



EMPLOYER

HSC Pension Service

TECHNICAL UPDATE

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1. Consultation on amendments to the HSC Pension Scheme (HSCPS) Regulations—Tiered Contributions

Background

HSC Pension Service has been advised by the Department of Health, Social Services and Public Safety (DHSSPS) that proposals have been made to amend HSC Pension Scheme 1995 and 2008 regulations.

The amendments will implement revised pensionable pay/earnings bands for the Scheme year 1 April 2013 to 31 March 2014 as a consequence of the national 1% increase to pay which was effective from 1 April 2013.

Consultation on the regulation amendments commenced 30 May 2013 and will run for six weeks ending 11 July 2013. This shortened consultation period reflects the wish to get the changes implemented at the earliest possible opportunity and the technical and wholly beneficial nature of the changes.

The proposed amendments will have retrospective effect to 1 April 2013. The amendments are wholly beneficial in that they increase the threshold of pensionable pay/earnings required to determine the level of member contributions payable. The changes will insert new pay/earnings thresholds only; there is no increase in the percentage of contributions payable and no change to the way the tables are used.

Officers or Practice Staff members

Table 1 - This table is for use when assessing a person's contribution rate for 2013/2014 in respect of Officers or Practice Staff members, who are employed by the same employer at the end of the last scheme year and the beginning of the current scheme year.

The general basic rule is that the tier for existing Officers and Practice Staff Scheme members for 2013/2014 is based on their 2012/2013 full year whole-time equivalent (WTE) pensionable pay, unless there has been a change in circumstances

Table 1 - Scheme Year 2013-2014

Pensionable Pay band 2012/2013	Contribution percentage rate
Up to £15,278.99	5.0%
£15,279.00 to £21,175.99	5.3%
£21,176.00 to £26,557.99	6.8%
£26,558.00 to £48,982.99	9.0%
£48,983.00 to £69,931.99	11.3%
£69,932.00 to £110,273.99	12.3%
£110,274.00 to any higher amount	13.3%

Table 2 – This table should be used for Officer or Practice Staff members who are new starters (and staff who have changed jobs or 'stepped down'), or returning to the HSC after a break on or after the 1 April 2013 or whose rate of pay for an existing job changes, including increments to pay (except in circumstances where there is a change in duties that is unplanned or unlikely to last for 12 months or more).

Their contribution rate should be reassessed based on their estimated annual pensionable pay (notional whole time for part time employees) and allocated a new contribution rate if applicable. The pay figure to be used is the annualised amount; i.e. the hypothetical pay from 1 April 2013 to 31 March 2014.

Table 2 - Scheme Year 2013-2014

Pensionable Pay band	Contribution percentage rate
Up to £15,431.99	5.0%
£15,432.00 to £21,387.99	5.3%
£21,388.00 to £26,823.99	6.8%
£26,824.00 to £49,472.99	9.0%
£49,473.00 to £70,630.99	11.3%
£70,631.00 to £111,376.99	12.3%
£111,377.00 to any higher amount	13.3%

As employers will be aware, technically a change in pay (other than due to an unexpected change in duties or one unlikely to persist for at least 12 months) would normally cause an in year re-assessment of a members contribution tier. So if a member's original rate has been assessed using their pensionable pay (notional whole time for part time employees) for year ending 31 March 2013 and a member's pay then increases on or after 1 April 2014, the reassessment should be done using the new pay rate and Table 2 for the Scheme year ending 31 March 2014.

It is important for employers to be aware however that the purpose of the new table is to revalue all the bandings by 1% in order to ensure that no one receiving the 1% pay increase will drift into a higher banding because of that very increase. This means that any exercise to re-assess a tier because a member has received the agreed 1% pay increase from 1 April 2013 would, in every case, result in no change to their tier.

Therefore, if a member receives an increase over and above the national 1% a reassessment of their contribution rate would be required and may result in no change to their tier.

All Practitioner (GP, General Dental Practitioner, Ophthalmic Medical Practitioner) and non-GP Provider HSC Pension Scheme members.

The following table has been proposed for all Practitioner and Non-GP provider members and is intended to replace the current tiered contribution table for Scheme year 1 April 2013 to 31 March 2014

Pensionable Pay band	Contribution percentage rate
Up to £15,431.99	5.0%
£15,432.00 to £21,387.99	5.3%
£21,388.00 to £26,823.99	6.8%
£26,824.00 to £49,472.99	9.0%
£49,473.00 to £70,630.99	11.3%
£70,631.00 to £111,376.99	12.3%
£111,377.00 to any higher amount	13.3%

The arrangements for Practitioner and non-GP Provider members are different because their earnings can vary significantly from year to year and may only be finalised following completion of their tax return, sometime after the end of the scheme year. Pensionable earnings and contribution rates are set retrospectively and so the separate approach used for existing and new-to-post officer members is unnecessary.

This means that the tiered rates for Practitioner and non-GP Provider members in any year should first be set on a provisional basis, using a 'best estimate' of expected earnings and the latest contribution table available. The estimate can be based on finalised earnings and the relevant earnings bands for an earlier year, or an estimate of future earnings and the earnings bands for the current year.

