

# HSC Pension Scheme Pension Commutation FAQs

**Q Member has expressed an interest in commuting part of their pension. What information do I need to give them?**

A HSC Pensions has provided a pension commutation modelling tool, which is available to members on our website [www.hscpensions.hscni.net](http://www.hscpensions.hscni.net). Members will be able to enter their expected pension and basic lump sum amounts and look at different scenarios, from giving up £1 pension to the maximum permitted under HM Revenue and Customs (HMRC) rules.

Before using the calculator, members will need to know their estimated pension and lump sum amount.

**Q Member stopped paying into the HSC Pension Scheme some time ago, but is retiring and applying for benefits now. Can they still commute part of their pension?**

A Only members who have contributed to either the 1995 Section on or after 1 April 2008, or the 2008 Section are eligible to commute. Members must have paid into the 1995 Section of the Scheme for at least one day after the introduction of the Pension Commutation arrangements on 1 April 2008. It follows, that if pensionable contributions ceased before 1 April 2008, that member will not be eligible to commute.

**Q If they leave after 1 April 2008, do they have to commute part of their pension to a lump sum?**

A No, this option is not compulsory. They can take the usual pension and lump sum in the 1995 Section, which is normally 3 times the pension amount, or pension only in the 2008 Section of the HSC Pension Scheme.

**Q** If the member chooses to commute some of their pension for a bigger lump sum, will it affect the survivor benefits?

**A** No, in all cases of pension commutation the survivor's benefits are unaffected.

**Q** If the member is retiring on Actuarially Reduced Voluntary Early Retirement, will the commutation be based on the benefits before or after the reduction?

**A** The member can only commute the benefits actually being paid. So commutation will be based on the value of the benefits after actuarial reduction.

**Q** If the member is retiring on compensation grounds with enhanced benefits (Transitional Protection), can the enhanced element of the pension be commuted?

**A** No. In these cases the annual pension is made up of 2 elements: the basic pension entitlement prescribed under the main HSC Pension Scheme Regulations and the compensation element prescribed under the Compensation Regulations. The HSC Pension Scheme Regulations include provision for commutation of pension but the Compensation Regulations do not contain such provision (which is precluded by the Finance Act). Only the basic element of the pension and not the enhanced element of the pension can be commuted.

**Q** If the member is retiring on Ill Health grounds with enhanced benefits, can the enhanced element of the pension be commuted?

**A** Yes. In this case commutation is based on the full value of the benefits, including the enhanced element.

