

Overseas Transfer Guide and application pack

Help for anyone thinking of moving their HSC
Pension rights to an overseas pension scheme



Request for a transfer value to an overseas pension scheme

Overseas schemes could fall into one of three categories: occupational pension schemes, personal pension schemes or self-employed pension arrangements.

You will only be able to transfer pension benefits overseas if the receiving scheme is registered with HMRC as a Qualifying Recognised Overseas Pension Scheme (QROPS).

If you are considering a transfer or wanting to receive an overseas transfer value please read the following guidance carefully.

Please also read the 'Leaving early and transferring out guide' available on our website:
www.hscpensions.hscni.net

If the transfer value is required for divorce/civil partnership dissolution purposes please do not continue with this form. Instead, please visit our website for the relevant forms and guidance at:
www.hscpensions.hscni.net

If you have not yet left HSC pensionable employment a transfer is not possible. We can provide an estimated transfer value of your HSC Pension Scheme benefits; however, this is not a **guaranteed** statement of the amount available for transfer. We can't provide a guaranteed statement of entitlement until you have left the HSC Pension Scheme and we have been provided with details of your new scheme.

If you decide to opt out or leave the HSC Pension Scheme you may be able to transfer your pension benefits to one or any combination of the following:

- The health service pension scheme in Scotland or England & Wales, if you are employed there. These schemes are separate from the HSC Pension Scheme (Northern Ireland) and a formal transfer application must be made.
- Another registered occupational pension scheme.
- If you have less than two years' qualifying membership, a registered insurance company to purchase an annuity contract, which satisfies the requirements of HMRC (Buy Out Policy).
- If you have less than two years' qualifying membership, a registered UK personal pension plan, including a stakeholder pension arrangement.
- A Qualifying Overseas Pension Scheme (QROPS).

HSC Pension benefits

You will find information about the HSC Pension Scheme on our website:
www.hscpensions.hscni.net

What is a transfer value?

A transfer value is the capitalised value of the benefits you have built up and any associated rights at the calculation (or guarantee) date.

Are there any time/age limits?

- A transfer to a QROPS is only possible if you left the HSC Pension Scheme on 1 January 1986 or later

If you have less than two years qualifying membership (and not had a transfer in from a personal pension plan) a transfer to a QROPS is only possible if:

- you join your new scheme within 12 months of leaving the HSC Pension Scheme and apply for a transfer within 12 months of joining your new scheme.

In all cases you must exercise the transfer before your Normal Pension Age

Amount available for transfer

To calculate your transfer value we will assume that the receiving scheme is able to accept liability for any contracted out rights (the Guaranteed Minimum Pension (GMP) and/or Section 9(2B) rights) unless we are told differently. If this is not the case, the final amounts available for transfer will depend on the status of the receiving scheme, because some may not be able to accept the transfer value or may only be able to accept part of it.

Statement of entitlement

A statement of entitlement is the guaranteed transfer value of your HSC Pension Scheme benefits. If you have left HSC pensionable employment, we will normally issue a statement of entitlement within three months of an application and guarantee the amount for three months in accordance with the Pension Schemes (Northern Ireland) Act 1993.

Guarantee date

If you have left the HSC Pension Scheme and the receiving scheme is known, the transfer value is guaranteed at the date of calculation for a period of three months in accordance with the Pension Schemes (Northern Ireland) Act 1993.

The transfer payment

If the correct, fully completed TV18 option forms are returned within the three month period and before your Normal Pension Age (NPA), payment of the guaranteed amount can be made.

Payment of the transfer value discharges the HSC Pension Scheme of all liability in respect of your rights under the Scheme.

A transfer payment must be made **before** you reach your NPA. If you are approaching NPA please keep this in mind and allow sufficient time for the transfer process to be completed. Otherwise the transfer cannot go ahead.

A transfer payment will only be made if the following requirements are met:

1. The receiving scheme satisfies HMRC requirements to be a QROPS.
2. The exact name of the overseas scheme appears on the HMRC QROPS list at the time of payment.
3. The name of the receiving overseas scheme exactly matches the QROPS name on the HMRC QROPS list.
4. The payee matches the QROPS name. If the payee does not exactly match the QROPS name a letter must be received from the scheme explaining the reasons for this.

