Have reached their minimum pension age.
- ✓ Be an active member of the Scheme (if they are not an active member, they would need to rejoin and be an active member for at least one month before taking Partial Retirement).

- ✓ Reduce their actual pensionable pay by at least 10% for the 12 months starting from the date they take Partial Retirement (for GP's, Dental Practitioners, Ophthalmic and non-GP Providers a 10% reduction in commitment is required).
- ✓ Make sure their 10% reduction in pensionable pay is calculated based on their previous level of pensionable pay for the 12 months before they take partial retirement.
- ✓ Have a change in their terms and conditions of employment to reflect their reduction in pensionable pay.
- ✓ Expect their new level of pensionable pay to last at least 12 months from the point partial retirement is taken.
- ✓ Not have already claimed partial retirement on two occasions.

Partial retirement is a pension flexibility and requires employees to have a change in their terms of employment, and to reduce their pensionable pay by 10% or more for at least 12 months (based on the previous 12 months pensionable pay). There is no need for the individual to end their contract of employment or have a break in service to take their pension benefits. Annual leave entitlements, salary and additional earnings such as clinical excellence awards will continue based on the new working pattern/revised terms and conditions.

For most staff, this reduction can be achieved via a reduction in working hours.

However, if an employee does not want to reduce their working hours, employers may consider alternative ways of meeting this requirement including split contracts (separate employment contracts/assignments) which would enable the employee to opt out of the NHS Pension Scheme for one of the contracts in order to reduce their pensionable pay by at least 10% for at least 12 months or work (non-pensionable) overtime to maintain their working hours. Further guidance on these options is set out in 7.1.1 – 7.1.3.

After taking partial retirement, individuals will continue to build up further pension in the 2015 Scheme unless they choose to opt out of the NHS Pension Scheme.

7.1.1 Achieving the 10 per cent reduction in pensionable pay

If an individual is considering partial retirement, they will need to have a conversation with their manager to agree a change to their terms and conditions of employment to achieve the required 10 per cent reduction in pensionable pay.

The 10% reduction in pensionable pay will be calculated based on their previous level of pensionable pay for the 12 months before they take partial retirement, ending on the day they take partial retirement.

In the 12 months after partial retirement, if the member has a further change to their terms that increases their level of pensionable pay beyond the level required, they will no longer be eligible for the pension taken. During this period, they may still be able to do additional work that doesn't count towards their pension, such as "overtime" or bank work (if opted out for the bank contract). If a member receives a nationally agreed pay award in the 12 months after taking partial retirement, they would still be eligible for their pension as their terms of employment would not have changed.

Agreement needs to be reached on how to reduce the individual's pensionable pay before they proceed with their application for partial retirement.

Open conversations between the individual and manager are key to understanding the circumstances, needs and preferences. These will need to be considered and balanced alongside the aims and priorities of the manager and employer, to agree a solution which suits both parties.

There are many ways of reducing pensionable pay and the most effective method will depend on the individual circumstances of the employee and the employer. There is no one size fits all solution to reducing pensionable pay and, in some cases, bespoke arrangements will need to be agreed.

Whilst individuals may be happy to maintain the reduction in pensionable pay following the end of the 12 months, they may specifically wish to agree that the change to terms and conditions of employment/the reduction in their pensionable pay is only for the 12-month period, with an agreement that at the end of that period, their working/contractual arrangements will return to normal.

Employers must not insist on permanent changes when the employee does not wish for the 12-month reduction in pensionable pay to be a permanent change to their contract. Reverting to previous arrangements/pay should be the default unless it has been agreed otherwise. However, this does not happen automatically and will require the Employer to notify payroll of the change. The individual will need to advise the payroll/pensions if they wish to rejoin the pension scheme.

7.1.2 Reducing hours and working overtime

To facilitate the reduction of hours whilst maintaining a similar level of activity to that which was previously worked, members could consider agreeing on a change of terms to reduce pensionable pay by 10% and working non-pensionable overtime for a 12-month period as part of a Flexible Pensions Agreement.

