How do NHS pensions currently work?
Anyone who starts working for the NHS automatically becomes a member of the NHS Pension Scheme – but membership is voluntary.

There are two sections to the scheme; the 1995 section with a normal pension age (NPA) of 60 (55 for the ‘special classes’) and the 2008 section with a NPA of 65.

Members in the 1995 section build up pension based on 1/80th accrual for each year of pensionable service. On retirement they receive a pension and tax-free lump sum (three times the value of the pension). Further cash can be taken in return for giving up part of the pension.

Members of the 2008 section build up a pension based on an accrual rate of 1/60th for each year of pensionable service. On retirement they receive a pension but no automatic lump sum. They can take a cash lump sum in exchange for some of their pension.

Eligible scheme members who are making contributions to the 1995 section have been offered a choice between whether to remain in the 1995 section or transfer and move all past and future benefits to the new 2008 section.

What is a final salary scheme?
Final salary schemes are generally 'defined benefit' schemes. This means that the pension benefit you receive is determined by the rules of the scheme. Final salary schemes have traditionally been seen as the best type of pension a worker can get. They promise to pay every year for the rest of your life a retirement income based on your final salary and years of pensionable service.

The amount you get depends on how much pension benefit you accrue in each year of pensionable service. In the NHS this is 1/80th of final salary for each year of pensionable service and 1/60th in the 2008 section.

What is the difference between final salary schemes and career average schemes?
It is important to note that both final salary schemes and career average schemes are ‘defined benefit pension schemes’.

- **Final salary scheme**: Guaranteed pension based on earnings at end of your career and length of service
- **Career average scheme**: Guaranteed pension based on your average pay over your career

How is this related to Lord Hutton’s proposals?
The Hutton report builds upon the interim recommendations made in October 2010 and in addition identifies a timescale of 2015 (the end of the current Parliament) for these changes to be achieved.

The main suggested changes are:

- pension ages should rise to (and with) the state pension age. This is currently 65 years. Those working in uniformed services (police, fire and armed services) will move to a normal pension age of 60 years
- final salary schemes will be closed to new accruals and that defined benefit career average (CARE) schemes are put in place for future pension service
- CARE schemes to be revalued at the rate of earnings growth and pensions in payment should be uplifted by the rises in consumer prices
• accrued pension rights (which you will have built up at the point of any change) in the final salary schemes will be protected. This includes the age at which that pension becomes payable. The final salary to be used in calculating a pension for this service will be the salary at the time of retirement and not that in 2015
• that scheme members should pay more for the pensions they receive
• the Government should consider what proportion of pensionable pay employers should pay into public service schemes in future
• non-public sector workers should not have access to the NHS pension scheme
• access to public sector pensions should be seen as part of the remuneration package for employees and the value of pension should be considered by the independent pay review bodies.

You can find out more at www.rcn.org.uk/frontlinefirst

What is the difference between state pension and occupational pension?
The state pension is what all people in the UK receive once they reach the state retirement age (currently 65). This is funded by National Insurance contributions made while in work. An occupational pension is one that is provided by your employer into which you pay a certain amount of your salary each week/month with your employer also making a contribution. You can then access this once you retire from your employment. Occupational schemes might be defined benefit (as in the public sector) or ‘defined contribution’. Defined contribution schemes deliver pensions that build up through investments and the pension an employee receives will be determined by the growth (or not) of their investment over time.

With all these changes should I leave the NHS pension scheme?
No decision about leaving the scheme prior to your planned retirement should be made without taking independent financial advice.

How can I work out how much the proposals will cost me?
The RCN has developed two calculators to help you work out how the Government’s proposals might affect you. Our first tool, the contributions calculator, allows you to work out how much your contributions will increase under the government’s proposals. The second tool, the retirement calculator, allows you to work out how much your annual pension upon retirement will be reduced by, if the proposals are made a reality. You can find the online calculators at http://frontlinefirst.rcn.org.uk/calculator

How much did NHS workers pay into the scheme last year?
It is difficult to get an exact figure for this. Treasury figures for 2009/10 show that pension expenditure in the NHS was £6.3bn and ‘receipts’ were £8.4bn giving a net cash balance of £2.1bn If the receipts (£8.4bn) were split as expected between employers and employees this would indicate an employee contribution of approx £2.7bn in that year.