Before completing our option forms sent with the Statement of Entitlement, the receiving scheme should ensure that the name of the overseas scheme confirmed on the QROPS certificate matches the one on the HMRC QROPS list by referring to the HMRC website: www.hmrc.gov.uk (entering QROPS list in the search engine). They should contact HMRC direct, if they have any questions about the information HMRC hold.

Payment should only be requested when the receiving scheme will pay a lump sum in accordance with the Reference Scheme rules under the Pensions Act (Northern Ireland) 1993.

Penalties for making an unauthorised payment

A transfer to an overseas scheme that is not a QROPS or Registered Pension Scheme will make the transfer value an unauthorised payment. This means you will have a personal tax liability of 55% of the payment. In addition, HSC Pension Service will also have tax liabilities.

Therefore, HSC Pension Service reserves the right to contact HMRC and the receiving scheme regarding the QROPS status of any overseas scheme before making any payment.

Charging for a transfer value

You are entitled to one free transfer value in any 12 month period. Any further request will be charged for. Details about the information we can provide free of charge, together with our Schedule of Charges can be found on our website at: www.hscpensions.hscni.net

If you have left the HSC Pension Scheme and the receiving scheme is either not known or we need to confirm the registration status of the scheme with HMRC, an estimated transfer value will be provided. We will not charge for a statement of entitlement once the receiving scheme is known, or our checks with HMRC are complete. However, there will be a charge for the provision of any subsequent statement of entitlement within the 12 month period.

Date of residency

HSC Pension Service can provide a transfer value at the date of residency. This will be chargeable if this is the second request for a transfer value in a 12 month period.

Financial advice

The transfer is at your own risk and it is in your own interests to make sure you know what pension benefits your new scheme or plan is offering you before you make your decision. HSC Pension Service recommends that you consider taking financial advice before deciding to transfer.

In order to proceed with a transfer to a QROPS when your transfer value is over £30,000, The Pensions Regulator requires that you must provide a signed confirmation from your independent financial advisor of the appropriate financial advice you have received. The signed confirmation must include the following statements:

- That they have permission to carry out regulated activity in article 53E of the Financial Conduct Authority's (FCA) regulated activities order to provide advice on the transfer of safeguarded benefits.
- The advice has been given on the transfer of safeguarded benefits to flexible benefits.
- The name of the member that was given the advice and the scheme in which they hold safeguarded benefits.
- The advisor's FCA registration number.

Further information

Contracted out rights

A non-practitioner member of the HSC Pension Scheme will normally be contracted out of the State Additional Pension. This means that you pay National Insurance contributions at a reduced rate. In turn, if you are a deferred member, the HSC Pension Scheme guarantees to pay you when you retire, a pension at the rate of at least what you would have received if you had been contracted in to the State Additional Pension and been paying a higher rate of National Insurance contributions. This is called the Guaranteed Minimum Pension (GMP) and it is this liability for contracted out scheme membership prior to 6 April 1997 that is being transferred.

GMP ceased from 6 April 1997 and the Scheme is no longer required to provide an individual guarantee. However, to remain contracted out, the Scheme was required to show that HSC Pension benefits were unlikely to be lower than those provided by the State Additional Pension. Contracted out rights post 5 April 1997 are known as Section 9(2B) Rights.

Any added years, doubled years and some transferred in membership do not form part of the Section 9(2B) Rights.

Transferring contracted out membership is at your own risk. When you retire, it is possible that the pension benefits you receive from your new scheme may be less than the benefits you would have received in the HSC Pension Scheme, or the State Additional Pension. Neither you or your spouse or civil partner, would have a claim against the HSC Pension Scheme or the State Additional Pension scheme for any shortfall in the benefits paid by your new scheme.

When signing the transfer option forms, you will be declaring that you understand this and that the scheme that you are transferring to may not be regulated in any way by the law of the UK. As a consequence, there may be no obligation under that law on the receiving scheme to provide any particular value or benefit in return for the transfer payment.

