

## HSC Pension Scheme

### Voluntary Protection of Pay – Member FAQ's

**Q** What is Voluntary Protection of Pay?

**A** Voluntary Protection of Pay was introduced from 1 April 2008 to provide more flexibility in the 1995 Section of the Scheme. The provision supports the improving working lives (IWL) initiatives which exist in the HSC and recognizes that in the run up to retirement a member may prefer, if possible, to remain in HSC employment, perhaps in a lesser capacity, whilst protecting their pension benefits.

If you have attained your minimum pension age and choose to step down to a less demanding role where your new or remaining duties are less demanding and carry less responsibility than their previous duties then you may be able to apply for Voluntary Protection of Pay, if your pay reduces by at least 10%.

**Q** Does Voluntary Protection of Pay apply to both the 1995 and 2008 sections of the HSC Pension Scheme?

**A** No, this provision only applies to the 1995 section. In the 2008 section of the scheme, benefits are based on the reckonable pay, which is the average of the best three consecutive years pensionable pay in the last 10 years. This takes into account any higher pay prior to step down.

**Q** Can I apply for Voluntary Protected Pay if I have arranged a step-down between two different HSC employers?

**A.** This provision allows an employer to maintain valuable knowledge and skills of a member who, without the opportunity to step-down may otherwise have left the HSC. Therefore, we would normally expect the step-down to occur with the same employer.

However if a suitable role to 'step-down' to cannot be provided by one employer, but can be arranged with another, this would be acceptable. In this case both employers will have to provide information that 'step down' has been agreed.

The provision is not intended for situations where a member merely leaves one employer and joins another on a reduced rate of pay.

**Q** Why does my pay have to reduce by at least 10% for a period of at least one year before I can apply and why can my pay not have been subject to any other reductions in the previous 12 months?

**A** The provision is intended for long-term changes in a member's employment pattern prior to retirement.

**Q** Do I need to apply for Voluntary Protection of Pay if I have reduced my grade following a period of ill health?

**A** No, a reduction in pay due to a change in duties following a period of ill health is a valid reason for protection of pay (through no fault of your own). If this is the case you should refer to the Protection of Pay FAQ before contacting your employer.

**Q** Do I need to apply for protection if I am only reducing my hours and not my grade?

**A** No, if you reduce your hours we will still use the notional whole time equivalent pay when calculating retirement benefits.

**Q** Can a practitioner apply for Voluntary protection of Pay?

**A** Protection of pay is not required for practitioners, as pension benefits are based on their earnings throughout their career and revalued. This is known as a Career Average Re-valued Earnings (CARE), pension.

**Q** If my pensionable pay has previously been protected because of reasons of no fault of my own (see separate FAQ regarding Protection of Pay), can I later also apply for Voluntary Protection of Pay?

**A** Yes, you can still apply for Voluntary Protection of Pay if you already hold a protected pay due to reasons of no fault of your own. However, you are restricted to one application for Voluntary Protection of Pay

**Q** Can Voluntary Protection of Pay be considered when I have lost an allowance, for example: a change from nights to days?

**A** No, all criteria must still be met and in the case of a member changing from nights to days, it cannot merely be the loss of the allowance that would qualify for protection of pay under the Voluntary Protection of Pay provision, the duties must be less demanding and carry less responsibility.

**Q** How do I apply for Voluntary protection of Pay?

**A** You should complete the application form Pro Pay 1 Form and send this to the employer you arranged the step down with. Please read the guidance attached to the form Pro Pay 1.

**Q** How will I benefit by protecting the higher rate of pay pension?

**A** When a member retires or transfers benefits out to another pension scheme, if they have one period of protection, two pensions will be calculated. A pension based on the protected rate of pay\* plus inflation increases for membership up to the date of protection and a second pension for membership after that date will be calculated using pay\* at retirement. If by retirement the protected pay plus inflation increases is not more beneficial, then the whole of the pension benefits will be calculated using pay\* at retirement.

\*The best of the last three years of pensionable pay.