

HSC Pension Scheme: Actuarially Reduced VER - FAQs

Q I have a member retiring and wishing to take actuarially reduced early retirement benefits. How do I notify HSC Pensions?

A You are reminded that the GMP test needs to be checked and passed before Voluntary Early Retirement can be finalised. You must contact HSC Pensions requesting that the GMP test be checked (see part about GMP test on VER reduced Factsheet).

If the GMP test is successful you should give the member form AW6 'Application for retirement benefits', which must be completed by both the employer and the member together with the 'guide for pensioners and their dependants'. To enable these benefits to be paid on time, HSC Pensions must receive the completed form at least 3 months prior to the proposed retirement date.

Q What if the GMP test is unsuccessful?

A The member will not qualify for early retirement benefits, so if member is leaving employment their benefits will be deferred for payment at normal retirement age. If deferred benefits are then claimed before the member's normal retirement age a reduction will be applied (see Early Payment of Deferred Benefits).

If a member decides not to leave employment at this stage due to early retirement not being applicable, they may be able to take early retirement at a later age when the reduction factors are lower. A further GMP test will need to be done each time the member applies.

Q Where can I get the application form AW6?

A Form AW6 is available on the HSC Pension Service website www.hscpensions.hscni.net or by contacting the Stationery Officer at HSC Pension Service.

Q If I only have an old copy of form AW6 will HSC Pensions accept this?

A No. From July 2012 HSC Pensions will only accept form AW6 as published on our website, as this form gives members the option of pension commutation. You will need to download a new version of form AW6 as stated above.

Q Member is still working – can they receive their retirement benefits?

A No all members have to have a break of at least 24 hours to qualify for their retirement benefits unless they are age 75.

Q What if they have more than one job?

A A member would have to leave all HSC employments before they could claim their retirement benefits.

Q If a member has outstanding annual leave, do I extend the leaving date?

A Yes, annual leave is classed as membership, so this will extend the member's leaving date.

Q If a member's leaving date is prior to 1 April 2008, can they take the option to convert part of their pension to a lump sum?

A No. This option is only available for members who contribute to the Scheme on or after 1 April 2008.

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 of the HSC Pension Scheme, which is normally three times the pension amount, or only a pension in the 2008 Section of the HSC Pension Scheme.

Q If the member is retiring on early retirement (reduced), would the commutation be based on the benefits before or after the reduction has been made?

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

Q If a member has expressed an interest in commuting part of their pension, what information do I need to supply them with?

A HSC Pension Service has provided a pension commutation modelling tool, which is available to members on our website 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.

Q Will the member's pension change to the full amount payable when they reach their normal retirement age?

A No. They will continue to receive the reduced pension applied at their retirement.

Q I have a member of the special classes, will their benefits be reduced up to age 55?

A No. The reduction is applied to age 60, regardless of whether they are a member of the special classes or not, as benefits are applied for before their normal retirement age.

If a member is over age 55 and a member of the special classes, you may wish to confirm with HSC Pensions whether they may be eligible to take Age Retirement.