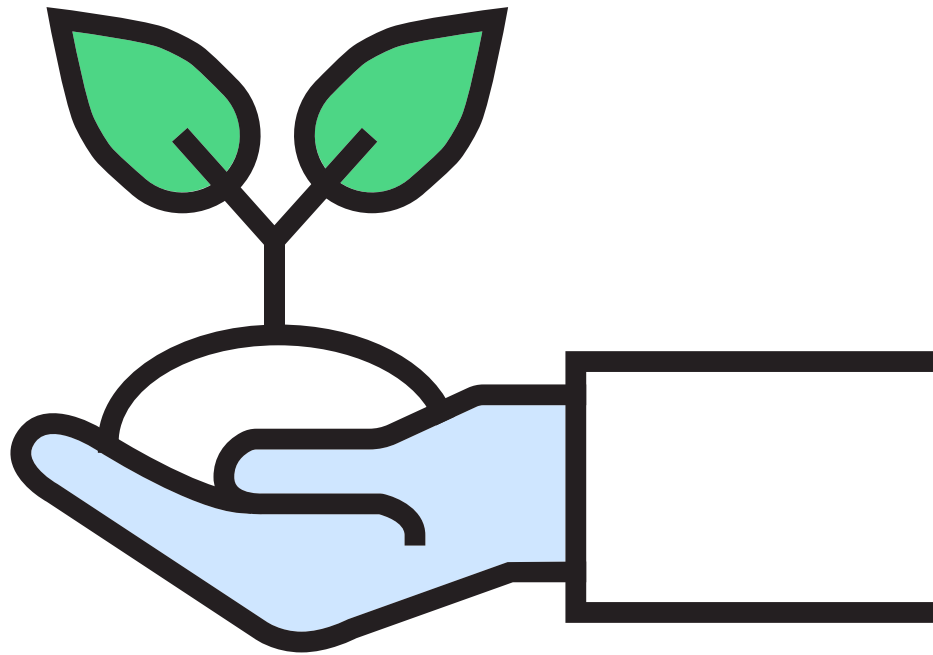


2019/20
Pensions Annual Allowance
Charge Compensation
Scheme (PAACCS)
Member booklet

Version 1 - July 2022



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1. Introduction to the PAACCS

This is your member booklet for the 2019/20 Pensions Annual Allowance Charge Compensation Scheme ('the PAACCS').

The PAACCS was established by NHS England in 2020 and is in respect of the 2019/20 tax year only. This booklet explains the background to the PAACCS, how your benefits will be calculated and paid and sets out some important information about how the PAACCS works. It also sets out where you can find out more information on the PAACCS if you need it.

The PAACCS was introduced as a result of feedback from clinicians and their employers about the impact of pensions tax rules, and in particular, Annual Allowance ('AA') charges, on clinicians who wanted to help their patients by working extra hours.

The PAACCS and benefits due under it are guaranteed by NHS England and the Secretary of State for Health and Social Care.

The PAACCS is administered by the NHS Business Services Authority ('NHSBSA').

The PAACCS is a separate entity from the NHS Pension Scheme.

2. Eligibility and applications

a) Who is eligible?

You are eligible for the PAACCS if you:

- were an active member of the NHS Pension Scheme in the 2019/20 tax year
- were employed or engaged in a role delivering clinical care that requires registration with the relevant healthcare regulatory body
- had a valid registration for the period to which the 2019/20 scheme pays election applies, i.e. 6 April 2019 to 5 April 2020
- received a tax charge associated with breaching the AA, including the tapered AA, in 2019/20 in respect of membership of the 1995 and 2008 sections of the NHS Pension Scheme and/or the 2015 NHS Pension Scheme, and made a **scheme pays election** to pay the tax charge
- made a successful application to join the PAACCS, endorsed by your employer, or via **Primary Care Support England ('PCSE')** or NHS Dental services if you were working as a GP or dentist.

b) Amending your application

If you need to amend your scheme pays election for 2019/20 as a result of receiving new information about your pension savings in the NHS Pension Scheme, or amend your personal details please contact the NHSBSA using the details on their website and at the back of this booklet.