The NHS Pension Scheme regulations set out that overtime is non-pensionable. For members who have not taken partial retirement in the previous 12 months, overtime is defined as any period worked more than whole-time, according to the member's contract. This means that any hours worked beyond whole-time (by full-time or part-time staff) are non-pensionable, but hours worked up to whole time by part-time staff are pensionable.

However, for members who have taken partial retirement in the previous 12 months, any period worked more than their contract is overtime, regardless of whether or not this contract is full-time or part-time.

This means that if a member agrees to change their terms and reduce their pensionable pay to access partial retirement (for example, moving from full-time to 0.8 FTE), in the 12 months after they have taken partial retirement, they could do overtime to take them up to full-time equivalent. They would still be eligible for their partial retirement pension, as this overtime would not be pensionable, so it would not lead to an increase in their pensionable pay.

7.1.3 Combining partial retirement with an additional contract or bank agreement

To facilitate the reduction of hours whilst maintaining a similar level of activity to that which was previously worked, individuals may choose to be engaged on an additional (split) contract or bank agreement in addition to their substantive (normal) contract and as part of a Flexible Pensions Agreement.

Employees who are employed on an additional contract or engaged on a bank worker agreement may opt out of the NHS Pension Scheme in respect of the additional contract or bank agreement, whilst continuing to be a member of the NHS Pension Scheme in respect of their substantive (main) contract of employment.

To ensure the required 10% reduction in pensionable earnings level is met, opting out of the scheme from an additional (split) contract or bank agreement will need to be requested from the first day of partial retirement and within the first month of the arrangement commencing by employees completing the NHS Pensions Scheme form SD502.

This flexibility would enable the individual to reduce their hours and pensionable pay under their substantive contract of employment (as required to access partial retirement), whilst working additional capacity on a non-pensionable (opted out) basis under the terms of an additional (split) contract or bank agreement.

If contract splitting is being considered, then:

- The proposed contracts should be structured so that they are capable of being separately performed. This means that the roles under each contract should be distinguishable, and not “continuous” with the other. So, an employee could stop one job, but continue with the other; and
- The terms in the respective contracts need to be clearly defined and be capable of allowing [proper maintenance of payroll records](#) distinguishing between the two.

An example of this approach would be where clinical duties performed under a core contract which is pensioned under the NHS Pension Scheme, and management or clinical leadership role/additional NHS duties/external NHS duties under a second contract where the individual opts out of the NHS Pension Scheme.

Splitting contracts does not automatically require re writing of Job Descriptions or separate Job Evaluation as this can be set out and managed through the flexible pensions process for the 12-month period.

In addition, splitting contracts does not automatically require the use of a Bank worker agreement. However, if a Bank engagement is being considered, then:

- Individuals need to ensure that they opt out of the NHS Pension Scheme for any Bank agreement, and
- The different contractual relationship of a bank worker agreement should be recognised.

Where it is not possible for employers to agree to change of terms and a reduction in pensionable pay, but the employee wishes to claim 100% of their 1995 Scheme pension, using retire and return/re-join would offer a very similar outcome and so should be considered.

7.1.4 Monitoring the 10 per cent reduction in pensionable pay

Employers

Employers need to be confident that the agreed contractual change to working arrangements will lead to a reduction in pensionable pay of at least 10 per cent for the 12-month period. Employers should have a mechanism in place to ensure that the individuals pensionable earnings meet the requirements of partial retirement for the 12-month period. During the first 12 months of partial retirement, employers and individuals have a joint responsibility to notify NHSBSA if the individual has a change to terms and conditions that results in pensionable pay increasing to more than 90 per cent of the pensionable pay before partial retirement. If this does occur, then abatement may apply in full and the pension benefits in payment may be stopped.

Where pay does increase to more than is allowed and abatement occurs, the pension will only start to be paid again, once pensionable pay is reduced by a minimum of 10 per cent of the pay that the original partial retirement was based on.

At the end of the 12-month period, unless agreed otherwise when the individual submitted their request or in advance of the 12-month point, the terms will revert to those in place prior to the partial retirement.

