



NHS PENSION SCHEME ENGLAND & WALES

TEN KEY FACTS

10 key facts about the NHS Pension Scheme (NHSPS):

1. The NHSPS in England and Wales is the largest single centrally run occupational pension scheme in Europe, with more than 1.36 million employees currently contributing towards their retirement, 638,000 pensioners receiving a pension and 525,000 former members due to receive a pension in future.
2. The NHSPS has two sections which both provide a pension on a final salary basis:
 - the 1995 Section offers those in employment before April 2008 a pension paid from the age of 60,
 - the 2008 Section offers newer employees a better level of pension, with more flexibility, paid from the age of 65.
3. All members of the 1995 Section are being offered a choice to join the 2008 Section through the Pensions Choice Exercise, which will see all employees receive more information about their pension than ever before. For more information on the Pensions Choice exercise go to <http://www.nhsbsa.nhs.uk/Choice.aspx>
4. £8.4 billion is paid towards the NHSPS every year. Employees pay one third of this: £2.7 billion.
5. Currently £6.1 billion of benefits are paid out to pensioners each year. This expenditure is met from the contributions of £8.4 billion. The surplus of £2.3 billion is held by Government and is used for other expenditure. Government then guarantees the payment of future NHS pensions.
6. Half of all NHSPS pensioners receive a pension of less than £4,000 per annum. The average occupational pension in the UK is £8,740 per annum.
7. The average age at which staff who have an entitlement to draw pension at age 60 actually draw their pension is 63. This is in line with the average retirement ages seen across the UK.
8. NHS Trade Unions and Employers reached an agreement in 2007 to introduce the 2008 Section with an increased retirement age and capped employers' pension costs in exchange for improved benefits that better suit today's NHS workforce. Details of the Agreement can be seen at <http://tinyurl.com/nhsp agreement>
9. Under this agreement, the employers' costs are capped at around 14% of pay. If pension costs increase beyond that, for example due to increased longevity, then the employee costs and benefits may be reviewed. The average costs of funding defined benefit pensions in the private sector is 17% of pay.
10. The agreement and introduction of cost capping would have delivered annual savings of £450m. This mechanism and the agreed savings seem to have been abandoned by Government.