

# Promoting the value of the NHS Pension Scheme



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# Today's webinar

- Why should employers promote the NHS Pension Scheme?
- What are the benefits for staff?
- Our resources
- Questions
- Close



# Poll questions

- Do you include information about the NHS Pension Scheme in your recruitment materials?
- Do you talk about the NHS Pension Scheme in your induction programme?
- Do you run pension workshops or seminars for staff?
- If you answered no to any of the questions above, **please tell us why in the questions box.** What are the barriers to doing this?



# Why should employers promote the value of the NHS Pension Scheme?

- Ensure you get value for money from the NHS Pension Scheme
- Support recruitment and retention
- Reward and recognition
- Improve staff health and wellbeing
- Increase membership levels

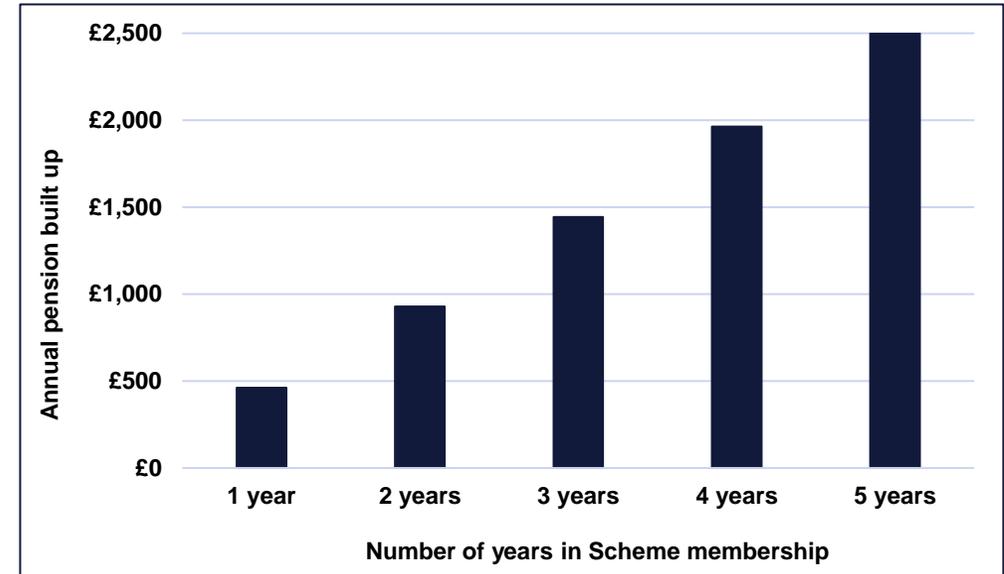


# Why is the NHS Pension Scheme so valuable for staff?



# Financial security

- Pension benefits depend on earnings and how long the employee has been a member of the scheme
- Benefits are secure and guaranteed by the government
- The value of benefits is not affected by market conditions or falls in the value of investments



- Very broadly, for each year of scheme membership, extra pension builds up worth around 2% of pay, so:
  - After 5 years, pension earned is around 10% of pay
  - After 25 years, pension earned is around 50% of pay

# Future proof

- When a member of the scheme retires, their pension benefits increase each year during their retirement to help keep up with the rising cost of living



# Family protection

- The scheme provides valuable protection for their family, including life assurance and survivor pensions
- Also, a pension is payable to scheme members if they are too ill to work



# Tax relief

- Contributions to the scheme are tax free for the majority, helping to bring down the cost of membership

Nurse earning £24,907		In the Scheme		Not in the Scheme	
		Year	Month	Year	Month
<b>Gross pay</b>		£24,907	£2,075	£24,907	£2,075
Deductions	<b>Member's contribution</b>	(£1,768)	(£147)	-	-
	<b>Income tax</b>	(£2,114)	(£176)	(£2,467)	(£205)
	<b>National Insurance</b>	(£1,841)	(£153)	(£1,841)	(£153)
<b>Take-home pay</b>		<b>£19,184</b>	<b>£1,599</b>	<b>£20,599</b>	<b>£1,717</b>
<i>Difference in take-home pay</i>				<i>£1,415</i>	<i>£118</i>

# Support from the employer

- Employers pay a contribution equal to 20.6 per cent of salary towards the cost of their pension
- The value of the total reward package is considerably higher than pay alone

<u>Example</u> Nurse earning £24,907	Over 1 year	Over 1 month
<b>Member contribution</b> (7.1%)	£1,768*	£147*
<b>Employer's contribution</b> (20.6%)	£5,131	£428
<b>Total contribution</b> (27.7%)	£6,899	£575

\* Not allowing for tax relief

# Flexibility

- Options are available for staff to increase their benefits
- There are also flexible retirement options to allow staff to retire in a way that suits their needs.