Workforce & OD teams should give clear instructions to their pension and payroll colleagues to ensure that the agreed changes to working arrangements or pensionable pay are accurately processed and updated on the employee's pension and payroll records.

Employees

Employees should not agree any further changes to their contract of employment which would increase pensionable pay above 90 per cent of pensionable pay before partial retirement was agreed during the 12-month period.

Annual pay awards and pay increases members receive as they move through their pay band or pay scales do not count towards this, but any pay increase resulting from a contractual change to terms and conditions will. For example, if they decide to apply for a different job with a higher salary, increase substantive hours or increase commitments.

It is important that employers make members aware of the changes that could lead to abatement and overpayments which would need to be recovered.

7.1.5 What should be considered when deciding how much pension to take?

If an individual is applying for partial retirement, they should consider a number of factors when deciding how much of their pension they wish to take. The NHS Pensions [Members Factsheet](#) has more information regarding the decision making process and this should be read alongside the guidance in this policy.

A [Partial Retirement Calculator](#) has been developed by NHS Pensions and is available on the NHS Pensions scheme website. This will allow the individual and the employer to see how taking different percentages of their pension at partial retirement affects the amount of pension benefits they will get overall.

It is recommended that individuals use this calculator to work out the amount of pension they want to take and the change in working arrangement that's best for them before applying for partial retirement. In the event this calculator doesn't provide the information needed, they can [contact NHSBSA](#) for specific information

It is important that individuals know the whole picture regarding the impact of taking their pension whilst continuing to receive income from employment, for example the income tax

considerations and therefore accessing independent financial advice should be considered when determining whether it would be the right option for them. NHS Employers have compiled a list of organisations which are able to give advice and guidance on pension tax issues which can be accessed via this [link](#). In addition, certain benefits will be impacted so it is important that employers share and communicate all relevant information to individuals and encourage them to take appropriate advice before making a final decision.

7.1.6 The impact of differing Normal Pension Ages (NPAs) when considering partial retirement.

If an individual takes their benefits before their normal pension age (NPA), their benefits will be reduced. As referenced in section 6, different NPAs apply in the 1995 scheme, 2008 scheme and 2015 scheme. This may affect their preferences around how much pension they may wish to take and when.

Members are not able to choose which scheme they take their benefits from. When a member chooses to take partial retirement, their chosen percentage is applied sequentially across all their benefits in the NHS Pension Scheme. This means that they would effectively take or use up their 1995/2008 Scheme benefits first, followed by their 2015 scheme benefits. Therefore, if they wish to take their 1995/2008 scheme benefits but not their 2015 scheme benefits (perhaps to avoid an early retirement reduction being applied to their 2015 scheme benefits) the individual and employer will need to indicate this on the application form provided by NWSSP Pensions Team.

NHS Pension Scheme members are not able to take their lump sum separately from their pension. Taking partial retirement involves claiming a proportion of their pension and any lump sum associated with that pension.

7.2 Retire and return/re-join

Retire and return is a way of retiring flexibly which works alongside the NHS Pension Scheme Regulations and can be used by employers as a tool to retain valuable and experienced staff and boost capacity. Individuals who have reached the minimum pension age may leave NHS employment, claim their pension benefits and later decide to return to NHS employment.

When employees retire and return, they must leave their employer, their existing contract of employment ends, and they must enter a new contract of employment with their employer.

Unless the individual requests otherwise (i.e. a longer break), the default position is that the only break in service required for retire and return is that prescribed by the pension rules (24 hours). All NHS Wales organisations will operate the break in contract on this basis, unless the individual requests a break of a different duration.

Illustration - to achieve the required break of 24 hours, an individual who finishes on 31st March with no annual leave outstanding must not return/re-join before 2nd April.

Individuals must be offered the right to return on the same contractual basis as they were pre-retirement. This means being engaged on a permanent contract and with the same terms and conditions, unless the individual requests a different working arrangement.

