

Introduction

Staff who have concerns about pension tax charges may feel they need to take action to limit their pension growth. Examples of the actions that staff may consider include:

- reducing working hours
- avoiding any additional paid responsibilities
- opting out of the scheme, either permanently or temporarily for part of the tax year
- taking their pension and leaving NHS employment
- retiring and returning to work, often with lower working hours.

Many of these actions will lead to a reduction in clinical capacity and will have an impact on service delivery.

Experienced senior clinicians and managers are more likely to earn pension benefits that exceed the annual allowance and / or the lifetime allowance. Retention of these members of our workforce is key to addressing pressures on service delivery.

Our guidance covers the local options employers can put in place to support staff who are facing pension tax issues. The following arrangements may help support staff to continue to work in the NHS for longer and ensure they feel valued, rewarded and appreciated for the work they do:

Paying unused employer contributions as additional salary (recycling contributions)

We explore the legal risks employers should consider when deciding whether to introduce a recycling policy and the actions employers can take to mitigate some of those risks.

Using multiple contracts of employment

We consider how establishing multiple part-time contracts of employment in place of a single full-time contract of employment can enable employees to opt out of the NHS Pension Scheme for one or more of their

employments to reduce the value of pension benefits they build up over the year.

Managing pensionable pay

We outline the existing flexibilities which may allow employers to determine certain elements of pay as being non-pensionable to help staff to limit their pension growth.

Opting out of the scheme for part of the year

We highlight the points employers should consider where employees choose to manage their pension growth by opting out of the NHS Pension Scheme for a period of time during the scheme year.