3. What's covered by the PAACCS?

The PAACCS compensates members' 2019/20 AA charges arising from the following:

- 2019/20 pension and lump sum growth in the 1995 section and pension growth in the 2008 section of the NHS Pension Scheme
- 2019/20 pension growth in the 2015 scheme
- 2019/20 growth in pensions due to added years contracts purchased before 31 March 2008
- **Note: the PAACCS covers the full AA charge for eligible clinicians (see exclusions below), not just that resulting from additional work undertaken.**

The PAACCS **does not cover** 2019/20 AA charges arising from the following:

- NHS Money Purchase Additional Voluntary Contributions
- Pension build up and AA charges from schemes other than the NHS Pension Scheme
- AA charges in tax years other than 2019/20
- AA charges paid without using the Scheme Pays option in the NHS Pension Scheme
- Where the charge can be met from unused Annual Allowances from the three previous tax years.

4. Different categories of member

It is important for members to note that the PAACCS has two different membership categories.

These are set out in the table below and your membership category will depend on where you worked during the 2019/20 tax year.

CATEGORY	DESCRIPTION
Category 1	Clinicians with a contract of employment with an employer providing NHS services or providing staff who undertake NHS services. This employer is responsible for making contributions to the NHS Pension Scheme.
Category 2	Self-employed primary care clinicians such as GP and dental partners.

The way that benefits are calculated are predominantly the same for each category, and the net value of the benefits paid under the PAACCS is the same for each category of clinicians.

Any differences result purely from the different legal structures of the PAACCS for these categories.

These differences are illustrated in the **Appendix**.

5. PAACCS benefits

The benefits of the PAACCS are designed to compensate eligible clinicians for the impact of 2019/20 AA Charges on their pension.

If you have successfully applied to the PAACCS, when you start to draw your benefits from the NHS Pension Scheme, benefits from the PAACCS will automatically be put into payment at the same time.

Benefits from the PAACCS will, as far as practicably possible, provide an equal and opposite payment to reductions to your NHS Pension Scheme benefits resulting from using scheme pays to meet your AA charges for the 2019/20 tax year.

Payments under the PAACCS will be made as monthly payments in retirement to mirror the impact on pension income from the scheme pays adjustment to your NHS Pension Scheme benefits in respect of the 2019/20 tax year.

Monthly PAACCS payments will increase in line with inflation in payment the same way as your 2019/20 scheme pays deduction in the NHS Pension Scheme.

If you are a member of the 1995 Section of the NHS Pension Scheme, the PAACCS will also cover any reductions to your tax-free lump sum as a result of using scheme pays to meet your AA charges for the 2019/20 tax year. This will be paid to you as a one-off payment.

For Category 1 clinicians, these payments will be paid to you net of tax, using the Pay As You Earn ('PAYE') system.

For Category 2 clinicians, the payments are classified by **HM Revenue and Customs ('HMRC')** as 'Miscellaneous Income' for income tax purposes. They are classified in this way because of the legal powers used to make the compensation payments available. As a result, these payments will be made net of 20% tax, and you will be responsible for paying any additional tax due to HMRC **via your annual tax return.**

PAACCS payments are not expected to attract **National Insurance Contributions ('NICs')** for any category of member.

Whenever you contact NHSBSA to discuss your benefits, please make it clear that you are calling about the PAACCS, not the NHS Pension Scheme, so that they can answer questions on it, if required.

6. How are benefits calculated?

The PAACCS benefits are calculated based on an individual's 2019/20 scheme pays charges in the NHS Pension Scheme as follows:

- When a member's AA charge is paid using scheme pays (as is required by the PAACCS), this amount is recorded as a notional negative **Defined Contribution ('DC')** account on the member's NHS Pension Scheme pension record. In effect, the NHS Pension Scheme loans the member the money to pay their AA charge.
- When the member retires the total negative DC account balance owing, including interest, is converted into an amount to be permanently deducted from the member's NHS Pension Scheme benefits (i.e. the annual pension, and where applicable, the lump sum too).
- The reduction is calculated using factors provided by the **Government Actuaries Department ('GAD')**. In effect, this is the member paying back the loan during retirement.
- As part of the normal NHS Pension Scheme retirement process, NHSBSA will calculate the scheme pays deductions relating to the 2019/20 tax year.
- They will then use these deductions as the starting point to calculate the member's final PAACCS benefits (which may include additional uplifts to allow for the difference in taxation between the PAACCS, and the foregone NHS Pension Scheme benefits it is replacing).
- PAACCS benefits are drawn at the same time as NHS Pension Scheme benefits which can be before, at or after your Normal Pension Age ('NPA'). As PAACCS benefits depend on scheme pays deductions in the NHS Pension Scheme, they cannot be drawn separately.

