CONTRACTS, JOB PLANNING, PAY & PENSIONS | MODULE 11

McCloud remedy, pension tax and partial retirement

Recognise when remedy, annual allowance or flexible-retirement issues require official calculations and regulated advice.

✓ 18 min reading

✓ Full teaching, practical next steps and reflection

✓ Six practice questions with answers and explanations

✓ Complete source list and jurisdiction notes

Prepared for SAS, locally employed and other UK doctors

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Using this module

Independent education

This is general professional information, not individual clinical, legal, employment, immigration, regulatory, tax or pensions advice. Current official instructions and the circumstances of the individual case remain controlling. Practice scores do not establish professional competence or accreditation.

The short answer

McCloud remedy, pension taxation and retirement choices can materially affect doctors, but they cannot be resolved by a generic online calculator. Identify the scheme and tax year, obtain official statements, reconcile pensionable service and use regulated advice for a personal decision. Partial retirement can support a phased career but requires contractual and workforce planning as well as pension eligibility.

Three next actions

- Download any Remediable Service Statement and Pension Savings Statement issued to you.
- Check deadlines in the relevant official scheme and HMRC guidance for the exact tax year.
- Before partial retirement, model pension, pay, hours, job plan, re-employment and tax together.

Learning objectives

- Explain the broad purpose of McCloud remedy.
- Recognise annual-allowance information needs.
- Plan a partial-retirement conversation safely.

Public service pensions remedy

The McCloud remedy addresses unlawful age discrimination created by transitional protection when public service schemes changed. For eligible members, service in the remedy period—1 April 2015 to 31 March 2022—is subject to a choice between legacy and reformed-scheme treatment, usually implemented through the official process at retirement or earlier for some pensioner/deceased cases.

Eligibility and figures are individual. Use the Remediable Service Statement and scheme correspondence. Check employment and pay data, respond to requests and obtain advice if tax, divorce, retirement or prior decisions complicate the position.

- Use official remedy statements.
- Verify the service record.
- Do not assume one scheme is always better.

Annual allowance

The annual allowance limits tax-advantaged pension growth in a tax year. Defined-benefit growth is not the same as contributions paid. The standard allowance and taper rules can change; use HMRC guidance for the year concerned. A Pension Savings Statement provides scheme input information but may not represent the final personal tax calculation.

Doctors with growth across several schemes, high income, backdated pay or remedy adjustments may need specialist tax advice. Keep statements and note Self Assessment deadlines. Do not wait for a charge before checking whether a statement is expected.

- Use tax-year-specific HMRC rules.
- Combine all pension input amounts.
- Seek specialist advice for complex calculations.

Scheme Pays

Scheme Pays may allow an eligible tax charge to be met through a reduction in future pension benefits. Mandatory and voluntary options, deadlines and minimums depend on the scheme and tax year. It is financing, not cancellation of the tax cost.

Compare cash payment and benefit reduction with appropriate advice. Submit elections correctly and keep confirmation. Remedy changes can affect previous positions, so follow current scheme notices.

- Check eligibility and election deadlines.
- Understand the permanent benefit effect.
- Keep submission evidence.

Lump-sum allowances

The lifetime allowance tax charge was removed from 6 April 2023. The lifetime allowance itself was abolished from 6 April 2024, when replacement lump-sum allowance rules took effect. Individual protections, previous benefit crystallisations and transitional rules can affect the position. Check HMRC guidance and obtain individual advice.

Avoid using obsolete lifetime-allowance advice for a new decision. Check current HMRC and scheme guidance and obtain advice before surrendering pension for lump sum or relying on protection.

- Use post-April 2024 rules.

- Identify historic protections.
- Model commutation before electing.

Partial and flexible retirement

Partial retirement can allow eligible members to draw part of their pension while continuing NHS work, subject to scheme and employment conditions. Requirements can include a reduction in pensionable pay or commitment for a defined period. National scheme rules differ.

Start the conversation months in advance. Agree the future hours, duties, on-call, SPA, job plan, pay and effective date. Pension approval does not by itself vary the employment contract, and a flexible-working agreement does not by itself release pension benefits.

- Coordinate pension and employment processes.
- Allow processing time.
- Document the new job plan and pay.

Information, guidance and regulated advice

Employers, administrators and websites can explain scheme rules and processes. They cannot necessarily recommend the best personal option. MoneyHelper offers impartial guidance and Pension Wise focuses on eligible defined-contribution decisions; NHS defined-benefit choices may require an adviser with appropriate pensions and tax expertise.

Verify an adviser’s regulatory status and fees. Do not upload pension statements, National Insurance numbers or tax data into an unverified calculator.