Individuals who have retired and returned prior to this policy being in place, and were appointed on a fixed term or locum contract, have the right to request for this contractual status to be reviewed in accordance with the terms of this policy.

Prior to taking retire and return, all annual leave should be taken to ensure that the last date of service and new date in service and as a result the pension payment is not impacted.

7.2.1 Specific retire and return considerations for medical & dental staff

- Retention of Clinical Excellence / Clinical Impact awards

National award holders, who begin receiving their pension after 1 April 2023, will retain their award. This is subject to the standard scheme rules around job changes where any changes to working arrangements are made as a consequence of retire and return.

As with any job change, award holders and employers should discuss job change plans with the [Advisory Committee on Clinical Impact Awards](#) (ACCIA) secretariat before the job change has been implemented to avoid losing the award or being required to re-apply early.

- Associate Specialists 2008 – the right to return to this grade

An Associate Specialist on the 2008 Contract who retires, and returns will have the right to be re-engaged on the same Associate Specialist terms if they wish.

7.2.2 Retire and re-join

From 1 April 2023, all staff who choose to retire and return can join the 2015 scheme – this applies to staff who've retired from the 1995, 2008 and 2015 Schemes, so long as they are under age 75.

Employees who retire and return are contractually enrolled into the 2015 scheme on the first day of their employment, in the same way as any other new starter and if they do not wish to pay pension, they must opt out within the first month.

7.2.3 Differences between retire and return and partial retirement

The key distinction between retire and return and partial retirement is that with retire and return, as an NHS Pension Scheme member the individual must leave NHS employment, take their pension and be re-employed on a new contract of employment at a later date. With partial retirement, NHS Pension Scheme members can take their pension without leaving their job or taking a break in service and so their existing contract of employment continues to be in place.

Another important difference is that members who retire and return must take all their benefits from the 1995 Scheme at once, whereas partial retirement provides additional flexibility for members to take some or all of their pension in one or two payments.

Partial retirement provides a more seamless approach and is designed to provide an effective means for employees to access their pension if they already know that they plan to continue working after taking their pension.

Retire and return has specific provisions and under the NHS Pension Scheme regulations, members must take a 24-hour break before returning to employment to take their pension from the 1995 scheme.

There is no requirement to ensure an employee takes a longer break in service to achieve a break in continuous service and under this policy NHS Wales organisations must not insist on a longer break in service.

Employers must offer the same terms and conditions of employment to individuals upon their return. Through offering the same terms and conditions, including pay, annual leave and sick pay, it is the aim of this policy to support and encourage experienced staff who want to claim their pension to continue working, if they wish, as well as attracting staff who have recently retired back to work.

7.3 Step down

An individual may not be ready to retire but wish to step down to a different role, for example, to reduce the level of responsibility while remaining in NHS employment. This option enables them to change the intensity or type of work on the approach to retirement whilst supporting the organisation to retain their skills and experience.

If an individual has reached minimum pension age and choose to step down to a role where their new or remaining duties are less demanding and carry less responsibility than their previous duties, they may be able to apply for voluntary protection of the link to their higher level of pensionable pay if their pay reduces by 10% or more.

Voluntary protection of their previous pensionable pay level is part of the 1995 Scheme of the NHS Pension Scheme. This provision recognises that in the run up to retirement individuals may prefer, if possible, to remain in NHS employment, perhaps in a lesser capacity, while protecting, for the calculation of their final salary pension benefits, the previous salary level at which their benefits in the 1995 scheme were calculated.

Any 'step down' arrangement needs to be agreed between the individual and their employer and they will have to provide NHS Pensions with information that the step down has been agreed.

The provision is also intended for lasting, rather than trivial or short-term reductions in pay. It would normally be expected that the step down would occur with the same employer however, if a suitable role to 'step down' to cannot be provided by one employer, but can be arranged with another, this would be acceptable. In this case both employers will have to provide information that confirms a 'step down' arrangement has been agreed.

It is possible for an NHS Pension Scheme member to leave one employer and join another on a reduced rate of pay and to apply for voluntary protection of pensionable pay provided both employers agree to the step-down arrangement. The provision is not intended for situations where a member leaves one employer and joins another on a reduced rate of pay without an agreement between employers.