Some case studies of how the benefits put into payment will be calculated are set out in the **Appendix** at the end of this document.

7. Updating your details

It is the responsibility of all members of the PAACCS to notify NHSBSA immediately of any change in their address and other relevant personal details so that you can be contacted if necessary.

8. Members costs

Members do not need to pay any contributions to NHS England or their employer in respect of PAACCS benefits.

In addition, please note that neither NHS England nor NHSBSA can be held responsible for covering members' costs in relation to receiving benefits. This includes (but is not limited to) costs in relation to taking financial advice and planning, accounting and/or submitting tax returns.

9. Divorce

To the extent that the PAACCS benefits are considered as part of an eligible clinician's divorce proceedings, NHS England and NHSBSA will be able to provide (on request) a capitalised valuation of the PAACCS benefits. This valuation will be determined by NHS England and NHSBSA (after taking appropriate advice) and will not be guaranteed.

Where a court orders the sharing of PAACCS benefits, the implications that this has on benefits will vary on a case by case basis.

At present, NHSBSA will provide one free valuation per year to a member on a rolling basis. However, NHSBSA may charge eligible clinicians for any additional administration associated with providing valuations, and processing benefits in respect of divorce proceedings. Details of such charges are available on the [NHSBSA website](#).

10. Transfers

The PAACCS benefits cannot be transferred to alternative arrangements (or vice versa) and no cash alternative to the PAACCS is available.

If you transfer your NHS Pension Scheme benefits to an alternative arrangement, information on the amount of your 2019/20 scheme pays election in the NHS Pension Scheme will continue to be held by NHSBSA for the purpose of paying you PAACCS benefits at a later date. NHSBSA will contact you prior to what would have been your **Normal Pension Age ('NPA')** in the NHS Pension Scheme to arrange payment of compensation Scheme benefits, as required.

If you would like to draw your PAACCS benefits before what would have been your NHS Pension Scheme NPA, please contact NHSBSA to discuss this.

11. Death and ill health benefits (before and after retirement)

In certain circumstances death and ill health benefits will be paid from the PAACCS in lieu of retirement benefits. These benefits are set out below and where relevant, will be paid to an individual's estate and/or surviving spouse/dependant.

Eligibility for death and ill health benefits will follow the same criteria used to assess death and ill health benefit eligibility in the NHS Pension Scheme. This will require the provision of evidence¹ to NHSBSA in respect of death or qualifying ill health.

TYPE OF BENEFIT	AMOUNT
Ill health retirement benefits	Where an individual is eligible to receive ill health benefits from the NHS Pension Scheme, their PAACCS benefits will be calculated using the relevant ill health scheme pays factors.
Serious ill health lump sums	Immediate serious ill health lump sum equivalent to 5 x the normal PAACCS benefits that would have been payable had the member retired at their date of serious ill health application (calculated using the ill health scheme pays recovery factors in the NHS Pension Scheme).
Death after retirement lump sums (only if benefits have been paid for less than 5 years)	<p>PAACCS benefits are subject to a 5-year guarantee of payment. Therefore, if death occurs after retirement the member's estate will be paid an amount equivalent to 5 x PAACCS benefit in payment at date of death less PAACCS benefits already paid.</p> <p>Where a member has opted to take partial retirement and dies before taking full retirement, a lump sum equivalent to 5 x annual PAACCS benefits that would be payable had the member fully retired on the date of their death will be paid to the member's estate.</p>

¹ This will include individuals meeting the conditions and evidence requirements of the Finance Act 2004.

