

# EMPLOYER

## circular

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## 1. Circular Re-Issue - at Employer Request

Employers have highlighted the fact that Superannuation/Pension circulars have for many years been one of their main sources of information and reference regarding the HSC Pension Scheme. As such HSC Pension Service has reverted to 'circulars' as opposed to 'newsletters' – with each circular referenced. This circular is referenced as HSC(P) 02/09. Please reference the April newsletter as circular HSC(P) 01/09.

Moving forward the new HSC Pensions website will be the main source of information for employers administering the HSC Pension Scheme. The site will contain an employers section containing a number of sources of information including factsheets, decision trees, forms and questions and answers material.

HSC Pension Service will continue to issue referenced circulars to draw employers attention to Scheme changes. All relevant reference material will be available in the Employer Section of the HSC Pension Service website.

## 2. The new Scheme Guide for Members

A new guide to the scheme for all new members (including practitioners) is now available to order and will be published on the new HSC Pension Service website due to be launched later this month. The new guide is designed as a one stop shop for all members of both sections of the scheme. It has clear signposts for different member types and colour coding to differentiate between the 1995 section and the 2008 section of the scheme. HSC Pension Service has arranged for supplies of the new guide to be issued to payroll managers of the main

HSC Pension Scheme employers for distribution within their organisation in early June. Employers should also destroy any supplies that remain of the previous scheme guide.

As we are now moving to one guide for all members, we will be revising the scheme joining process as described in circulars HSS(S) 5/08 and HSS(S) 5/08 (Supp 1). We will write to you again in a supplementary circular when details are finalised.

An online ordering form will be available once the new HSC Pension Service website is operational, until then the new guide can be ordered by writing to the Stationery Officer at HSC Pension Service.

**Please note that the new scheme guide is for employers to supply to new starters only, it is not for distribution to current scheme members. The Guide will be available online for existing members to view/download.**

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### 3. Payslip Information Leaflet - Choice

Employers are reminded that the information leaflet on the forthcoming pension 'Choice' exercise should be distributed to all staff with their June payslips. Any employers that have not received their information leaflets by 5th June should contact HSC Pension Service.

Further Information about the choice exercise will be issued to employers in the next couple of weeks via a special 'Choice' newsletter.

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### 4. Added Years Contributions – Implications of the Earnings Cap

For scheme membership accruing from 1 April 2008 there is no longer a limit on the amount of pay that can be pensionable. Members who were subject to the earnings cap before that date are still subject to a cap for their membership up to 31 March 2008 only. The cap applied to that earlier membership is:-

- £117,600 for year 2008/09
- £123,600 for year 2009/10

Any added years already purchased or still being purchased under an agreement starting before 1 April 2008 will be treated as membership before that date. If the member had previously been subject to the earnings cap the contributions for the added years only will therefore continue to be capped until the agreement is complete.

Example: a member who was previously subject to the cap and who earns £130,000 in year 2009/10 will pay tiered contributions on the full amount. However contributions for added years will be based on the capped pay of £123,600 because the added years agreement started before 1 April 2008.

Contributions for any new added years agreements starting on or after 1 April 2008 are based on the full uncapped pay even if the member was previously subject to the pensionable earnings cap.

Employers are reminded that members must pay additional added years contributions in respect of all their pensionable HSC posts.

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## 5. GP Locum Forms A & B

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GP Locum forms A and B have now been updated to take account of the tiered contribution rules. From April 2009 tiered contributions for GPs are based on their total GP (Practitioner) pensionable earnings in that year, not in a previous year. (*Employer newsletter April '09 refers*)

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## 6. GP Practice Guidance

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Guidance for GP Practices to follow will shortly be published on the new HSC Pension Service website. The guide is intended for Practice Managers, General Practitioners and 3rd Party providers who are responsible for managing Practice Staff pension contributions and member records. The guidance can be found in the 'Employers' section of the website under the heading 'Reference Material' then heading 'Factsheets'.

