



HOUSE OF COMMONS
LONDON SW1A 0AA

January 2020

Dear Constituent,

A Response to the NHS Pension Campaign

Thank you for contacting me about NHS Pensions, and the pension tax.

I understand your concerns on this matter, and I know that retaining and encouraging experienced, valued and hardworking consultants and GPs is absolutely a priority for the Government.

For the majority of savers, pension contributions are tax-free. This makes pension tax relief one of the most expensive reliefs in the personal tax system. The reforms to the lifetime and annual allowance made in the previous two Parliaments are expected to save over £6 billion per year and are necessary to deliver a fair system and to protect public finances. Less than 1 per cent of savers will have to reduce their saving or face an annual allowance charge as a result of the tapered annual allowance.

NHS doctors are impacted by these reforms like all other individuals. However, the Government recognises they have limited flexibility over their pay and pension arrangements compared to those in the private sector and this is impacting decisions on workload.

I'm pleased the Government is listening to concerns raised by doctors that pension tax charges are driving decisions to retire early or limit their NHS commitments. The Department of Health and Social Care brought forward a public consultation on targeted proposals to make NHS pensions more flexible for senior clinicians. The consultation set out proposals that would allow senior clinicians to set the exact level of pension accrual at the start of each year. This would give them room to take on additional work without breaching their annual allowance and facing tax charges. Employers would then have the option to recycle their unused contribution back into the clinician's salary. The proposals follow the commitment made in the NHS People Plan to deliver a fairer and more flexible approach to the NHS Pension Scheme for Senior Clinicians.

For more information, please find detailed guidance at the following link:

<https://www.nhsemployers.org/case-studies-and-resources/2019/09/nhs-pensions-tax-guidance>

I will continue to follow this matter closely; the consultation has now closed and the Government is now analysing feedback.

Thank you again for taking the time to contact me.

Yours sincerely,

A handwritten signature in blue ink, reading 'Alister Jack'.

The Rt. Hon. Alister Jack MP
Dumfries and Galloway constituency.

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