TYPE OF BENEFIT	AMOUNT
<p>Spouse and dependants' benefits</p>	<p>Following a member's death, a spouse's or dependant's pension may become payable. Where the NHS Pension Scheme pays a short-term pension to the eligible spouse or dependant which is reduced due to the member's 2019/20 scheme pays debit a PAACCS benefit will continue to be payable. This benefit is usually paid for 3 or 6 months. When the spouse or dependant pension is revised following the initial payment period in the NHS Pension Scheme, this PAACCS benefit will cease (because your 2019/20 scheme pays deduction will no longer apply to your spouse's or dependant's benefits). For more information on spouse and dependants' benefits in the NHS Pension Scheme, please contact NHSBSA or visit their website www.nhsbsa.nhs.uk/nhs-pensions.</p>

PAACCS benefits will not be payable on death when a 2019/20 scheme pays election has not been made in the NHS Pension Scheme or if a 2019/20 AA charge has been written off by HMRC and/or the NHS Pension Scheme.

12. Legal constitution and operation of the Scheme

The PAACCS is not a registered pension scheme and is separate to the NHS Pension Scheme. The legal constitution of the PAACCS is set out below for each category of member.

Category 1:

For clinicians in Category 1 payments under the PAACCS will be made through an Employer Financed Retirement Benefit Scheme ('EFRBS') provided for the benefit of the member by their employer.

Broadly speaking PAACCS payments will be made at retirement and financing for those benefits will be made by NHS England on behalf of the employer at the time they become due (i.e. there will be no advance funding of the PAACCS).

In practice, NHSBSA will administer the PAACCS payments, financed by NHS England, and all appropriate taxes on the payments will be accounted for as and when payments are made to the individuals. Various powers will be used by NHS England to make payments on behalf of employers.

Category 2:

For clinicians in Category 2, PAACCS payments will be made to Contract Holders (such as GP and Dental Practices) as financial assistance under the NHS Act 2006 on the proviso that such assistance will be used to make the required payments under the PAACCS to the eligible clinicians.

Such payments will be funded by NHS England at retirement and paid directly to affected members as self-employed income on behalf of Contract Holders, with NHSBSA acting as payment agent.

Payments to clinicians in Category 2 at retirement are classified by HMRC as 'Miscellaneous Income'. As a result, these payments will be made net of 20% tax, and eligible clinicians will be responsible for paying any additional tax due to HMRC via their **annual tax return**.

For the avoidance of doubt, employed primary care clinicians will be classified as Category 1 eligible clinicians with their practices providing the contractual commitment.

PAACCS payments are not expected to attract **National Insurance Contributions ('NICs')** for any category of member.

13. Additional sources of information

a) NHS England

Further information in relation to the PAACCS can be found on the NHS England website - <http://england.nhs.uk/pensions>

Useful documents you may wish to read include:

- NHS England 'FAQs for members' document.
- An application form and guide for members.
- Background information and letters about the policy which led to the development of the PAACCS from 2019/20.

b) NHSBSA

You can contact the NHSBSA call centre using the details below for additional information on the PAACCS:

- Calling from the UK 0300 330 1346
- Calling from abroad 0191 279 0571.

Finally, your employer may be offering retirement planning/pensions tax support sessions. Please ask your local HR contact about this just to check.

c) Advice and guidance

Planning for your retirement is complex, and therefore, you may wish to seek additional help making decisions about this.

Neither NHS England nor NHSBSA can give you specific advice about retirement and financial planning options and therefore, you may wish to seek more detailed information from elsewhere in respect of this, for example:

1. Your NHS employer – many NHS employers are now offering financial planning sessions for their colleagues. If you are interested in this, please ask your local HR contact to see what sessions they are offering, and if they can help you.

2. FCA registered financial advisors - an Independent, FCA registered financial advisor may be able to help you plan for your retirement in more detail. Details of advisors can be found at:

a. **NHS Employers website:**

www.nhsemployers.org

b. **Unbiased:** www.unbiased.co.uk

Members are responsible for covering the costs of any advice they require in respect of their benefits, where it is not provided by their employer.

14. Disclaimer/legal notes

The purpose of this booklet is to describe the terms of the PAACCS.

For the avoidance of doubt, the PAACCS is not a registered pension scheme and has a different legal constitution to that of the NHS Pension Scheme as described in this booklet and in the Policy Document.

Please note that all benefits payable under the PAACCS are personal to you and your dependants and cannot be assigned to anyone else.

This booklet does not cover all the detailed circumstances which may arise in individual cases, but whilst it is not a substitute for NHS England's full Policy Document which sets out the legal basis of the PAACCS, it should provide you with everything you need to know on a day to day basis. If there is any inconsistency between this booklet and NHS England Policy Document, the Policy Document will prevail.

