

2015 Pension Scheme FAQs

Q1. When were the new arrangements implemented?

A. These changes came into effect from 1st April 2015.

Q2. What does the 2015 scheme look like?

A. The main features of the new scheme are:

- defined benefit - career average scheme
- Member's normal pension age (npa) will be the same as their state pension age.
- State Pension Calculator
- accrual rate of 1/54th of pensionable earnings each year
- no limit to pensionable service
- benefits earned whilst in service will be increased annually in line with inflation, (currently the consumer price index - CPI) plus 1.5% per annum
- when a member retires or leaves the scheme, benefits will be revalued in line with inflation (currently CPI)
- member contributions to be paid on a tiered basis to produce a total yield of 9.8% of total pensionable pay in the Scheme.
- no automatic lump sum but members will be able to opt to give up some of their pension for a tax free lump sum at the rate of £12 of tax free cash for every £1 per annum of pension given up (subject to a maximum limit)
- retirement flexibilities include partial retirement, early/late retirement factors and ability to retire and return to the pension scheme
- spouse and partner pensions based on 1/160th member's full pension (i.e. before any commutation)
- abatement as current arrangements
- lump sum on death payable at 2 x actual pensionable pay
- option to buy out years to member's NPA over age 65
- facility to buy additional pension
- those who transfer from the 1995 section with added years contracts will be able to maintain these
- Public Sector Transfer Club will continue
- ill health benefits to be based on current arrangements but upper tier benefits enhancements will be at the rate of 50% of prospective service to NPA.

- Q3. What are the terms of protection for members?
- A. If you were an active member of either section of the 1995/2008 Scheme on 1st April 2012 and on that date you were within 13 years and 5 months of your existing normal pension age you are subject to Protection arrangements. ALL other members will automatically move to the new arrangement from 1st April 2015 for future service only.

Terms of protection are covered in more detail in the Protection Arrangements FAQ's

- Q4. For members who are not covered by protection, what happens to the pension they will have earned up to 2015? Will members have to wait until their state pension age to access it?
- A. No. The pension, members have earned up until 2015 is protected and they can access it in full at their normal pension age for that scheme. This protected pension will be linked to their final salary at the time they leave or retire. If members have a pension age of 55 or 60, they will be required, as now, to retire and leave the pension scheme when they take their benefits. This means that members will either have to take any additional 2015 benefits with a reduction as they are taken early, or defer taking these protected benefits until a later date.

Further information on service accrued up until transfer to the new scheme can be found in Preserved Rights FAQ's

- Q5. What is a Career Average Pension? How does it compare with a Final Salary pension?
- A. In a Career Average scheme, everyone earns the same proportion of their total salary in pension. In the proposed HSC career average pension scheme, members will earn 1/54th of their pensionable pay each year in pension. This is then revalued each year and added to the following years pots to get the total pension.

Further information on the CARE scheme can be found in the CARE Scheme FAQ's

- Q6. What happens to a member's pension if their state pension age increases?
- A. If a member's state pension age rises, then the age at which they can take their 2015 scheme benefits also rises. Members will be able to take their benefits at any age after 55, but there will be an actuarial reduction if it is before their state pension age.
- Q7. How do these changes relate to the Pensions Choice Exercise I have already been through?
- A. Following the introduction of pension reforms in 2008 members of the 1995 section were given the choice to transfer to the 2008 section. Those members who decided not to transfer to the 2008 section and are not entitled to full Protection will be given another opportunity to consider this again under a follow up exercise known as 95 Section Choice Exercise (Choice 2).

Further information on the Second Choice Exercise can be found in the Second Choice Exercise FAQ's.

- Q8. What is the earliest age someone can voluntarily retire in the 2015 scheme?
- A. The earliest voluntary retirement age in the 2015 scheme is age 55. You should be aware that if you draw your benefits early they will be actuarially reduced.
- Q9. Could I lose benefits I have accrued to date if I move to the new Scheme after April 2015?
- A. Whether you remain in your current section as a protected member (as per Q2) or you move to the 2015 Scheme with Preserved Rights (as per Q3) your pre-2015 benefits will remain unchanged and you will be able to claim them at the same ages as you can now. Only benefits earned from April 2015 are changing and then only for members who are not entitled to Protection.

Further information on service accrued up until transfer to the new scheme can be found in Preserved Rights FAQ's

Q10. How can I find out my State Pension Age

- A. You can find out your projected state pension age by following the link below

<https://www.gov.uk/calculate-state-pension>

Q11. I have MHO Status in the 1995 section of the scheme and can retire under the current regulations at age 55. I do not meet the criteria for full protection in the current scheme. What options are available for me to claim my pension at age 55?

There is no provision for MHO Status in the new scheme; therefore your retirement age in the new scheme is linked to your SPA. However any service you have accrued in the 1995 scheme up to the date of transfer is protected under the current regulations as preserved benefits. In the new 2015 scheme you have a number of options to claim your benefits:

1. Retire at 55, Claim your 1995 scheme benefits (no reduction factors applied)
Claim your 2015 benefits (reduction factors will be applied)
2. Retire at 55, Claim your 1995 scheme benefits (no reduction factors applied)
Preserve your 2015 benefits until SPA (no reduction factors applied)
3. Retire at SPA,
Claim all benefits (no reduction factors applied)
4. You can retire anytime after age 55 and before SPA and the rules in No. 1 or No.2 will apply (whichever you so choose)

Please note: as there is no provision for MHO in the 2015 scheme so a UAF calculation will be performed at retirement (see Preserved Rights FAQ's)