If the receiving scheme is unable to accept the contracted out liability, the liability will be discharged by payment of a Contributions Equivalent Premium (CEP) to HM Revenue & Customs National Insurance Contributions Office and the transfer amount payable will be reduced by the

amount required to pay the CEP. This option will be shown in the transfer documentation if applicable. Payment of a CEP reinstates you in the State Additional Pension scheme for the period covered by the transfer.

Public Sector Transfer Arrangements (the 'Club')

The 'Inner' and the 'Outer' Club

Within the public sector transfer arrangements there is now the 'Inner' and 'Outer' Club. The HSC Pension Scheme is a member of the 'Inner Club'. However, the method of calculating the transfer value will depend on the classification of the receiving Club scheme.

Inner Club refers to transfers of Career Average Revalued Earnings (CARE) scheme benefits between schemes made under the Public Service Pensions Act (Northern Ireland) 2014 and such other public service schemes whose rules are similar to those of any of the schemes made under the 2014 Act.

Outer Club refers to transfers of final salary benefits between Club schemes that operate on a final salary basis, or that are able to accept final salary benefits.

CARE benefits transferred to a scheme in the Inner Club are transferred on Club terms. CARE benefits transferred to a scheme in the Outer Club are transferred on non-Club terms.

If you have both final salary and CARE benefits, although two separate transfer credits will be offered, you must choose to transfer both the final salary and CARE scheme benefits.

Club calculation time limits

If the receiving scheme is a member of the Public Sector Transfer Club a transfer on Club terms can only be made if the length of the break between leaving the HSC Pension Scheme and joining the new scheme is no more than five years.

In addition, your signed election to proceed with the transfer must be received by HSC Pension Service within 12 months of becoming eligible to transfer for Club transfer arrangements to apply. A request for an estimate is not classed as an election to proceed; this time limit refers to the request for payment of the transfer value.

If the conditions for the Club transfer are not met you may still be able to transfer on non-Club terms. You can find more information about the Club on the Civil Service website at:

www.civilservice.gov.uk/pensions/transfer-club

If you have more than two years' qualifying membership and want to transfer to a QROPS that is a member of the Public Sector Transfer Arrangements, please write to us first for us to determine if a transfer to that scheme is possible.

Annual Allowance

When transferring from the HSC Pension Scheme to another Club scheme, any excess growth in the receiving scheme's benefits (e.g. resulting from an increase in pensionable pay) will be taken into account when calculating the pension input amount for Annual Allowance purposes.

More information about the Annual Allowance (AA) can be found on our website at:
www.hscpensions.hscni.net.

Lifetime Allowance

Pension funds must be tested against the standard Lifetime Allowance (LTA) at the time of the transfer payment. When we send your statement of entitlement, we will include a request for additional information to establish your Lifetime Allowance. We will then advise you at the time of making the transfer payment what percentage of standard LTA has been used by the transfer value.

HSC money purchase Additional Voluntary Contributions (AVCs)

Please contact your AVC provider direct if you also want to transfer your AVC fund.

More information

More information about the HSC Pension Scheme can be found on our website at:
www.hscpensions.hscni.net

The Pensions Regulator has guidance for members, pension scheme administrators, pension providers and Independent Financial Advisors on pension scams.

Please read the Pension Scam Awareness Booklet for members, which is available on the Pensions Advisory Service website:

<http://www.thepensionsregulator.gov.uk/professionals/pension-scams-professionals.aspx#s14563>

The following organisations provide information about transfers that may assist members when deciding whether to transfer. They are:

The Financial Conduct Authority

Financial Conduct Authority, 25 North Colonnade, Canary Wharf, London, E14 5HS

Website: www.fca.org.uk

The Pensions Regulator

Pensions Regulator, Napier House, Trafalgar Place, Brighton, BN1 4DW

Website: www.thepensionsregulator.gov.uk

The Pensions Advisory Service

11 Belgrave Road, London, SW1V 1RB

Website; www.pensionsadvisoryservice.org

Next steps

Please complete the overseas transfer request form at the back of this guide and send it to:

HSC Pension Service
Waterside House
75, Duke Street
Londonderry
BT47 6FP

Please note we will not action the transfer value request until we receive the fully completed transfer request form enclosed.

