



EMPLOYER

HSC Pension Service

TECHNICAL UPDATE

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1. HMRC restrictions on Lump Sum's exceeding £312, 500

For estimates where members lump sum exceeds £312,500, the following appendix should be attached to the estimate (This includes cases where members have chosen to commute part of their pension for an additional lump sum).

HMRC have restrictions on the amount of tax free pension commencement lump sum (PCLS) paid by a pension scheme, unless the individual has lump sum protection or other types of protection. The purpose of the tax free lump sum allowance test is to provide a lifetime cap on the payment of the PCLS the member may draw over their lifetime, in line with the lifetime allowance taxation cap. The PCLS is the **lower** of:

- 25% of the capital value to be paid (after the exchange of pension for additional lump sum and not the basic amounts); or
- 25% of the available standard LTA.

On 6 April 2014 the standard LTA changed from £1.5 to £1.25 million which means the maximum possible tax free PCLS has reduced from £375,000 to £312,500, unless the member has protection from HMRC.

The actual amount of tax free lump sum available at retirement will depend on the member's individual circumstances and may be:

- higher than £312,500 if they hold certain types of protection or have a protected lump sum from HMRC; or
- Lower than the £312,500 if they already have benefits in payment (either from the HSC Pension Scheme or another pension provider) which reduces their available LTA.

If the maximum lump sum after commutation exceeds £312,500, then not all the lump sum may be tax-free.

You can find this appendix on our website at:

www.hscpensions.hscni.net/wp-content/uploads/2012/11/pract_est_max_lump_sum_062014_V1.pdf

2. Pension Scams: A lifetime's savings lost in a moment

The Pensions Regulator has refreshed its campaign on pension liberation and warned that pension scams are on the increase in the UK. Some HSC Pension Scheme members may have already been targeted.

'One-off pension investments', 'pension loans' or upfront cash are being used to entice savers. For most people the offers will be bogus and members who are taken in will probably lose most, if not all, of their savings.

They may also be subject to tax charges of over half their transfer value for taking an 'unauthorised payment'.

The Pensions Regulator has published new guidance for members, pension scheme administrators, pension providers and independent financial advisers (IFAs) to raise awareness of Pension Scams.

The Pension scams awareness booklet for members is available on the Pensions Advisory Service website at;

http://www.pensionsadvisoryservice.org.uk/publications-files/uploads/pension-scam-booklet_7_page.pdf

A two page leaflet summarising the advice is also available;

http://www.pensionsadvisoryservice.org.uk/publications-files/uploads/pension-scam-leaflet_2_page.pdf

Please print off the leaflet and place copies with any Scheme publications available to staff.



Pension scams. Don't get stung.

3. Lump Sum Choice– Pension Commutation

Employers are reminded that a '**Guide for Pensioners and their Dependants**' should be issued with form AW6 '**Application for Scheme Benefits**' to members who are retiring from Health Service employment.

Currently HSC Pension Service receive numerous calls from members seeking advice on how to complete sections of form AW6 including Lump Sum choice. The Guide for Pensioners and their Dependants goes through each section of the form providing detailed information on how to complete it. Incomplete or incorrect forms delay the pension process and increases unnecessary administration. Lump sum choices cannot be changed once a pension has been processed and put into payment.

Employers are reminded to check that the AW6 has been completed correctly before forwarding to HSC Pension Service for processing.

The guides and forms can be found at:

www.hscpensions.hscni.net/scheme-guides/

www.hscpensions.hscni.net/wp-content/uploads/2012/11/AW67.pdf

4. Information Escalation Process

HSC Pension Service wish to re-iterate the importance of receiving requested information in a timely manner. Failure to provide information can result in non-payment or incorrect payment of benefits. HSC Pension Service will follow the process listed below when requesting information:

- First action– communication to employer requesting specific information.
- Second action– communication to finance director, confirming previous action taken and no response received. Information requested again through finance director.
- Final action– HSC Pension Service write to member and inform them in their own interest to contact the employer. HSC Pension Service will then close the action.

If requested information is not received from employers, this may result in the suspension of pension benefits to avoid any overpayments.