# In summary

- Financial security
- Future proof
- Family protection
- Tax relief
- Support from the employer
- Flexibility



# Don't believe us?

*“The NHS pension scheme is a hugely valuable benefit that is worth an extra 40% on top of annual salary. To buy the equivalent of, say, a £6,000 NHS pension in the market would cost about a quarter of a million pounds – the pension is fully inflation protected and guarantees a pension for your survivors as well. This kind of pension is now almost extinct in the private sector and even those private sector schemes that promise a guaranteed pension tend to be less generous than the NHS scheme. Those who belong to these types of public sector pension schemes pay only a small fraction of the cost of the final pension with their own contributions and the taxpayer must find all the remainder of the cost.*

*NHS employees deserve excellent pensions, and the scheme provides that.”*

**Baroness Ros Altmann, CBE**

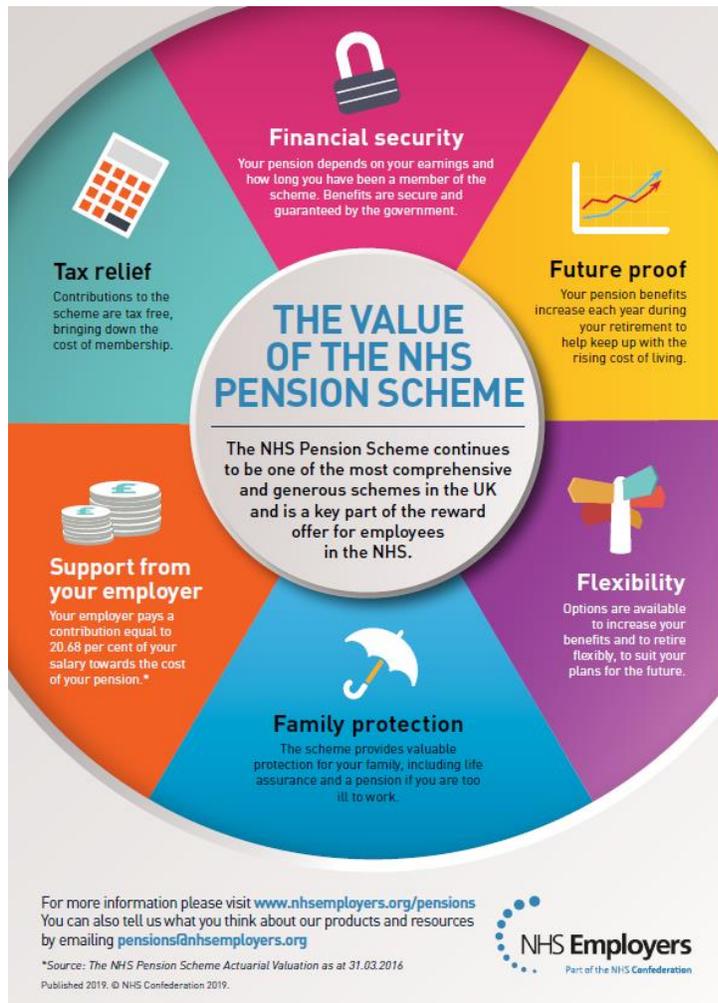
# Don't believe us?

*“There is no doubt that the NHS pension scheme, for all the recent changes, remains one of the best in the land. Very few workers in the private sector any longer have access to pensions of this sort, precisely because of the cost to employers of providing them. Whilst opting out may save an NHS employee money in the short-term, they are throwing away a large employer contribution when they opt out – it’s like taking a voluntary pay cut”.*

*“It breaks my heart when I read of NHS staff opting out of the NHS pension scheme. Whilst they can see the short-term cash saving, what they so often fail to see is the huge employer contribution that they are also giving up. With a state pension currently under £10,000 per year, having a pension of your own in addition is the only way to ensure a comfortable retirement. It can be tempting to put off pension saving until ‘tomorrow’, but there is a risk that ‘tomorrow never comes’. By the time people actively engage in pensions it can often be too late”.*