What does the Government think is the problem with the NHS pension scheme as it stands?
As a population we are living longer, so this means that people will be spending longer in retirement. These extra years have to be paid for. The Government’s view is that people will have to work longer to pay for the pensions they will be receiving for longer. They also intend to increase statutory pension age for all to 68 by the mid 2040s.

Why do the trade unions disagree with the Government’s assessment?
The NHS pension scheme was changed in 2008 to ensure that it continued to be fit for purpose. The 2008 changes meant that staff agreed to pick up any increased scheme costs arising out of staff living longer and/or earning more. There was a provision that the employer (ultimately the tax payer) would not be paying in more than 14 per cent in future. With this employer ‘cap’ in place any extra costs would have to be met by NHS
staff. They would either have to pay more in employee contributions or change the level of benefits or work longer in order to get the same pension. The key point is that it would be the scheme that would make these decisions and in the future the cost sharing arrangement would have meant that Government concerns about the taxpayers’ contribution would be addressed.

**Why is the agreement made in 2008 no longer being honoured?**
The agreement made in 2008 was with the previous Labour Government. The Coalition Government which took office in May 2010 has ignored this agreement and has failed to complete the NHS scheme valuation.

**How are nurses in a unique situation?**
The nursing workforce is predominantly female (90 per cent) and is also the lowest paid public sector profession. Many women take time out to have children and raise a family and as a result many do not accumulate full pensions.

**Does the RCN have an alternative to the government’s proposals?**
The RCN believes that the changes made in 2008 make the current NHS pension scheme sustainable and fit for purpose and is calling for the Government to honour the 2008 agreement.

**How have we engaged with the government to date?**
The RCN has been involved in ongoing negotiations with the Government, along with other trade unions representing members working in the NHS/public sector. We have attended numerous meetings and submitted evidence to The Hutton Commission, The Department of Health (England) and the NHS Pay Review Body. Much of the evidence to the NHS Pay Review Body came from our member’s survey of around 8000 nurses and health care assistants, which highlighted deep concerns about changes to the NHS Pension Scheme.

**What are the differences between pensions in England, Scotland, Wales and NI?**
There are no fundamental differences in the pensions payable or in how pensions are built up. However there are three schemes; England and Wales, Scotland and Northern Ireland.

**Why is the RCN considering balloting for industrial action?**
RCN Council is considering balloting for industrial action because of the depth of feeling our members have on this issue – having already accepted significant changes to the scheme in 2008; paying in more, higher earners paying proportionately more, a cap on the employer contribution, employees picking up any extra costs and new entrants having a retirement age of 65. The proposed changes will mean our members paying more into their pension, working longer and potentially receiving less. You can read more about this here. [www.rcn.org.uk/support/pensions/planned_pension_changes_explained](http://www.rcn.org.uk/support/pensions/planned_pension_changes_explained)

**Is industrial action the same as a strike?**
Industrial action can take various forms such as working to rule, refusal to undertake some duties (part performance) or striking (a concerted stoppage of work).

**How can we ensure members are not in breach of the NMC code?**
No nurse would ever take a decision on industrial action lightly and it is a fundamental principle of the RCN that members shall not act in any way which is detrimental to the wellbeing or interests of their patients. If a ballot is held and RCN members do decide to take industrial action, this will be through the appropriate legal channels and employers will receive enough notice to put contingency plans for patient care in place.

**Is industrial action a last resort?**
Yes. RCN members have never taken industrial action. Prior to 1995, RCN Rules did not allow for any industrial action to be taken. However, many RCN members feel that there may be no other option in order to
show the Government the depth of concern and anger they feel about these proposed changes.

**How have we engaged with our members to date?**

Over the last few months, the RCN has been continually engaging with members via our Frontline First website. Members have been emailed regular updates and we have asked for your experiences in order to help us build a strong case. Members were also asked to contact their RCN Council member so that their views could feed into the special council meeting held on 30 September 2011.

