

HSC Pension Service Jargon Buster



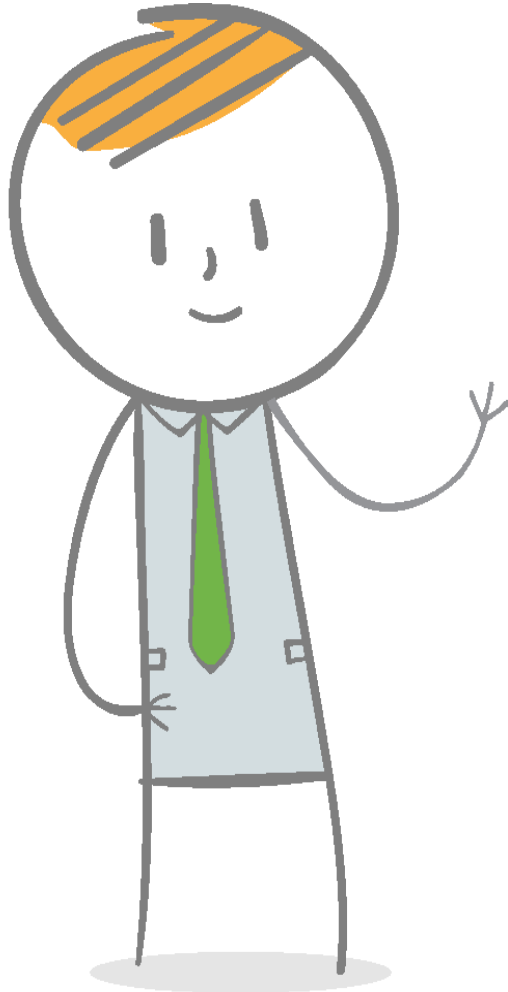
Welcome to the HSC Pensions jargon buster

We know that understanding your pension entitlement is important and will help you make the right decisions about your future retirement plans.

We also know that the pension's world is full of jargon and complicated terms and phrases that sometimes make it difficult for you to find and understand information you need.

HSC Pensions are making a commitment to you to simplify our communications and where possible to avoid using jargon. Where it is not possible we have put together this jargon buster for you to reference.

We hope this helps and are always grateful for any feedback or suggestions for content which you can email to hscpensions@hscni.net





| <i>Term</i> | <i>Explanation</i> | <i>Suggested Alternative Term</i> |
|---|---|--|
| Abatement | In some cases if a member retires from HSC employment and claims their pension benefits and subsequently returns to HSC Employment their pension benefits may be subject to abatement or suspension | |
| Accrual | How pension benefits build up in a scheme. | Build up |
| Actuarial Reduction | A reduction in benefits payable if you retire before the normal pension age. | Reduced benefits |
| Actuarial Reduced Early Retirement (ARER) | You may take your pension benefits after reaching minimum pension age. The benefits will be reduced proportionately if taken before normal pension age because they are being taken earlier. | Retirement before normal pension age or Early Retirement |
| Actuarial Reduction Buy-Out (2015 Scheme only) | Allows members (or employers on their behalf) to pay additional contributions in exchange for a "buy-out" of the actuarial reduction if retiring before NPA | |

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| Additional Pension (AP) | An extra amount of annual pension that you (or your employer) have purchased by paying extra contributions. | |
| Actuarial Reduction Buy Out | You or your employer can pay extra contributions so you can take your 2015 Scheme benefits unreduced before you reach your normal pension age. | |
| Additional Voluntary Contributions (AVCs) | Extra contributions that you decide to pay to increase your benefits. | |
| Age Retirement | Taking your pension benefits at your Normal Retirement Age, i.e. Age 60 in the 1995 Scheme, age 65 in the 2008 Scheme and State Pension Age in the 2015 Scheme | |
| Annual Revaluation | An Annual Pension Increase applied within the 2015 Scheme. | |
| Auto enrolment | The process of automatically signing employees up to the Pension Scheme. | |