7.3.1 Eligibility criteria for voluntary protection of pensionable pay

To be eligible for voluntary protection of pay the individual must:

- have a final salary link to 1995 Scheme pension benefits

- have stepped down to a role where their new or remaining duties are less demanding and carry less responsibility than their previous duties (as confirmed by their employer(s))
- have a reduction in pensionable pay of at least 10% for a period of at least one year, beginning with the first pay day on which the reduced pensionable pay was paid (as verified by their employer(s))
- not have had any other reduction in pensionable pay in the 12-month period before they stepped down (as verified by their employer(s))
- have applied after 12 months, but within 15 months, of their pensionable pay being reduced
- have reached their minimum pension age in the 1995 Scheme
- have attained at least two years qualifying membership within the NHS Pension Scheme at the time they step down
- have not previously protected their pensionable pay under the voluntary protection of pay arrangements

7.3.2 Arrangements for 2008 Scheme and 2015 Scheme membership

The voluntary protection of pay arrangements is specifically for membership within the 1995 scheme of the NHS Pension Scheme.

The 1995 scheme uses best of the last three years when calculating an individual's pension, so the ability to protect the higher level of whole-time equivalent pay is important to retain the highest level of pay which is used to calculate their pension when they retire.

In the 2008 Scheme – Total Reckonable pay is the average of the best three consecutive years of pensionable pay in the last ten. Each year's pay in the last 10 years before retirement is increased by the cost of living to bring that pay figure up to what it would be worth on the day of leaving. The 2008 scheme therefore supports individuals "stepping down" in the last 10 years before retirement and so protection arrangements are not required.

In the 2015 Scheme – The amount of pension an individual earns each year is determined by what is known as the 'build up rate' which is shown as a fraction of their pensionable earnings. In the 2015 Scheme the build-up rate is 1/54th of pensionable pay. Therefore, they earn a pension of 1/54th of their pensionable earnings each year, or part year if they leave before the end of a financial year. Due to the way in which the 2015 scheme builds up each year any higher level of pension previously built up is secure in their overall pension record and any further pension which they build up is based on the stepped down role.

7.4 Reduction in hours/wind down

Individuals may wish to reduce the number of hours or days that they work but remain in their current post. This is called wind down.

Reducing working commitments will reduce pensionable pay and there will be less pension building up each year compared to the previous higher number of hours worked. However, any final salary benefits built up in the 1995 or 2008 schemes will continue to be based on whole-time equivalent pensionable pay and protected from changes in working patterns as noted in 7.3.2.

All employees working in NHS Wales are eligible to apply for flexible working through the [All Wales Flexible Working Policy](#).

This option may support individuals to remain in work for a longer period before retirement through reducing the hours or days which they work. They may wish to use this option where they wish to reduce their hours as they approach retirement but don't wish to access their pension.

8. Flexible Pensions Option Request Process

8.1 Making a request

Where an individual wishes to access one of the flexible pensions options in Section 7 of this Policy, they should complete Part A of the Flexible Pension Request Form (Appendix 1). It is recommended that they have an informal discussion with their manager before submitting a formal request and managers are encouraged to facilitate this when requested to do so. However, the request will not be formally considered until it is put into writing.

If the manager refuses or is not receptive to an application at an informal discussion, they may still decide to proceed with a formal application. They may wish to seek advice and assistance from their workforce team or their trade union or a workplace colleague.

8.2 Responding to a request

Managers should be aware that there is a legal requirement to consider flexible working applications and inform their employees of the outcome within 2 months of the date the request and should take this into consideration to ensure they have an adequate time frame to give the request due consideration. Managers should also be aware that once agreed, there are steps that NWSSP Pension Team need to take prior to submission of any request to NHS Pension Scheme. Once submitted, NHS Pension scheme application timescales (at least 3 months) should also be factored in. Therefore, any discussions regarding the effective date of any change to contract, retirement etc. need to be cognisant of the work required by other agencies to progress and action the application.

