

Transfer Out Guide and Application Pack

Help for anyone thinking of
moving their HSC Pension
rights to a UK Pension Scheme



Request for a transfer value to a UK pension scheme

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

Please also read the 'Leaving early and transferring out guide' which is 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 are considering a transfer to an overseas pension scheme, please read and complete the 'Overseas transfer guide and application pack' available from our website 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 cannot 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 corresponding health service pension schemes in England and Wales or Scotland, 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 HM Revenue & Customs (Buy Out Policy).
- If you have less than two years' qualifying membership, a registered personal pension plan, including a stakeholder pension arrangement.
- A Qualifying Recognised Overseas Pension Scheme (QROPS).

HSC Pension benefits

You will find information about the benefits payable from the HSC Pension Scheme on our website:

www.hscpensions.hscni.net

Benefits will normally be paid at the Normal Pension Age (NPA), when any further cost of living increases will be added. Benefits may be paid earlier in certain circumstances.

If you were a Mental Health Officer member of the 1995 Section of the HSC Pension Scheme your benefits may have been increased because of the special provisions that apply to this group.

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 personal pension plan, stakeholder pension or an insurance company to purchase an annuity is only possible if you left the HSC Pension Scheme on 1 January 1986 or later.

If you have less than two years' membership in the Scheme, you may only transfer your benefits 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. However, a transfer to an insurance company to purchase an annuity must be completed within 12 months of leaving the HSC Pension Scheme.

A transfer application made outside these time limits will be rejected and your alternative will be a refund of contributions.

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 deferred benefits in the HSC Pension Scheme. 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 Act (Northern Ireland) 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 guaranteed period of three months in accordance with the Pension Schemes Act (Northern Ireland) 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, payment of the guaranteed amount can be made.

Payment of the transfer value discharges the HSC Pension Scheme of all future liability in respect of your rights under the Scheme (except in relation to the guaranteed minimum pension (GMP) and/or Section 9(2B) Rights retained by the Scheme).

A transfer payment must be made **before** you reach your Normal Pension Age (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.

Penalties for making an unauthorised payment

A transfer to a scheme that is not a 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 regarding the status of any 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.

Financial advice

The transfer is at your own risk and it is possible that you may lose discretionary benefits from the HSC Pension Scheme.

Please 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 defined contribution scheme 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 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, 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.

If you are a deferred member and if the receiving scheme is unable to accept the liability for any GMP/Section 9(2B) Rights, it will be necessary to leave the liability with the HSC Pension Scheme. The transfer amount payable will be reduced by the amount required to cover the liability and will be shown in our documentation.

Please note that GMP will be payable from your State Pension Age, not necessarily the Normal Pension Age, but Section 9(2B) Rights are payable at the Normal Pension Age.

For members who do not have deferred benefits, 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 2013 and such other public service schemes whose rules are similar to those of any of the schemes made under the 2013 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

Annual Allowance

When transferring from the HSC Pension Scheme to another Club scheme any excess growth in the receiving schemes 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

Corresponding health service scheme

Special transfer arrangements operate between 'corresponding' health service schemes in England and Wales (E&W), Scotland and Northern Ireland. These arrangements mean that the effect of a transfer between the 'corresponding' schemes is your membership in the former scheme is treated as if it had been worked in the receiving scheme.

These special arrangements are only available when your application to transfer is made within one year of being eligible to transfer.

You should not use the application form in this Pack to request the transfer, please write to your new pension scheme and ask them to arrange the transfer on your behalf.

Note: The special arrangements do not apply when transferring membership from a different Section or Scheme following a break of over five years. Under these circumstances a transfer will be on non-Club terms, for example:

- 1995 Section membership with HSC Pension Scheme (E&W) to 2008 Section HSC Pension Scheme (Scotland)
- 1995 Section membership with HSC Pension Scheme (E&W) to 2015 Scheme HSC Pension Scheme (Scotland)
- 2008 Section membership with HSC Pension Scheme (E&W) to 2015 Scheme HSC Pension Scheme (Scotland)

HSC money purchase Additional Voluntary Contributions (AVC's)

Please contact your AVC provider direct if you also wish 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 to raise awareness of pension scams.

Please ensure you 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 UK transfer request form at the back of this guide and send it to us at:

HSC Pension Service

Waterside House

75, Duke Street

Londonderry

BT47 6FP

Please note we will not act on 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 the complaints and disputes page of 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, 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.hscpension.hscni.net

Please read and sign the following declaration:

I declare that:

- I have read 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 our 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
- I am content for all the transfer details and any request for supplementary information regarding the transfer to be released to the person or organisation 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.

Signature: _____

Date: / / _____

If you are an active member or the receiving scheme is not yet known, please tick here

The UK transfer request form should now be forwarded to HSC Pensions Service and we will provide an **estimated** transfer value. The final amount available for transfer will depend on the status of the receiving scheme.

If the receiving scheme is known, please tick here

The pension provider or IFA must now complete Part B in full or the form will be returned for full completion.

Part B - About the receiving scheme

Please complete as appropriate

If the receiving scheme is a member of the Public Sector Transfer Arrangements (Club) please go straight to the section titled 'All receiving schemes' and complete as appropriate.

UK personal pension scheme

- Formerly approved under Chapter IV of Part XIV of the ICTA 1988, and on 6 April 2006 became a registered pension scheme for the purposes of the Finance Act 2004 and
- satisfies the requirements of Chapter IV of Part IV of the Pension Schemes Act 1993, or
- Established as a registered pension scheme, on or after 6 April 2006 for the purposes of the Finance Act 2004
- Satisfies the requirements of Chapter IV of Part IV of the Pension Schemes Act 1993.

UK occupational pension scheme

- established as a registered pension scheme, under Chapter 2 of Part 4 of the Finance Act 2004.

In addition, if your scheme was registered as an occupational pension scheme on or after 6 April 2006, please provide the following additional information:

The name of the employer

How the scheme is an occupational pension scheme within the meaning of section 1 of the Pensions Act 1993

Details of the employment relationship between the member named on this form and the scheme

Please confirm what extra pension benefits or amount of pensionable service the transfer value payment will buy in the receiving scheme.

Confirmation of the minimum pension age at which benefits are payable

Buy out policy

An insurance policy or annuity contract appropriate for the purposes of section 19 of the Pension Schemes Act 1993

All receiving schemes:

Please provide:

The name of the receiving scheme _____

Date joined / will join new pension scheme / / _____

The HMRC Pension Scheme Tax Reference (PSTR) number _____

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

ECON and CON, where applicable, or _____

ASCON, where applicable _____

The Financial Conduct Authority Registration number _____

Signature on behalf of receiving scheme/IFA _____

Position _____ Date / / _____

Company stamp



Note: We may need some more information about the receiving scheme **before** we can decide if it is a scheme we can make a transfer payment to. If we do, we will write to you again detailing our requirements.

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