**What are other trade unions doing?**

Some of the unions which are members of the Trades Union Congress (TUC) decided to ballot on strike action for 30 November. Those organisations not undertaking industrial action on 30 November 2011 can still be involved in a ‘day of action’, of which the RCN is fully supportive.

**Why has the RCN not balloted yet?**

The RCN has not yet balloted because Council felt that it would be in the best interests of members to continue with negotiations until they are completed. We are however updating our records and preparing for a possible ballot at some point if necessary.

**Has the RCN ever balloted on industrial action before?**

The RCN has not balloted on industrial action before. In 2007 we held an indicative ballot to see if members wanted to formally ballot over concerns around pay issues. The RCN is a member led organisation and makes use of every opportunity to consult members prior to any decision being made by our RCN Council.

**Who will decide if the RCN ballots?**

The RCN has asked members to contact their respective Council members and feedback views and thoughts on pensions and possible industrial action. Council will then take all these views into consideration and use their position as democratically elected representatives to decide if the RCN should ballot members.

**Who will decide if the RCN authorises industrial action?**

Simple answer – members like you – through your RCN Council. If Council decide to go ahead with balloting, all members that we believe will be involved in the dispute will be sent ballot papers via the post and will be asked to vote on whether the RCN should take industrial action. (The exact wording of what you will be asked to vote on will be confirmed in the ballot papers).

**How would a ballot operate in practice?**

The process for conducting industrial action ballots is outlined in the Department for Business Innovation and Skills (formerly Department of Trade and Industry) Code of Practice (PL962 (Rev2)).

This can be accessed here: [www.bis.gov.uk/files/file18013.pdf](http://www.bis.gov.uk/files/file18013.pdf)

It is a complex process, but this is to ensure that all legalities are covered and all our members are protected.

**What vote is needed to authorise industrial action by the RCN?**

A simple majority of those balloted is required.

**What action is the RCN asking members to take on 30 November 2011?**

Council agreed that balloting was inevitable if the negotiations do not result in the changes the RCN wants to see in the pensions proposals. Although Council decided not to ballot now, they agreed to support other trade union colleagues in the Day of Action on 30 November 2011. The RCN is campaigning to communicate the seriousness of the proposals and ensure that the RCN is ready to ballot as and when needed. The RCN is asking members to support the Day of Action on 30 November 2011 by attending local demonstrations in their own time.

If you are at work and you wish to attend any workplace action, you will need to take time off and it must be in your own time, for
example, during a planned meal break, as failure to attend work as normal is likely to be a breach of contract. You can read a full briefing on the Day of Action here [http://frontlinefirst.rcn.org.uk/members-briefing](http://frontlinefirst.rcn.org.uk/members-briefing)

This includes a more detailed briefing on what RCN members can and can’t do.

**Will I have to cover for my TUC colleagues?**

Members should not generally cover the work of colleagues who are undertaking industrial action (though they are obliged to carry out any reasonable, contractual, requirements of the employer). Members should avoid any voluntary overtime work to cover the work of those taking industrial action and should also avoid any bank or agency work to cover the work of those involved in the industrial action. You can read more about this here [http://frontlinefirst.rcn.org.uk/unions-briefing](http://frontlinefirst.rcn.org.uk/unions-briefing)

**What will my TUC colleagues say if I cross the picket line on the 30 November 2011?**

If TUC unions vote in favour of taking industrial/strike action on the 30 November 2011, you should advise colleagues that as a member of the RCN you are not authorised to take part in it. If you take part in industrial action without legal authorisation, you will be in breach of your contract and your employer could use it as grounds for dismissal or some other form of disciplinary action. You are, however, encouraged in your own time to support the action of colleagues by attending demonstrations or signing petitions etc. either on or off hospital property.

**Who do I contact to find out more?**

You can speak to your local RCN representative in the first instance. If you have a more detailed query you can contact RCN Direct on 0345 772 6100. On top of this we have put a large amount of information and guidance on [www.rcn.org.uk/frontlinefirst](http://www.rcn.org.uk/frontlinefirst). You can also keep up to date with developments via our Facebook page [www.facebook.com/royalcollegeofnursing](http://www.facebook.com/royalcollegeofnursing)