- Know when a recommendation becomes regulated advice.
- Check adviser status and cost.
- Protect financial data.

Common mistake

Avoid this	Using a generic retirement calculator to make an irreversible decision involving defined-benefit accrual, remedy, tax and a changed job plan.

Pause and reflect

Which decision in your next five years would change both your employment contract and pension position?

Takeaways

- McCloud and tax questions require individual official data.
- Partial retirement is both a pension and employment project.
- Use regulated advice for consequential personal recommendations.

Knowledge check

Choose one best answer. These practice questions support reflection; they do not assess a real case or confer accreditation. Answer positions match the browser edition.

1. What should an eligible member use to understand remedy service?

A. A colleague’s choice

B. Their official Remediable Service Statement and scheme guidance

C. Only current salary

D. A generic social-media calculator

2. Why can a modest contribution deduction still accompany an annual-allowance issue?

A. Annual allowance applies only to cash pots

B. Employer contributions are refunded

C. Defined-benefit pension input measures benefit growth, not just contributions

D. The payslip is wrong

3. What does Scheme Pays do?

A. It can meet an eligible charge in exchange for reduced future benefits

B. It settles the current charge without a corresponding effect on pension benefits

C. It changes employment grade

D. It makes the charge disappear

4. A 2022 retirement article discusses the lifetime allowance. What should a 2026 reader do?

A. Use current HMRC and scheme guidance because the framework changed

B. Assume tax advice is unnecessary

C. Apply it unchanged

D. Assume abolition of the lifetime allowance removed all limits on tax-free lump sums

5. What are the two sides of partial retirement?

A. Only a pension form

B. Only a resignation letter

C. Only manager goodwill

D. Scheme eligibility/application and an agreed future employment arrangement

6. Which task most clearly needs individual regulated advice?

A. Checking a contact address

B. Reading a pay circular

C. Finding the official member guide

D. Choosing between irreversible retirement and tax options using personal figures

Answers and explanations

1. B — Their official Remediable Service Statement and scheme guidance

Their official Remediable Service Statement and scheme guidance This applies the principle in “Public service pensions remedy”.

Re-read “Public service pensions remedy”, then identify the controlling document and the fact you would verify before acting.

2. C — Defined-benefit pension input measures benefit growth, not just contributions

Defined-benefit pension input measures benefit growth, not just contributions This applies the principle in “Annual allowance”.

Re-read “Annual allowance”, then identify the controlling document and the fact you would verify before acting.

3. A — It can meet an eligible charge in exchange for reduced future benefits

It can meet an eligible charge in exchange for reduced future benefits This applies the principle in “Scheme Pays”.

Re-read “Scheme Pays”, then identify the controlling document and the fact you would verify before acting.

4. A — Use current HMRC and scheme guidance because the framework changed

Use current HMRC and scheme guidance because the framework changed This applies the principle in “Lump-sum allowances”.

Re-read “Lump-sum allowances”, then identify the controlling document and the fact you would verify before acting.

5. D — Scheme eligibility/application and an agreed future employment arrangement

Scheme eligibility/application and an agreed future employment arrangement This applies the principle in “Partial and flexible retirement”.

Re-read “Partial and flexible retirement”, then identify the controlling document and the fact you would verify before acting.

6. D — Choosing between irreversible retirement and tax options using personal figures

Choosing between irreversible retirement and tax options using personal figures This applies the principle in “Information, guidance and regulated advice”.

Re-read “Information, guidance and regulated advice”, then identify the controlling document and the fact you would verify before acting.

Official and professional sources

Confirm the current source version and applicable nation, contract, scheme or specialty. A source list is not a statement that every rule applies to every reader.

NHSBSA: public service pensions remedy (McCloud)
England and Wales · https://www.nhsbsa.nhs.uk/public-service-pensions-remedy-mccloud

HMRC: tax on pensions and annual allowance
UK · https://www.gov.uk/tax-on-your-private-pension/annual-allowance

NHSBSA: partial retirement
England and Wales · https://www.nhsbsa.nhs.uk/member-hub/partial-retirement

MoneyHelper: pensions and retirement
UK · https://www.moneyhelper.org.uk/en/pensions-and-retirement

Scottish Public Pensions Agency: NHS members
Scotland · https://pensions.gov.scot/nhs

HMRC: abolition of the lifetime allowance — charge removed 2023; allowance abolished 2024
UK · policy paper published 22 November 2023 ·
https://www.gov.uk/government/publications/abolition-of-the-lifetime-allowance-from-6-april-2024/abolition-of-the-lifetime-allowance-lta

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