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## 7. Total Pensionable Pay (TPP) Requests – Transfer Value Calculations

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HSC Pension Service is currently unable to process a number of transfer requests because of delays in receiving Total Pensionable Pay (TPP) figures from employers. There are strict time limits laid down in regulations for processing these cases, and failure to meet these can result in additional costs to the Scheme and may have a detrimental effect on a member's retirement benefits. It is appreciated that employers have a number of priorities, however it is essential that employers treat such requests as a high priority.

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## 8. Pension Payments to Standard Life

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With effect from 1st June 2009 all contribution payments made to Standard Life will have to be supported by an excel spreadsheet containing the member's name, national insurance number and contribution amount. This spreadsheet should be e mailed to: [corppen\\_contributions@standardlife.com](mailto:corppen_contributions@standardlife.com)

All payments received without an accompanying excel spreadsheet will be returned direct to the sender's bank account. **Paper schedules will no longer be accepted.**

Payrolls concerned about the security of their member data can elect to send the data via the secure website: [www.grouppensionzone.com](http://www.grouppensionzone.com).

If you have any queries please contact Robin Stirling on 0131 245 5208 or e mail: [robin\\_stirling@standardlife.com](mailto:robin_stirling@standardlife.com)

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## 9. National Insurance Changes for 2009/10

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HMRC has changed national insurance contributions for contracted out occupational pension schemes for 2009/10. From 2009/10, employers and employees who are members of contracted-out occupational pension schemes (the HSC Pension Scheme is a contracted out scheme) will pay National insurance contributions at the reduced contracted out rate up to the Upper Accrual Point (UAP) only. They will then pay National Insurance Contributions at the higher standard rate on the employee's earnings between the UAP and the Upper Earnings Limit (UEL)

From HSC Pension Service prospective this means employers need only provide us with information about the amount of contributions paid between the Lower Earnings Limit (LEL) and the UAP. **When asked for contracted out national insurance earnings please only provide those NI earnings between the LEL and UAP** to prevent miscalculation of member refunds or awards.

Further information is available on the HMRC website: [www.hmrc.gov.uk/payee/rates-thresholds.htm](http://www.hmrc.gov.uk/payee/rates-thresholds.htm)

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## 10. Commuting Age Benefits – Serious Ill Health

The introduction of the new ill health retirement provisions on 1 April 2008 has changed the eligibility criteria for members over the age of 60 (1995 Section) or 65 (2008 Section). Members aged 60 (65) or over are no longer eligible to apply for ill Health retirement benefits but are entitled to retire and receive their normal age retirement benefits. However, if such a person is seriously ill and has a life expectancy of less than 1 year they can commute all their age retirement benefits to a once and for all lump sum payment. Dependant's benefits will not be affected in this scenario.

To apply for commutation of benefits in these circumstances, members must not complete Form AW33 but instead complete form AW34 and provide medical evidence from their doctor or consultant/specialist that demonstrates their life expectancy is less than 12 months.

The form AW34 will shortly be available on the new HSC Pension Service website.

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## 11. Operational Issues/Service Standards

Any queries or issues about HSC operational and service standards or matters relating to General Practitioners should be addressed in the first instance to the Operations Manager at HSC Pension Service.

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## 12. HSC Pension Scheme – Amendment Regulations

With effect from the 1 April 2009 the Pension Scheme regulations were amended in several areas as detailed below:

### ILL-HEALTH RETIREMENTS

#### ***Changes to both the 1995 and 2008 Sections of the HSC Pension Scheme***

On conversion of a pensioner's Tier 1 ill health pension (lower rate pension) to a Tier 2 ill health pension (higher rate pension) following a review, the pensioner is entitled to an additional amount of Lump Sum Retiring Allowance (LSRA) equal to the difference between the lump sum that was originally paid and the lump sum that would have been paid had the Tier 2 pension been awarded originally. The pensioner may also choose to exchange some of the difference between the two pensions for **additional** lump sum.