B-C

| <i>Term</i> | <i>Explanation</i> | <i>Suggested Alternative Term</i> |
|--------------------------------------|---|-----------------------------------|
| Benefit Information Statement | A benefit information statement is a statement issued to members on an annual basis advising them of the estimated current value of their pension benefits | Annual Benefit Statement |
| Capital Value | This is the value placed on your HSC Pension Scheme benefits by HMRC and is calculated by multiplying your pension by 23. | |
| Commutation of Small Pension | Where a member claims their pension benefits but the amounts involved are very low, there is the option to pay a single lump sum in discharge of those benefits rather than an annual pension | |
| Contribution | As a Scheme member you pay a contribution toward your pension based upon your pensionable pay: Scheme employers pay the rest. | |



D-F

| <i>Term</i> | <i>Explanation</i> | <i>Suggested Alternative Term</i> |
|--|--|-----------------------------------|
| De-Coupled Added Years/Additional Pension (1995 Section members who move to the 2015 Scheme Only) | Members of the 1995 section who have purchased added years or additional pension (whether already purchased or continuing to purchase by periodical contributions) may elect to receive benefits payable from those purchases separately from their main 1995 section benefits without having to leave HSC service. The member may only elect to take such benefits from the chosen date of the option, i.e. their 60 th or 65 th birthday | |
| Deferred Benefits | A pension that is due to be paid at a later date. | |
| Deferred Members | Members who have left the Scheme but have not yet taken their pension. | |
| Dependant | A spouse, civil partner, nominated qualifying partner or dependant child who qualifies to receive a pension after you die. | |

In the 1995 & 2008 sections of the Scheme, a disqualifying break is a period of 12 months or more where a person has not been a member of the Scheme. In the 2015 Scheme the disqualifying break period has increased to 5 years.

If a member incurs a disqualifying break it means that in the 1995 and 2008 scheme their benefits for the earlier service are calculated using their TSR/Reckonable Pay figure at the date they left service prior to the disqualifying break. In the 2015 Scheme the benefits accrued for the members earlier period of service only receive an annual revaluation using CPI.

Disqualifying Break

2008 Section members can take a minimum 20% and a maximum 80% of their own pension and continue to build up future membership. Certain conditions apply.

Draw Down



E-I

| <i>Term</i> | <i>Explanation</i> | <i>Suggested Alternative Term</i> |
|------------------------------|---|-----------------------------------|
| Early Retirement | Taking your pension benefits before your Normal Retirement Age (NRA). These benefits may be reduced to take account being in payment longer | |
| Final Salary Linking | Paying your final salary benefits based on the pay on or near retirement or when you leave HSC Service. | |
| Full Protection | Full protection' enables members who on 1 April 2012 were within 10 years of their normal pension age to remain eligible for continuing membership of their current section until retirement or a break in service longer than five years occurs. | |
| Ill Health Retirement | If you have at least two years membership and are too ill to work in your present job then you may be able to retire early and take your pension benefits. | |



J-L

| <i>Term</i> | <i>Explanation</i> | <i>Suggested Alternative Term</i> |
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| Late Retirement | If you do not take your pension benefits at normal pension age, you may continue to build benefits as long as you stay in the Scheme, up to age 75 (65 if you have special class status). At age 75 you must claim your benefits and do not need a 24hr break in your employment. | |



M-O

| <i>Term</i> | <i>Explanation</i> | <i>Suggested Alternative Term</i> |
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| Mental Health officer (MHO) | A member working in an approved place used for the treatment of patients suffering from mental disorders, and employed for the whole or almost the whole of their time in the direct treatment or care of those patients. MHO's in post before 7 March 1995 with at least 20 years MHO membership, who have not had a break in pensionable employment of any one period of five years or more may have the right to retire from age 55. | |
| Minimum Pension Age | This is the earliest age you can take your pension benefits, unless you are taking ill health retirement benefits. | |
| NEST - National Employment Savings Trust | National Employment Savings Trust (NEST) is the name of the national workplace pension scheme. NEST is regulated by The Pensions Regulator. | |
| Normal Pension Age (NPA) | The age at which benefits can be paid in the scheme without reduction or enhancement. | |