A copy of NHS England's full Policy Document which sets out the details of the PAACCS can be provided on request by emailing england.pensionsenquiries@nhs.net

Some of the terms and abbreviations used in this booklet have special meanings. All such terms appearing within the text (in bold font) are explained in full at their first use.

The responsibility for running the PAACCS falls to NHS England. An oversight board from NHS England meets regularly to discuss the PAACCS and make any decisions required in respect of benefits.

NHS England reserves the right to amend the PAACCS at any time. All PAACCS amendments must be approved by the oversight board of NHS England. Changes may be necessary in the event of amendments to UK legislation which affect the PAACCS.

If you have any queries or require further information, you should use the contact details set out on page 16.

Appendix 1: Benefit calculation examples

Introduction

We have set out below examples of how PAACCS benefits could be calculated for different categories of members. We have also shown how PAACCS benefits interact with various 'options' in the NHS Pension Scheme.

The primary difference between Category 1 and 2 membership is the mechanism used to deliver payments, rather than the amount of the payments themselves.

Therefore, the benefit calculation examples set out below apply to all members.

As a reminder, your membership category will depend on where you worked during the 2019/20 tax year – these are set out in the table below.

NHSBSA are responsible for calculating PAACCS benefits on behalf of NHS England and in all cases, the calculation methodology set out in this document is subject to appropriate revision by NHS England and NHSBSA.

The examples below illustrate the deductions that would be made to an individual's regular NHS Pension Scheme benefits in respect of any 2019/20 scheme pays elections based on an accumulated notional negative DC account of £20,000 at age 60.

These deductions are calculated in the same way for both Category 1 and Category 2 members.

CATEGORY	DESCRIPTION
Category 1	Clinicians with a contract of employment with an employer providing NHS services or providing staff who undertake NHS services. This employer is responsible for making contributions to the NHS Pension Scheme.
Category 2	Self-employed primary care clinicians such as GP and dental partners.

Please note that the scheme pays recovery factors used in these calculations are reviewed by GAD periodically and so are subject to change.

Overview of benefits

As PAACCS aims to compensate members for 19/20 scheme pays deductions in the NHS Pension Scheme, they are the starting points for calculating all members' benefits in the PAACCS. The examples below show how these are calculated.

Category 1 members:

PAACCS monthly benefits for Category 1 members are taxed at the same rate as their regular pension benefits from the NHS Pension Scheme. Therefore, the pension amounts received from the PAACCS are equal to the scheme pays deductions from the NHS Pension Scheme (unless any exclusions apply).

The automatic lump sum benefits from the PAACCS are subject to income tax (rather than being tax free, as is the case in the NHS Pension Scheme). The amount paid from the PAACCS is therefore increased appropriately so that the net amount received after tax will be equivalent, as far as is practicable, to what would have been received tax free from the NHS Pension Scheme.

The adjustment used will be reviewed periodically by NHS England and NHSBSA. The current assumption is that the benefit payable from the PAACCS will be subject to 40% income tax.

Note: it is not administratively possible for NHS England or NHSBSA to calculate individual benefit adjustments.

The benefits above are subject to income tax, which will be deducted at source by NHSBSA and paid to HMRC on behalf of Category 1 members.

Category 2 members:

The PAACCS benefits for Category 2 members are paid as "Miscellaneous Income" (as categorised by HMRC) which are subject to income tax. Any automatic lump sum benefits due when the PAACCS is initially paid are subject to income tax (rather than being tax free, as is the case in the NHS Pension Scheme). The amount paid from the PAACCS is therefore increased appropriately so that the net amount received after paying tax will be equivalent, as far as is practicable, to what would have been received tax free from the NHS Pension Scheme.

The adjustment used will be reviewed periodically by NHS England and NHSBSA. The current assumption is that the benefit payable from the PAACCS will be subject to 40% income tax.

Note: it is not administratively possible for NHS England or NHSBSA to calculate individual benefit adjustments.

It is important to note that only the basic rate tax (currently 20%) will be deducted at source by NHSBSA and as such Category 2 members will be responsible for paying any additional tax due (based on their whole taxable earnings) by submitting a tax return for as long as the payments continue to be made.

