

Policy paper summary

A guide to retirement benefits in public service pension schemes

What is the policy paper about?

The paper sets out the scheme rules and options that apply when a member of the NHS or Teachers' Pension scheme retires or wants to take some of their retirement benefits.

I have public sector clients. Why is it important for me to understand these rules?

No single set of rules applies to teachers' or NHS members' benefits. These schemes have evolved and been reformed over time, meaning members with longer service could have benefits in two or even three different schemes, with different rules applying to each. If you're engaging in retirement planning with public sector clients, you'll need to understand how their benefits are impacted by the client's retirement preferences, and how their retirement preferences might need to be adjusted by benefit entitlements and access rules.

Will this paper help me identify new advice opportunities and revenue streams?

You will only be able to identify new opportunities if you're able to understand the member's retirement goals in the context of scheme rules. From this you'll be able to understand the gaps or need for other products which complement the member's public sector retirement benefits. For example, a member's preference for early or flexible retirement might suggest the need for a pension top-up product. You'll only know the extent of any income gap if you also understand whether and how actuarial adjustments apply to the member's various portions of benefits.

What retirement preferences does the paper cover?

For each of the two schemes covered (currently NHS and Teachers) we've set out the rules and calculations as they apply when the member:

- Retires at their normal pension age (i.e. when benefits can be taken in full)
- Retires earlier than their normal retirement age
- Retires later than their normal retirement age
- Wants to ease into retirement or retire flexibly
- Wants to continue to work after retirement

We also explain the differences that apply if the member is deferred at retirement, the rules that apply if a member has multiple portions of benefits, the options members may have at retirement and any situations that could cause benefits to differ from those expected.



Should I read the policy paper if I already have a sound knowledge of these schemes?

We've created the policy paper with all advisers in mind, and hope there's something for everyone. We've included deep dive technical information as well as more basic information. If you have a good working knowledge of this sector, the "Adviser Hints and Tips" sections which highlight key "watch outs" and planning points may be useful to you.



It's a lengthy paper, do I need to read all of it?

The policy paper doesn't need to be read from cover to cover. The table of contents can help identify the relevant section(s) and page numbers, allowing advisers to dip into the section(s) of interest. For those simply looking for an overview, "cheat sheets" are included under the Appendices. These provide high level information in tabular format.

What about case studies? It can be easier to understand complex rules if they're put into context.

Throughout the paper, the more straightforward rules and calculations are set out in simple examples. Each of the sections also includes a case study and sets some of the rules for more complex retirement planning.



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