Manager should arrange to discuss the application with the individual as soon as possible after receiving a request form (this can be in person, by telephone or via MS Teams). This will allow them to get a better understanding of the changes the individual is looking for and how they see things working in practice. The discussion should explore how the proposed working arrangement will work in practice, any potential positive and negative impacts it may have on service provision and how it may affect other team members. Employees have the right to be accompanied by a workplace colleague or a trade union representative at this meeting. If the manager intends to approve the request, this meeting is not a requirement, but it may still be helpful to discuss practical arrangements.

Managers must consider whether the request is in relation to a reasonable adjustment related to a disability or another protected characteristic. Employees are encouraged to identify where this is the case. Managers should also consider any health and safety issues that might result from the change and identify ways to mitigate them (e.g., if the working arrangements will mean the individual or their colleagues would become lone workers).

Advice can be sought from People Services/Human Resources/W&OD, Health and Safety and Occupational Health as appropriate.

8.3 Considering a request

All requests should be approached with a can-do attitude, with the presumption that they will be granted unless it is genuinely not possible to do so for one of the business reasons set out below. The request should be considered carefully and the benefits of implementing the change should be weighed against any costs. In considering the application line managers must ensure that they do not directly or indirectly discriminate against the employee. If there is any doubt about what that might entail, then advice can be sought from the local EDI or People Services/Human Resources/ W&OD team. Once a decision is made the manager should inform the individual in writing using Part B of the request form.

8.4 Decision making

If it is decided to approve the application, or accept it with modifications, a discussion should take place to determine how and when the changes might best be implemented. The line manager is responsible for ensuring that Payroll are notified of any changes to pay, and specific contractual changes must be clarified with the individual in advance of the new arrangements commencing. To start the NHS Pensions application process, the individual is responsible for contacting the NWSSP Pension Team to request a link to a form specifically generated for the member of staff...

Managers must make all endeavours to accommodate the request in full or in part, or by providing an alternative. If, after a discussion with and consideration of all alternatives available, the manager feels that they are unable to support a flexible pensions request in a particular post, they must discuss the application with People Services/Human Resources/ W&OD.

If following this conversation, they still do not feel able to approve the request and cannot find a mutually agreeable alternative they will meet with individual to explain this and will provide written, objectively justified reasons for the decision and give a clear operational reason why the proposed arrangements were not practicable. The manager must provide details/evidence of the business grounds for refusing the request and how they apply in the individual's case. Within the context of a manager being required to make all endeavours to accommodate a request, where it is determined this is not possible this can only be justified by one or more of the reasons included in the following list:

- Significant burden of additional cost
- Detrimental effect on ability to meet patient/customer needs
- Inability to re-organise work among existing employees and/or engaging/recruiting other staff.
- Detrimental impact on quality
- Detrimental impact on performance
- Detrimental impact on the ability to meet service demands
- Insufficient work for the periods during which you propose to work
- Planned structural changes to the department

8.5 Escalation

This stage should be used if the line manager has not been able to reach agreement on a solution in the exploratory/application stage. The purpose is to check for other possible solutions including whether the form of flexible pensions which the individual is seeking could be accommodated in a different team, location or role. If a request for flexible pensions has not been accommodated, and the individual would no longer feel able to continue to work in that department because they would be unable to balance their work / life responsibilities, then managers are expected to support employees in identifying any alternative roles within the organisation which may be more supportive of their circumstances and in line with their request.

Should an individual fail to attend a meeting to discuss their application and one further rearranged meeting without explanation, the manager can consider the application withdrawn. In these circumstances, the manager must inform the individual that the application has been withdrawn and provide a reasonable opportunity to respond.

8.6 Appeal

Where a flexible pensions request has been refused, the individual may lodge an appeal within 14 days of being notified of the refusal of their request by contacting their manager's line manager.

