

Important notice for immediate action

Government Actuary's Department: Validity of GAD passports

National Health Service Pension Scheme passports in England and Wales

On 16 May 2007 we issued a notice withdrawing all GAD certificates of Broad Comparability for the Local Government Pension Scheme issued before 26 April 2007 and we also issued notices about passport withdrawal in PCSPS in July 2007 and March 2008. In all of these notices we gave advance warning that similar action was expected in due course for the National Health Service Pension Scheme.

Regulations have now been made which provide for significant changes to the National Health Service Pension Scheme (NHSPS) in England and Wales both for existing members at 1 April 2008 and for new members joining after 1 April 2008. Similar regulations are due to be laid for the NHS pension schemes in Scotland and Northern Ireland.

All GAD Certificates of broad comparability for the NHSPS issued before 1 April 2008 therefore cease to have validity for any transfer of staff covered by NHSPS in England and Wales taking effect after that date unless otherwise agreed with GAD. This notice applies equally to the NHS pension schemes in Scotland and Northern Ireland.

Such certificates are no longer valid for such staff transfers and should not be presented to, nor accepted by, contracting authorities.

This blanket withdrawal is necessary as the terms of the National Health Service Pension Scheme (England & Wales) have been amended. The confirmatory regulations (SI2008/653, SI 2008/654 and SI2008/655) were laid on 11 March 2008, were published on 27 March 2008 and will come into force on 1 April 2008. As the implementation date of the changes is so shortly after the publication date of regulations, for practical reasons certificates will in this case be withdrawn from the implementation date of changes rather than the publication date of the regulations.

From work GAD has undertaken so far we expect many contractors will need to make changes to their schemes in order to continue to meet the broadly comparable test for existing members. Although there will be no requirement to mirror the differing ill health rules and other elements of the benefit structure applying for members remaining in the NHSPS after April 2008, contractors should be aware that GAD will take account of the new NHSPS benefit structure from 1 April 2008. Contractors will also need to put forward proposals for members eligible to join the post 2008 section of the NHSPS. This section has more significant differences in structure with an increase in Normal Retirement Age to 65, a change in accrual rate to 60ths and lump sum available by commutation only. Again, although there will be no requirement to mirror the differing accrual and other elements of the benefit structure applying for members joining the NHSPS after April 2008, contractors should be aware that GAD will take account of the benefit structure for this section from 1 April 2008.

A comparison of the key features of the new and old style NHSPS will be added to the GAD website www.gad.gov.uk as soon as possible. Further details of the NHSPS changes can be found at www.nhs.gov.uk.

We are writing separately to representatives of the Department of Health, consultants representing contractors and other stakeholders of the passport withdrawal. Contractors seeking to replace withdrawn certificates should contact their normal GAD actuary or enquiries@gad.gov.uk. Contractors will need to formulate proposals for modifying their schemes before progress towards replacement can commence.

We appreciate that his action will create some practical difficulties for imminent transfers. We envisage contractual terms may need to provide for some after transfer work on agreeing pension terms for service from 1 April 2008. Contracting authorities or others may wish to appoint GAD to give advice in this context although we have no statutory remit over such work. Parties wishing to engage GAD in this capacity should contact enquiries@gad.gov.uk in the first instance.



pp Andrew Johnston
Acting Government Actuary
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