It is not possible for NHS England or NHSBSA to pay any other taxes due to HMRC on behalf of Category 2 member because of HMRC's classification of these benefits.

Example 1 – 1995 section benefits in the NHS Pension Scheme (Staff and Practitioners) – Category 1 AND Category 2 members

Dr Hussain is a member of the 1995 Section of the NHS Pension Scheme. He is also a member of the PAACCS. He retires at age 60 with an accumulated AA charge of £20,000 in respect of the 2019/20 tax year at this date.

1. NHS Pension Scheme – Scheme Pays Deduction

When Dr Hussain retires, his accumulated AA charge of £20,000 is converted to a deduction to his NHS Pension Scheme pension using a scheme pays recovery factor*. As Dr Hussain is a 1995 Section member of the NHS Pension Scheme, his automatic lump sum (equivalent to 3 x his pension) is reduced, too (there are no automatic lump sums for 2008 section or 2015 scheme benefits).

At time of writing the scheme pays recovery factor for a 1995 section member at age 60 is 23.9 and these are reviewed periodically by the NHS Pension Scheme's actuary.

Using this factor results in the following deduction to his NHS Pension Scheme benefits:

- a) Pension deduction: £837 pa. (i.e. £20,000 / 23.9)
- b) Lump sum deduction: £2,511 (i.e. 3 x £837)

This is used as the starting point for calculating Dr Hussain's PAACCS benefit.

2. PAACCS benefits

The PAACCS aims to compensate members for their 19/20 scheme pays deductions in the NHS Pension Scheme.

Dr Hussain will be paid an amount of £837 pa to compensate him for the 19/20 scheme pays deduction to his pension in the NHS Pension Scheme. This is equal to the scheme pays deduction calculated above and there is no further adjustment to this as he is a Category 1 member of the PAACCS (as his NHS Pension Scheme and PAACCS pension benefits are taxed on receipt in the same way). PAACCS benefits increase in line with inflationary increases in retirement granted in the NHS Pension Scheme.

He also receives a one-off payment from the PAACCS to compensate him for his NHS Pension Scheme lump sum deduction too. This is equivalent to his deduction of £2,511 uprated so the amount received net of tax is of this amount. He is therefore paid £4,184 from the PAACCS (which after 40% tax is £2,511). The amount of uprating uses an average tax amount for all members, rather than being based on individual tax rates.

*Scheme pays recovery factors currently in force are available on NHSBSA's website - <https://www.nhsbsa.nhs.uk/nhs-pensions>

Important note: income tax

If Dr Hussain is a **Category 1 member**, the income tax for his PAACCS benefits is deducted at source by NHSBSA. NHSBSA will use tax codes to deduct any income tax instructed by HMRC.

If Dr Hussain is a **Category 2 member**, only the basic rate tax (currently 20%) will be deducted at source by NHSBSA and he will be responsible for paying any additional tax due (based on his whole taxable earnings) by submitting a tax return for as long as the payments continue to be made. It is not possible for NHS England or NHSBSA to pay any other taxes due to HMRC on behalf of a Category 2 member because of HMRC's classification of these benefits.

Example 2 – 2008 section (or 2015 scheme) benefits in the NHS Pension Scheme (Staff and Practitioners) – Category 1 AND Category 2

Ms Johnson is a member of the 2008 Section of the NHS Pension Scheme. She is also a member of the PAACCS. She retires at age 60 with an accumulated AA charge of £20,000 in respect of the 2019/20 tax year at this date.

1. NHS Pension Scheme – Scheme Pays Deduction

When Ms Johnson retires, her accumulated AA charge of £20,000 is converted to a deduction to her NHS Pension Scheme pension using a scheme pays recovery factor*. As Ms Johnson is a 2008 Section member of the NHS Pension Scheme, there is no automatic lump sum payable.

At time of writing the scheme pays recovery factor for a 2008 section member at age 60 is 20.9 and these are reviewed periodically by the NHS Pension Scheme's actuary.

Using this factor results in the following deduction to his NHS Pension Scheme benefits:

- a) Pension deduction: £957 pa. (i.e. £20,000 / 20.9*)

This is used as the starting point for calculating Ms Johnson's PAACCS benefit.

2. PAACCS benefits

The PAACCS aims to compensate members for their 19/20 scheme pays deductions in the NHS Pension Scheme.