We may need to contact HMRC to confirm the registration status of the receiving scheme before we make a transfer value payment.

We will send the transfer value to you. Please forward it to your new pension provider or Independent Financial Advisor (IFA).

Complaints procedure

A complaint can be made using the contact details listed on our website:

www.hscpensions.hscni.net

HSC Pension Service will make every effort to respond to the complaint as quickly as possible. If unable to resolve the complaint, we will assist with the next stage of our complaints procedure whereby the complainant may ask for their case to be considered under our formal dispute resolution procedures.

What is the dispute resolution procedure?

Where it is not possible to resolve a query or complaint through our Customer Contact Centre, HSC Pension Service has a formal internal dispute resolution procedure. To pursue a formal dispute against HSC Pension Service, please read the 'Complaints and Disputes' leaflet and then complete form 'DRP1' which can be accessed via our website: www.hscpensions.hscni.net

Please read and sign the following declaration:

I declare that:

- I have read and understood the 'Leaving early and transferring out guide' given to me by my employer when I left the HSC Pension Scheme (the guide is also available on the HSC Pension Scheme website at www.hscpensions.hscni.net)
- I have read the Pension Scams awareness leaflet for members, which is available on the Pensions Advisory Service website. www.pensionsadvisoryservice.org.uk
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- I am content for all the transfer details and any request for supplementary information regarding the transfer to be released to the person or organization named in Part B.
- I have read and understood the charging process outlined in the transfer out guidance notes.
- The information I have given is correct and complete to the best of my knowledge and belief.

Member's signature: _____ Date: __/__/____

If you are an active member, or the receiving scheme is not yet known, or is **not** a Qualifying Recognised Overseas Pension Scheme, please tick here

The form should now be forwarded to HSC Pension Service and we will provide an **estimated** transfer value. The final amount available for transfer will depend on the status of the receiving scheme and a guaranteed statement of entitlement and option forms will not be issued until we receive Parts A and B fully completed.

If the receiving scheme is known, please tick here

The pension provider or Independent Financial Advisor must now complete Part B in full. Otherwise the form will be returned.

Part B - About the receiving scheme

If the receiving scheme is an Overseas Qualifying Recognised Overseas Pension Scheme (QROPS), please tick here

The pension provider or Independent Financial Advisor must meet the following criteria or the transfer cannot go ahead. We understand that in order for HSC Pension Service to make a transfer payment:

- the name of the overseas scheme must appear on the HMRC QROPS list at the time of payment.
- the name of the receiving overseas scheme must exactly match the QROPS name on the HMRC QROPS list.
- the payee must match the QROPS name (if the names do not match exactly, a letter must be enclosed to explain the reasons for this).
- we have attached a copy of our QROPS Certificate.

Name of the receiving scheme: _____

Please attach a copy of the HMRC QROPS Registration Notification (**please note a screen print is not acceptable**).

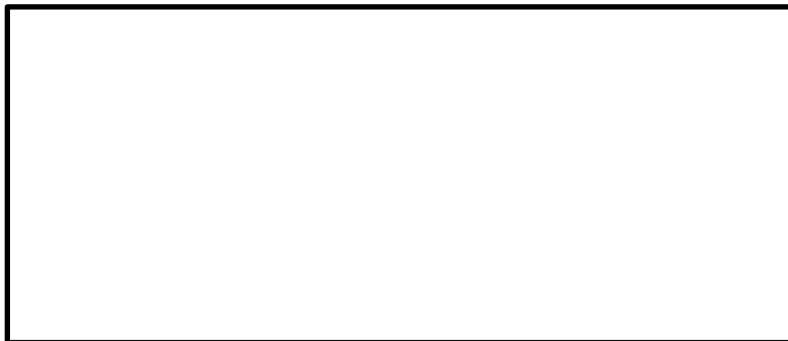
Date joined/will join new pension scheme __/__/____

Signature on behalf of receiving scheme/IFA _____

Position _____

Date __/__/____

Company stamp



HSC Pension Service may need some additional information about the receiving scheme to determine if it is a scheme we are permitted to make a transfer to.

Note: The transfer value will be sent to the member to pass on to their new pension provider or IFA.