

10 things you need to know about the 2015 NHS Pension Scheme

The NHS Pension Scheme is an extremely valuable way to save for retirement. Whilst the finer details of the Scheme can be confusing, there are some key highlights that dentists should be aware of.

It's important to know what the benefits are and what you are entitled too, particularly if you are thinking about, or are already in the 2015 NHS Pensions scheme (for dentists who working in England and Wales).

Here are 10 things you need to know:

- 1 The NHS Pension you will get after retirement is guaranteed by the Government and is based upon your pensionable earnings over your NHS career. A member earning £50,000 each year from age 25 to 68 would get a pension from age 68 worth £55,000 per annum for the rest of their life.
- 2 To replicate that guarantee with an insurance company at the age of 68 would require you to have pension savings at the point of retirement worth £2m.
- 3 The NHS Pension Scheme allows for early retirement, with reduced pension rights. A member earning £50,000 each year from age 25 to 60 would get a pension from age 60 worth £28,000 per annum for life. A member earning £50,000 each year from age 25 to 64 would get a pension from age 64 worth £39,000 per annum for life.
- 4 You can give up some of your annual pension at retirement for a tax-free lump sum.
- 5 To cover the cost of the pension promise, the NHS makes payments worth more than 20% of your pensionable earnings. They will not pay this amount to another pension scheme, or to you as a pay rise.
- 6 Members pay contributions based upon their pensionable earnings. A member with annual pensionable earnings of £50,000 would contribute £6,250pa.
- 7 However, you get tax relief on pension contributions. So, if you're earning £50,000pa, your pension contributions mean that you will pay £1,250 less in income tax.
- 8 Despite the tax relief on contributions, special tax charges start to apply when your pension grows by more than the "Annual Allowance" in any tax year, or if it exceeds the "Lifetime Allowance" at the point of retirement. The [BDA has been campaigning to get a fairer deal on pensions tax: www.bda.org/pensions-tax](http://www.bda.org/pensions-tax)

- 9 The example member outlined above (earning £50k), would not be expected to breach the Annual Allowance. They might breach the Lifetime Allowance if they retired at age 68, but would not if they retired at an earlier age.
- 10 The NHS Pension Scheme also provides financial cover for your dependents in the event of your death, and enhanced pension income if you are forced to retire early on health grounds.

Please note that the numbers quoted above are indicative only and not meant to convey financial advice. The NHS Pension Scheme and associated tax rules can change in the future.

More information on pensions

Further information is available from the NHSBSA website: www.nhsbsa.nhs.uk/nhs-pensions

You should be able to access a statement outlining your NHS pension entitlement by visiting the NHS reward statement website: www.totalrewardstatements.nhs.uk - we recommend you do this annually.

More information and advice on pensions is available for BDA members on our website: www.bda.org/pensions

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Working for you

We will continue to campaign for a fairer deal on dentists' pensions. If you'd like to be kept up to date with our progress:

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