If, during a period of re-employment, an ill health pensioner's Tier 1 pension is converted to a Tier 2 pension, the re-employed pensioner is not permitted to accrue further pensionable service in their re-employment for as long as the Tier 2 pension is in payment.

If an ill health pensioner retires from their **re-employment** on the grounds of ill-health whilst in receipt of a Tier 1 pension, the pensioner can receive a Tier 2 pension in respect of the pensionable service accrued during re-employment, providing the Tier 2 conditions are satisfied.

If an ill health pensioner retires from their re-employment on the grounds of ill health while in receipt of a Tier 2 pension, the pensioner can receive only a Tier 1 pension in respect of the pensionable service accrued in re-employment, even if the Tier 2 conditions are satisfied.

### ***Changes specific to the 1995 Section only***

An ill health pensioner who is re-employed and eligible to rejoin the **1995 Section** of the Pension Scheme accrues pensionable service during their re-employment only if they are in receipt of a Tier 1 pension and they are under age 50 years.

If during their period of re-employment, an ill health pensioner's Tier 2 pension is converted to a Tier 1 pension, the re-employed pensioner can accrue further pensionable service in their re-employment provided they are under age 50 years.

### ***Changes specific to the 2008 Section only***

An ill-health pensioner who is re-employed and eligible to rejoin the **2008 Section** of the Scheme can accrue pensionable service during their re-employment only if they are in receipt of a Tier 1 pension.

If during their re-employment, an ill health pensioner's Tier 2 pension is converted to a Tier 1 pension, the re-employed pensioner can accrue further pensionable service in their re-employment irrespective of age.

## **PENSION CREDIT MEMBERS**

### ***Changes to both the 1995 and 2008 Sections of the HSC Pension Scheme***

A pension-credit member's benefits (*a person with benefits in the scheme as a result of a pension sharing order*) can be paid from the normal minimum pension age, subject to actuarial reduction.

A pension-credit member may choose to commute their pension-credit pension into additional lump sum retiring allowance, providing the pension-sharing order was implemented before the pension-credit member's retirement.

### ***Changes specific to the 1995 Section only***

When a pension-credit member dies in retirement, the maximum amount of any lump sum that may be paid to survivors or dependants is based on the pension that was payable after any commutation of pension into additional lump sum at retirement.

## **SURVIVOR BENEFITS**

### ***Changes specific to the 2008 Section of the HSC Pension Scheme***

The initial rates of adult survivor pensions and children's pensions for member's (including re-employed pensioners) who die while in service but are not contributing to the HSC Pension Scheme because they have reached the scheme's service limits, are based on:

- For officers – the member's pay at their last day of pensionable service
- For practitioners – the rate of the member's monthly average of up-rated earnings at their last day of pensionable service

A minimum of 10 years pensionable service is taken into account in calculating children's pensions for a member who dies in service.

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## 13. Website Update

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Work is progressing on the development of the new HSC Pension Service website as planned. We will notify employers of the date when the site will go live.

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## 14. How to contact us

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### How to contact us:

#### By writing to us at:-

HSC Pension Service  
Waterside House  
Londonderry  
BT47 6FP

**Via e- mail at:-** [superannbr@hscni.net](mailto:superannbr@hscni.net)

**By Fax:-** 028 71 319144

#### For urgent enquiries only, you can contact us by Telephone:

Switchboard -	028 71 319000 (9.00am to 5.00pm – Monday to Friday)
Scheme Administration ( <i>estimates, retirements, membership etc</i> )	028 71 319120
Practitioners	028 71 319125
Pension Payroll	028 71 319110
Pension Policy	028 71 319141

**If you have any comments about the content or format of this newsletter please email them to [superannbr@hscni.net](mailto:superannbr@hscni.net)**