

Premature Retirement Factsheet

If your employer decides you are redundant (for example following re-organisation) and

- you have reached minimum pension age; and
- you have at least 2 years' membership,

we can pay you a pension for life and a lump sum as an alternative to you receiving a severance payment from your employer.

How much will I get?

These benefits are worked out in the same way as normal retirement benefits but will not be reduced to take account of early payment.

What if I have more than one HSC job?

You have 2 choices. You can either;

- take redundancy benefits for Scheme membership in the redundant job only, or
- take redundancy benefits for Scheme membership in all your jobs. You would have to leave the jobs for at least one day before you could claim your redundancy benefits in this way.

2008 section

Can I return to HSC work?

You can return to HSC work and rejoin the Scheme after redundancy, however your pension may be abated. You can get more information about working in the HSC after retirement in "A guide for pensioners and their dependants" available from our website at: www.hscpensions.hscni.net

1995 section

The information in this section applies ONLY to those who:

- are members of the 1995 Section of the HSC Pension Scheme; and
- were in HSC employment prior to 1 October 2006; and
- are made redundant before 1 October 2011; and
- at the date of redundancy have been a Scheme member for 5 or more years; and
- are NOT employed by GP Practices, Out of Hours (OOH) Providers, Alternative Providers of Medical Services (APMS), Specialist Personal Medical Services (SPMS) or working for most Direction Employers.

General

If you can satisfy certain continuity of employment or Scheme membership conditions, you can choose to have your benefits calculated by reference to transitional protection rules, which are explained in this section.

If this applies to you, you should consider your options carefully, because once you have made your choice you cannot change your mind. Your employer will provide you with quotations of your entitlements to help you decide.

Additional qualifying criteria for transitional protection

To qualify for your redundancy to be calculated under Transitional Protection measures you must have reached your minimum pension age and:

- have, or be regarded as having continuity of HSC employment prior to 1 October 2006 or continuity of Scheme membership prior to 1 December 2006;
- and
- have 5 or more years' Scheme membership at the date of redundancy.

1995 section

Redundancies before 1 October 2011

You can have your benefits calculated with an element of enhancement, but the value of the enhancement will vary, depending on your date of redundancy.

This is achieved by calculating the pension value of the enhancement under the previous calculation method, at 30 September 2006. We use normal pensionable pay rules, and include membership enhancements shown in the section headed 'Benefits if you are entitled to Transitional Protection' below.

The value of the enhancement at 30 September 2006 is then reduced as time goes by, until it is extinguished where the redundancy date is 30 September 2011. Your employer will provide you with an estimate of this calculation.

Benefits if you are entitled to Transitional Protection

If you have been in the Scheme for up to 10 years, at 30 September 2006 :
Your membership at 30 September 2006 will be doubled, subject to the maximum you could have had by age 65, or any earlier retirement age written into your contract of employment.

If you have been in the Scheme for 10 or more years at 30 September 2006:
Your membership at 30 September 2006 will be increased by 10 years subject to the maximum you could have had by age 65, or any earlier retirement age written into your contract of employment.

Your total membership cannot be increased to more than 40 years. If you have ever worked part time your extra membership will be reduced to take account of this.

Redundancy payment from your employer

If you have to retire early because of redundancy and you choose to receive benefits under the Transitional Protection arrangements you will normally be entitled to a lump sum payment from your employer but this will be calculated under the old severance pay rules. Your employer can tell you more about this.

1995 section

This lump sum will be reduced if the enhancement of your membership of the HSC Pension Scheme that you would have received as at 30 September 2006 is more than 6 2/3 years. The redundancy payment will be reduced by 30%, for each full extra year's membership.

For example:

Extra Years Membership at 30/09/06	Reduction in Redundancy pay
0 – 6 2/3rds	NIL
7	10%
8	40%
9	70%
10	100%

The reduction will be adjusted to take account of any part years.

Choosing your benefits

If you qualify for Transitional Protection and will be retiring early because of redundancy, your employer will arrange for you to receive an estimate of the benefits available under each set of rules and you may then choose which method is used to pay your pension benefits.

Consider the options carefully, once you have made your choice on your retirement benefits application for AW6 you cannot change your mind.

If you are paying additional contributions

If you are:

- buying added years or a bigger lump sum for Scheme membership before 25 March 1972 by paying extra contributions from your pay; and/or

1995 section

- buying Additional Pension (AP) by instalments; and
- you have been making the payment for at least 12 months, then

you cannot have a refund of those payments if you are forced to leave HSC employment early. You will be credited with the extra benefits you have already paid for but if you choose to claim your pension, the benefits you get from the additional contributions will be reduced because your benefits are being paid before your expected retirement date.

If this applies to you ask HSC Pensions for a quotation of how much will be payable.

If you have more than one HSC job

If you choose to claim your pension benefits you will have two choices, either:

- take your benefits for Scheme membership in the redundant job only, and still be a Scheme member in your other job(s), or
- take your benefits for Scheme membership in all your jobs. You would have to leave the jobs before you could claim in this way.

If you choose the first option further movements in and out of the Scheme are permitted. However, redundancy benefits may be affected when future retirement benefits are re-assessed. It is essential that you contact your employer or HSC Pension Service for further information.

If you choose the second option you will not be able to rejoin the Scheme if you return to HSC work. However, if you retire after 1 April 2008 and before 1 June 2009 you may, if eligible, join the New HSC Pension Scheme 2 years after your retirement.

Abatement

If you return to HSC work after claiming your benefits and before age 60, the pension may be subject to abatement. This is explained more in “A guide for pensioners and their dependants”.

1995 section

Index linking

Your HSC pension will be fully index-linked to protect it against inflation. This means that we will increase it each year in line with the cost of living, for as long as it is paid. But if you are made redundant before age 55, your pension will not attract cost of living increases until you reach age 55. Then your pension will be increased to take account of the rise in the cost of living since the date it was awarded. The increases are paid from April. In the first year of your retirement the amount of increase you get will depend on the date you retire.

Lifetime allowance (LTA)

The value of your benefits before any extra membership is added because you are retiring early will be used to test against the LTA.

There is also an HMRC limit of £30,000 on some lump sum payments after which income tax is payable. For example, if the total of the part of the lump sum you get for any membership enhancement plus any redundancy payment you get from your employer comes to £33,000, you will have to pay tax on £3,000.

Your employer can tell you more about whether you may have additional tax to pay.