



To: NHS Trusts and Foundation Trusts with clinical staff impacted by annual allowance pensions tax during 2019/20

6 December 2019

Dear Chief Executive/Chairs,

## **PENSIONS TAX IMPACTS ON THE NHS – A SOLUTION FOR 2019/20**

Simon Stevens and Amanda Pritchard wrote to you on 22 November setting out the action we are taking to address this.

To give effect to the commitment made, I attach a standard letter that would provide a binding contractual commitment between the employer and clinician to provide an additional salary supplement in retirement to compensate for any reduction in pension from a 2019/20 annual allowance charge. We have taken extensive advice on employment and tax law considerations and consulted with the BMA. Any key questions are addressed in Frequently Asked Questions available at <https://www.england.nhs.uk/pensions/>

As per Simon and Amanda's letter to you, and Simon Stevens' letter to representative bodies (which can be found at <https://www.england.nhs.uk/pensions/>), local employers will incur no net extra costs as a result of this policy, which will be funded nationally as and when additional payments to employees are due. This commitment is supported by the Department of Health and Social Care and the Government more broadly.

I would be grateful if you could now provide clinical staff affected with the letter so that we can finalise these arrangements and give comfort to clinicians that the annual allowance tax implications are covered for this winter.

We will continue to provide further guidance and information to you, and to individuals on the steps needed to implement this policy in detail well in advance of any deadlines. A further session with all Trust HR Directors is scheduled for next week when we can pick up any residual questions.

These measures will only apply to pensions annual allowance tax charges arising with respect to 2019/20 tax year. We will continue to work with government to seek to agree a more permanent solution for future years.

Julian Kelly  
NHS Chief Financial Officer

NHS England and NHS Improvement

