

Helping develop an approach around senior clinicians' pensions

News story

GAD's expertise helps senior clinicians in the NHS Pension Scheme adjust their pension saving to fit within their tax-free allowance.



GAD has worked with the Department of Health and Social Care (DHSC) to develop an approach to help senior clinicians in the NHS Pension Scheme adjust their pension saving to fit within their tax-free allowance.

This proposal involved offering greater pension flexibilities to manage benefits of their pension scheme membership and the tapered annual allowance taxation structure. These proposals were driven by government concerns that the taper was driving a behavioural response from NHS clinicians to reduce their work commitments.

Consultation and options

DHSC consulted on a range of flexibilities, including giving the members option to accrue at a flexible accrual rate. This was in exchange for paying reduced employee contributions. These would enable senior clinicians to continue to work in the NHS while tailoring their pension scheme accrual to the level they wished to achieve, allowing for pension tax implications.

We supported the DHSC consultation by carrying out detailed analysis. We also provided worked examples to illustrate the consultation approach and the implications on members benefits and taxation.

The consultation findings fed into a review of the annual allowance taper led by HM Treasury, with changes to the taper announced at the Budget on 11 March 2020. DHSC will publish a formal response to the consultation in due course.

Proposal analysis

GAD worked with DHSC and HM Treasury following the announcement of changes to

the annual allowance taper. We analysed the impact for NHS scheme members and briefed NHS employer and member representatives on the potential impacts.

This analysis included the use of the scheme pays mechanism to meet tax charges incurred. Illustrations showed the progression of scheme pays charges up to retirement, as a proportion of corresponding scheme benefits accrued.

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