5. Consultation on Proposals for a new Health & Social Care (HSC) Pension Scheme from 1 April 2015

The Department of Health, Social Services and Public Safety is carrying out a consultation on proposals for a new HSC Pension Scheme due to be introduced from 1 April 2015. The Department is inviting all interested individuals and bodies to submit a response and has asked that you make your staff aware of the consultation.

The consultation document can be found at;

www.dhsspsni.gov.uk/showconsultations?txtid=74019

The consultation will close on the 28 November 2014.

6. Individual Protection 2014

From 6 April 2014 members of registered pension schemes can choose to protect benefits that exceed the reduced Lifetime Allowance limit of £1.25 million. Individual Protection 2014 has been operational since 6 April 2014. Members of registered pension schemes can choose to protect any pension savings built up before 6 April 2014 from the Lifetime Allowance (LTA) charge (subject to an overall maximum of £1.5 million), by applying for Individual Protection 2014.

HMRC have now confirmed that applications can be made online from 18 August 2014. Further information and a link to an online tool (Lifetime Allowance Checking Tool) can be found at:

www.hmrc.gov.uk/news/individual-protection.htm

7. 2013/2014 GP Providers (and non GP Providers) Certificate of Pensionable Income

The 2013/14 Certificates of Pensionable Income that all GP Providers (and non GP Providers) must complete are now available from our website at:

www.hscpensions.hscni.net/wp-content/uploads/2014/04/2014-Final.xls

Guidance notes are also available from our website at:

www.hscpensions.hscni.net/wp-content/uploads/2014/04/Annual_certificate_completion_guidance_notes_2013-14_V1_09-2014_-HSC.docx

The Certificates must, in law, be completed by all Providers; i.e. GP (and non GP) partners, single handers, or shareholders.

A GP Provider is legally required to complete a Certificate in respect of every practice, surgery, or centre where they are a Provider; i.e. partner, single hander, or shareholder.

A non GP Provider is legally required to complete a Certificate in respect of only one practice, surgery, or centre even though they may be involved in several.

8. Employer Forum Update

The quarterly Employers Forum met on 1st October and was well attended with some representatives' tele conferencing into the meeting.

Benefit Illustrations

Following a group discussion, it was agreed to provide estimates **only** to those members due to retire within 5 years. Other members seeking illustrations should be encouraged to use the calculators available on HSC Pension Service website. It is anticipated that Member Self-serve will be rolled out to members before Christmas. This will allow members to access their pension service record and therefore assist them when using the online calculators. A link will be sent to the Employer Forum members for any comment prior to HSC wide roll out.

Pension Reform

Line manager's workshops are available through the Leadership Centre. Employers can contact Rosalynn Kelly at rosalynn.kelly@hscni.net or hscpensions@hscni.net if they would like a copy of the slide show that covers high level changes on Pension Reform. Requests for further workshops may be sent to HSCPS, for consideration.

Following other Forum discussion, employers have requested the following links;

- [HSC Pension Service Calculators](#) (for members use when carrying out estimates)
- [HMRC Annual Allowance](#) (HMRC guidelines on how backdated pay rises are treated in relation to annual allowance)

Employers are reminded to inform Rosalynn Kelly rosalynn.kelly@hscni.net or hscpensions@hscni.net of further representatives to be added to the distribution list for the Employers' Forum or Employers Technical Update.

Distribution List:

The Chief Executive of the HSC Board & HSC Trusts

The Director of Finance and Director of Human Resources of the:

HSC Board;

The Business Services Organisation;

The Patient and Client Council;

The Public Health Agency;

HSC Trusts;

Each Special Agency;

GP Practices;

Dental Practitioners;

Out of Hours Providers;

Directional Bodies; and Staff Representative Bodies.

How to Contact Us:

By writing to us at:-

HSC Pension Service

Waterside House

75 Duke Street

Derry

BT47 6FP

Via e- mail at:- hscpensions@hscni.net

By Telephone: 028 7131 9111

9.00am to 5.00pm – Monday to Thursday; 9.00am to 12.00pm Friday

If you have any suggestions for the newsletter or would like a particular topic covered in future publications please do not hesitate in contacting us by emailing: hscpensions@hscni.net