This must be in writing and clearly state the grounds on which they are appealing. These may be:

- Insufficient evidence has been provided to support the reason for refusal.
- Where the manager has incorrectly treated the application as withdrawn.
- Where new information is now available in relation to the request
- Where it is felt that the application was not handled in line with the policy
- Where there may be proposal that has not been fully considered or insufficient evidence has been provided in relation to a business reason for refusal.
- Where it is felt that the application was not dealt with in a reasonable manner or that the individual has been discriminated against.

An appeal meeting will be held, normally within one month of receipt of the written appeal. This will be dealt with impartially by a more senior person than the manager who made the original decision.

The individual should be given the opportunity to be accompanied by a trade union representative or work colleague at any appeal meeting. The outcome of the appeal will be communicated in writing within seven days of the appeal meeting. This is the end of the procedure and there is no further appeal, although further requests for flexible working/pensions can be submitted.

9. Monitoring and review

Employers will keep a record of all formal applications for Flexible Pensions arrangements in place and a record of any rejections and appeals.

Organisations should ensure that data relating to applications for flexible pensions and outcomes of decisions are recorded and regularly reported through the usual partnership and governance structures.

This information should be included in an organisation's published annual statutory public sector duty reports. The published information should demonstrate outcomes for flexible working applications disaggregated by each protected characteristic of the Equality Act 2010. In addition, organisations should consider reporting outcomes by occupational group and by department.

Appendix 1 – Flexible Pensions Request Form

Part A of the request form should be completed by the employee.

Part B of the form should be completed between the line manager following the review meeting.

When agreement has been reached the employee will be required to contact the [NWSSP Pension Team](#) to commence the Pension Scheme Application Process.

Part A: Request Details

Name of employee:	
Post:	
Band:	
Employee number:	
Email address:	
Department:	
Service Group:	
Line Manager:	

Flexible Pension Option requested:

Using the detail from the relevant section of the Policy as a guide, please provide information to be considered in support of your request against the relevant option below.	
Please note: Once the application is approved, the Manager and Individual will be required to access and complete the relevant Pensions/Payroll forms to action the requested changes.	
Partial Retirement (reducing my pensionable pay by at least 10% for first 12 months) *	
Retire, start receiving my pension and recommence employment (Retire and Return) *	

Step down (to a role with less responsibility/lower band)	
Reduction in Hours/wind down	

Employee Signature	Date:
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Part B: Outcome Section

Managers decision (please tick to state one of the outcomes below):

Successful application

Request for flexible pensions option has been reviewed and accepted.	
Request has been accepted subject to certain amendments as outlined below	
Partial Retirement Confirm the NWSSP - Partial Retirement Supplementary Form has been completed for submission	
All Options Confirm the relevant change notifications have been submitted to Payroll	

Please note: Once the application is approved, the Manager and Individual will be required to access and complete the relevant Pensions/Payroll forms to action the requested changes.

Unsuccessful application

Application has not been successful.	
Rationale for rejecting application: This can only be justified by one or more of the reasons included in the following list: <ul style="list-style-type: none">• Significant burden of additional cost• Detrimental effect on ability to meet patient/customer needs• Inability to re-organise work among existing employees and/or engaging/recruiting other staff.• Detrimental impact on quality• Detrimental impact on performance	

<ul style="list-style-type: none"> • Detrimental impact on the ability to meet service demands • Insufficient work for the periods during which you propose to work • Planned structural changes to the department 	
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New substantive employment arrangements – Flexible Pensions Agreement

Start date of change:	
Partial Retirement applications only: End date of change/ date due to revert to previous contractual terms. (this must be no earlier than 12 months from the date of partial retirement).	
Retire & Return applications only: Date due to return, following retirement (note there must be a 24-hour break following a retire and return application)	
Change in arrangements:	
Band:	
Hours:	
Salary and Incremental point:	
Any additional allowances to be continued/previously accrued (i.e. additional annual leave):	
Commencement of Bank Contract (if applicable)	

Signatures

Manager Signature	Signature: Date: -- / - / ----
Employee Signature I confirm that this flexible pension option request has been discussed with me and I agree to the adjustments to my working arrangements	Signature: Date: -- / - / ---