Once the GP or non-GP Provider's actual earnings for the scheme year are known, the final tier is set and, if necessary, the contributions they made on a provisional basis, adjusted.

Further information about when to start applying the new rates will be included in a future Employer Technical Update.

2. Annual Allowance

Legislative requirements place a responsibility upon employers to provide information to HSC Pension Service. This information will enable HSC Pension Service to provide an Annual Allowance statement to members who could be affected. The requirements specify that employers must provide

- Pay (and membership) information to HSC Pension Service by 6 July following the end of the tax year.

The information will enable HSC Pension Service to generate a Pension Growth Statement (PGS). This statement will inform members of whether they have exceeded the Annual Allowance limit in the HSC Pension Scheme.

Therefore HSC Pension Service must have the available pay and service information from employers for 2012/13 by 6 July 2013 (information for 2011/12 should already have been received). If the member's record is not updated by the employer by this date, then HM Revenue and Customs (HMRC) may impose fines and charges on employers of:

- A fine of up to £300 per member; and
- Charges of £60 per day per member the member's records are not updated.

If the information is not provided HSC Pension Service will not be able to conduct the necessary calculation to check whether the member has exceeded the Annual Allowance limit. HSC Pension Service will not then be able to generate a PGS and notify potentially affected members in a timely manner. Members could be subject to fines and late payment penalties from HMRC.

3. Annual Allowance—Who is affected?

The majority of HSC members will not be affected by Annual Allowance. However the following may impact on the growth of their pension savings. Before you or your employees contact HSC Pension Service about Annual Allowance please ask them to consider the following carefully:

- Are they a high earner with long pensionable membership?
- Have they had a significant increase in membership (e.g. increased part-time hours or change from part-time to whole-time, doubled Mental Health Officer membership)?
- Are they purchasing added years or additional pension?
- Have they purchased additional pension by single payment on or after 1 April 2011?
- Have they had a significant pay rise, e.g. due to promotion?
- Are they in receipt of a clinical excellence award on or after 1 April 2011?
- Will they be taking ill health retirement with an enhancement to their membership?
- Have they paid contributions to any other pension savings arrangements, as well as the HSC?

If the above criteria does not affect them then is no further action for the employee to take.

For those members of the HSC Pension Scheme or the AVC Scheme who are affected by Annual Allowance; those with pension savings growth of over £50,000, HSC Pension Service will be issuing a Pension Growth Statement (PGS) outlining the growth in their pension savings. The PGS will be sent to them by October 2013.

4. Assistant Practitioners—Self Assessment Form 2012/13

HSC Pension Scheme employee tiered contributions for GP Scheme members are based on their total GP pensionable pay in the relevant 'pensions year' not in a previous year.

All Assistant Practitioners in Northern Ireland are required by law to complete a self assessment form on an annual basis and arrange for any arrears of employee contributions to be sent to the relevant HSC Pension Scheme employer. If contributions have been overpaid the Assistant Practitioner must also be proactive in recovering these.

The 2012/13 form must be sent to the relevant employers by no later than 28 February 2014.

The self-assessment form is available on the HSC Pensions Service website by clicking onto [Scheme Forms](#).

An Assistant Practitioner in 2012/13 was:

- A salaried GP formally employed by a GP Practice, Trust or HSCB
- A long-term fee based GP who worked for a GP Practice, Trust or HSCB.
- A GP who solely performed OOHs either on an employed or self-employed basis.

If an Assistant Practitioner fails to complete the form and subsequently pays 2012/13 employee contributions at the wrong rate they are acting in breach of statutory pension's legislation. This may affect their HSCPS membership.

5. Changes to form AW135 (Notification of Salary Related Survivor's Pension)

In order to improve efficiency the form AW135 has been amended by the addition of a new section (E) on the form to allow Employing Authorities to include the relevant Bank Account Details. HSC Pension Service Staff will no longer have to contact individual Employers to confirm such details.

6. Request for Estimate of Premature Retirement Benefits / Costs (RPA1)

To request an estimate of Premature Retirement Benefits please complete the RPA1 Estimate form which is available on the [HSC Pension Scheme website](#).

The Employer Request for Illustration of Pension Benefits form can be used for all other estimate types except for Premature.

7. Pension Applications (AW6)

HSC Pension Service require GMP (Guaranteed Minimum Pension) figures from HMRC before processing pension applications from scheme members, these details can sometimes take HMRC 6 weeks to provide, therefore we require pension applications **3 months** in advance to ensure payment is made the month the scheme member retires.

8. Lump Sum Choice

Please ensure that all pension applications forwarded to HSC Pension Service are fully completed and that the member has made a decision in regards to the lump sum choice (Part 6 AW6) Failure to complete this section will result in the application being returned to the employing authority. If the member is unsure about what decision they should make and requires any further clarification, the member can use the Pension Commutation calculator to assess their options.

9. 2008 Section Pension Calculator

A calculator for 2008 section Members has been developed and can be accessed through the link below <http://www.hscpensions.hscni.net/calculators/>

The calculator will estimate the standard pension and potential lump sum at retirement. The details provided are estimated and should not be taken as a guarantee of future benefits.

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