Ms Johnson will be paid an amount of £957 pa to compensate her for the 19/20 scheme pays deduction to her pension in the NHS Pension Scheme. This is equal to the scheme pays deduction calculated above and there is no further adjustment to this. PAACCS benefits increase in line with inflationary increases in retirement granted in the NHS Pension Scheme.

(The above calculation would not change should Ms Johnson be a member of the 2015 Section of the NHS Pension Scheme Instead, save for different scheme pays adjustment factors being in force).

*Scheme pays recovery factors currently in force are available on NHSBSA's website - <https://www.nhsbsa.nhs.uk/nhs-pensions>

Important note: income tax

If Ms Johnson is a **Category 1 member**, the income tax for his PAACCS benefits is deducted at source by NHSBSA. NHSBSA will use tax codes to deduct any income tax instructed by HMRC.

If Ms Johnson is a **Category 2 member**, only the basic rate tax (currently 20%) will be deducted at source by NHSBSA and he will be responsible for paying any additional tax due (based on his whole taxable earnings) by submitting a tax return for as long as the payments continue to be made. It is not possible for NHS England or NHSBSA to pay any other taxes due to HMRC on behalf of a Category 2 member because of HMRC's classification of these benefits.

PAACCS interaction with NHS Pension Scheme 'options':

For completeness, we have set out below how the PAACCS benefits are expected to interact with NHS Pension Scheme options. The table below is subject to future review, for example, due to changes in tax and legal requirements.

CATEGORY	NOTES
<p>NHSPS 'retire and return'</p>	<p>Where a member uses the 'retire and return' option in the NHS Pension Scheme they will (normally) break their employment, draw their full NHSPS benefits, and then return to work.</p> <p>Where NHSBSA makes a deduction to NHS Pension Scheme benefits in respect of a 2019/20 scheme pays election when a member takes this option, the PAACCS will make payments to cover this as described earlier in this Appendix.</p> <p>For a member to use the 'retire and return' option a 24-hour break in employment must occur. This means that the PAACCS benefits are payable when an individual uses the 'retire and return' option, even if returning to work with the employer that made the contractual commitment to providing the PAACCS. This break must be met for PAACCS benefits to be payable to meet the requirements of the NHS Pension Scheme and HMRC.</p> <p>Where a break in employment does not occur, PAACCS benefits will not be paid until this condition has been met.</p>
<p>NHSPS 'draw down'</p>	<p>Where a member enters 'draw down' (2008 and 2015 sections of the NHSPS) they will reduce their earnings and take part of their NHS Pension Scheme benefits whilst continuing to work.</p> <p>Due to requirements around taxation, NHS England and NHSBSA have agreed that no PAACCS benefits will be paid to members until they have drawn all of their benefits in the NHS Pension Scheme.</p>
<p>Redundancy – enhanced early retirement terms</p>	<p>Some NHS Pension Scheme benefits may have an actuarial reduction waived on early retirement, for example, due to redundancy.</p> <p>Scheme pays deductions are applied after the application of any actuarial reduction and therefore, the calculation of PAACCS benefits will not need adjusting to reflect this.</p>
<p>Abatement</p>	<p>Where pensions are abated it is the reduced pension (after scheme pays deductions) which is subject to abatement. Therefore, where abatement applies the member will still be subject to their 2019/20 scheme pays deduction in the NHS Pension Scheme and therefore, the PAACCS benefit will be paid as normal.</p>

CATEGORY	NOTES
<p>Suspended pensions</p>	<p>Where NHS Pension Scheme benefits are suspended and hence, an individual's 2019/20 scheme pays debit is suspended, PAACCS benefits will also be suspended.</p> <p>Where there are grounds for PAACCS benefits to continue despite an NHS Pension Scheme benefit being suspended, this will be considered by the PAACCS Oversight Board on a case-by-case basis.</p>
<p>Partial retirement</p>	<p>PAACCS benefits can only be paid when a member fully retires to aid meeting HMRC payment requirements under the mechanism used to deliver the PAACCS.</p> <p>The PAACCS benefits due will be calculated using the full value of an individual's notional defined contribution amount in relation to their 2019/20 scheme pays election and scheme pays factors in force at the date of their full retirement, as though they had not taken partial retirement.</p>