**The Rt Hon Sir Steve Webb, partner at Lane, Clark & Peacock and Pensions Minister 2010-15**

# The value of the NHS Pension Scheme poster



- Our poster highlights six key benefits of scheme membership
- A tool to support your conversations with staff about the NHS Pension Scheme
- You could display it in staff areas, attach it to emails or newsletters or upload it to your staff intranet site

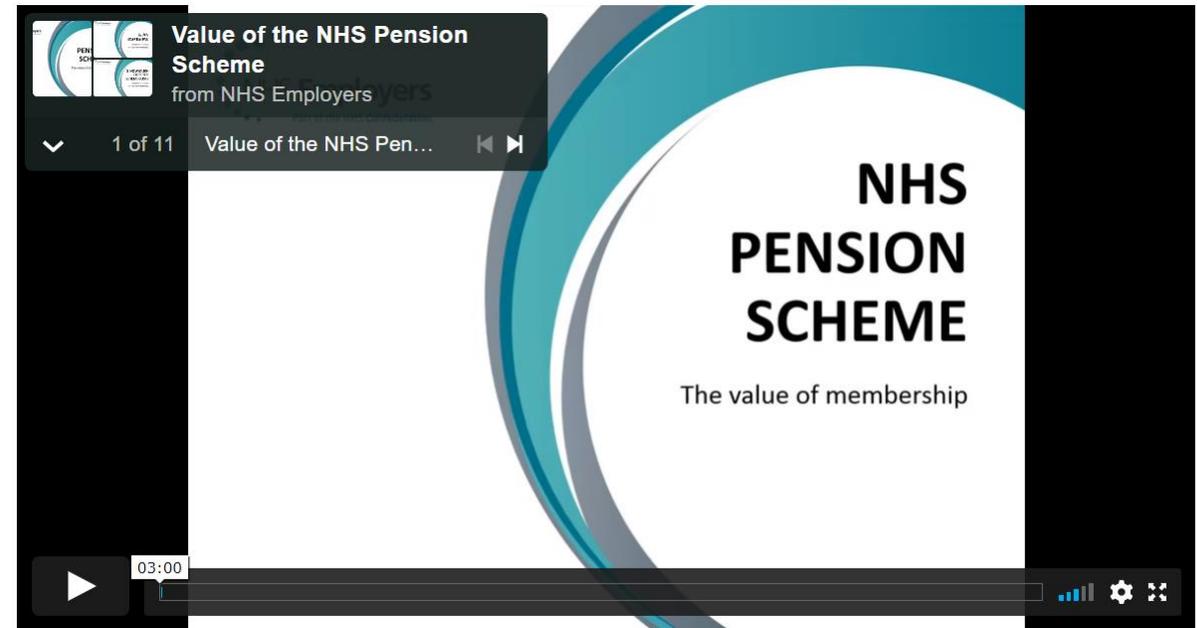
<https://www.nhsemployers.org/publications/value-nhs-pension-scheme-poster>

# Promoting the value of the NHS Pension Scheme videos and presentation pack

Our presentation slide pack, guide and accompanying videos are designed to help employers talk to staff about the NHS Pension Scheme.

The content is split into 10 chapters including:

- An overview of the scheme
- How much does the scheme cost?
- How your pension builds up
- Retiring from the scheme
- Pension tax



<https://www.nhsemployers.org/publications/promoting-value-nhs-pension-scheme-videos-and-presentation>

# Benefit leaflet template

- Our benefit leaflet template is designed to help you communicate your reward offer.
- The template includes picture icons and design elements you can use to design a leaflet to showcase your reward offer.
- Take a look on our website at examples of how other trusts have used the template.



<https://www.nhsemployers.org/publications/benefit-leaflet-template>

# Total Reward and Engagement Network (TREN)

TREN brings together colleagues from across the NHS with an interest in reward to develop, share knowledge and experiences.

To join the network, email [reward@nhsemployers.org](mailto:reward@nhsemployers.org) confirming your name, job title, contact details.

“A great way of networking and developing new approaches to reward”



“An interesting, thought provoking session”



<https://www.nhsemployers.org/topics-networks/networks-and-engagement/total-reward-engagement-network-tren>