P-R

| <i>Term</i> | <i>Explanation</i> | <i>Suggested Alternative Term</i> |
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| Refund of Contributions | <p>If you have ceased membership of the HSC Pension Scheme and your total membership is less than 2 years then you may be entitled to a refund of the contributions which you have paid into the scheme. A refund of contributions is liable for tax and Contributions Equivalent Premium (CEP) deductions. Information on Tax and CEP can be accessed on the HMRC website www.hmrc.gov.uk</p> | |
| Pension Commutation | <p>You will receive £12 of lump sum for every £1 of pension you give up.</p> <p>It is possible to take up to a maximum lump sum of 25% of your capital value. The amount of lump sum you take is governed by a limit set by Her Majesty's Revenue and Customs (HMRC) and adopted by the Scheme Regulations. It applies across your entire pension arrangements so your HSC retirement lump sum may be limited to a smaller amount if you have other pension savings in payment. You cannot give up pension to provide a lump sum that would cause you to exceed HMRC's limit.</p> | |

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| Pension Re-Valuation | Pension benefits accrued in the 2015 HSC Pension Scheme are uplifted on an annual basis by CPI + 1.5% providing the member has not had a disqualifying break in service. | |
| Pensionable Pay/Total Superannuable Remuneration (TSR) | The amount of salary that is used calculate the amount of contributions you pay | |
| Personal Pension | An alternative type of pension savings plan. | |
| Premature Retirement | If you are retired prematurely because of redundancy or in the interest of the efficiency of the service your benefits may be paid immediately. | |
| Protected Rights | The benefits you have built to date. | |
| Reckonable Pay | 2008 Section members only: The average of the best three years pensionable pay in the last 10 years before leaving or retirement, revalued by increases in inflation. | |
| Regulations | The legal framework that sets out the rules of the Scheme. | |



S-Z

| <i>Term</i> | <i>Explanation</i> | <i>Suggested Alternative Term</i> |
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| Salary Sacrifice | An arrangement with your employer to provide such things as childcare vouchers, lease car, etc in return for giving up some pay before tax, National Insurance and Pension Scheme contributions. | |
| Special Class Member | Nurses, midwives, health visitors and physiotherapists who are members of the 1995 Section before 6 March 1995 and who have not has a break in pensionable employment in any one period of five years or more and whose last five years of membership is in one of these roles. | |
| State Pension Age (SPA) | The age at which your State Pension is payable in the United Kingdom. | |
| Tapered Protection (2015 Scheme only) | Tapered Protection allows members who on 1 April 2012 were within 10 years and 13 years 5 months of their normal pension age to continue in their existing section for a period of time depending on their age before moving to the 2015 scheme | |

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| <p>Tier 1</p> | <p>Ill health retirement tier: Awarded to members who are unable to do their current job due to permanent ill health. The benefits will be based on membership built up to date without reduction or enhancement.</p> | <p>Basic ill health benefits</p> |
| <p>Tier 2</p> | <p>Ill health retirement tier: Awarded to members who are unable to carry out regular employment of like duration due to permanent ill health. The benefits will be enhanced based on the built up membership to date plus a percentage of the prospective service to your normal pension age.</p> | <p>Enhanced ill health benefits</p> |
| <p>Uniform Accrual Formula (UAF) (Mental Health Officer (MHO) members only)</p> | <p>After 20 years calendar membership MHO's are credited with 2 years membership for each completed further year of MHO Scheme membership. As there is no MHO provision in the 2015 Scheme, an MHO member who could have achieved at least 21 calendar years service as an MHO by age 55, the value of previous MHO membership may be maintained by using the UAF as this will provide higher preserved rights benefits. See Preserved Rights FAQ's on the scheme website for more information www.hscpensions@hscni.net</p> | |

