

Protection of Pay - Employer FAQ's

Q What is Protection of Pay?

A If a member has at least two years qualifying service and suffers a reduction in earnings through no fault of their own, they may apply to protect your pension benefits.

Examples of accepted reasons for protection of pay are:

- A change in the nature of the duties performed for example due to ill health.
- A move to a lower paid post because of pending or actual redundancy.
- Being transferred to other employment with an employer.

Where pay is to 'mark-time' for a specified period an application can be made at the beginning and the end of the mark-time period.

Q Does Protection of Pay in these circumstances apply to both the 1995 and 2008 sections of the HSC Pension Scheme?

A Yes, this provision applies in both sections of the scheme.

Q Does Protection of Pay in these circumstances apply to the 2015 scheme?

A No, the 2015 uses Career Average earnings so the rules on how a pension is calculated is different from the 1995 and 2008 sections.

Q What criteria must be satisfied in order to apply?

- A
- The reduction in pensionable pay must have occurred through no fault of the member.
 - The member must hold at least 2-years qualifying service in the scheme.
 - The application must be made within 3-months of going on to the reduced pay or marking time.

- Q Can a member protect their pay if they have changed their duties and their pay is reduced due to ill health?
- A Yes, a reduction in pay due to a change in duties following a period of ill health is a valid reason for protection of pay.
- Q Should the member apply for protection if only reducing my hours and not their grade?
- A No, if only the hours are reducing we will still use the notional whole time equivalent pay when calculating retirement benefits.
- Q Can a practitioner apply for Protection of Pay?
- A Protection of pay is not required for practitioners, as pension benefits are based on their earnings throughout their career and re-valued. This is known as a Career Average Re-valued Earnings (CARE) pension.
- Q If pensionable pay has previously been protected, can it apply again if a further reduction through no fault of the member has occurred?
- A Yes, unlike the Voluntary Protection of Pay provision, Protection of Pay due to a reduction of no fault of the member can occur more than once.
- Q Does there have to be a minimum level of reduction to the member's pay?
- A No
- Q Does the member have to be a certain age to apply?
- A No
- Q How does the member apply for Protection of Pay?
- A The member should complete the application form Pro Pay 1 and send this to the employer. The application must be made within 3 months of the downgrading. It is therefore important that you make members aware of their options at the time when they suffer a reduction in pay.

- Q What should an employer do if they have a number of members all suffering a reduction in pay at the same time?
- A The normal criteria still applies, but if the 3-month deadline may not be met, let us know by sending an interim email to the hscpensions@hscni.net email account.

Use a spreadsheet for large numbers and include the SB number, Total Pensionable Pay, Notional Whole Time TPP (if the member is part time) and effective date of the reduction. A covering email should include your EA code and details of the reason for the reduction. You will receive a single reply from us when we have protected all individual member records. Please use a separate spreadsheet for 1995 Section and 2008 Section members.

- Q How will the member benefit by protecting the higher rate of pay?

- A When a member retires, or transfers benefits out to another pension scheme, if they have one period of protection, two pensions will be calculated. A pension based on the protected rate of pay* plus inflation increases for membership up to the date of protection and a second pension for membership after that date will be calculated using pay* at retirement.

If by retirement the protected pay plus inflation increases is not more beneficial, then the whole of the pension benefits will be calculated using pay* at retirement.

*1995 Section - The best of the last three years of pensionable pay

*2008 Section – The reckonable pay. The average of the best three consecutive years pensionable pay in the last ten years.