



Health & Social Care Pension Scheme 2015

Administered by.....

**HSC Pension Service
Business Services Organisation**

Leaving Early and Transferring Out Guide

For members of the HSC Pension Scheme



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Introduction

There are two separate HSC Pension Schemes (in this guide they are jointly known as the Scheme); the 1995/2008 HSC Pension Scheme and the 2015 HSC Pension Scheme. The aim of this guide is to give information to Scheme members who:

- leave HSC employment without taking retirement benefits, or
- leave the Scheme but not HSC employment.

During your membership of one of these Schemes your pension benefits will have grown and you may also have been paying additional contributions to the HSC Money Purchase Additional Voluntary Contributions Scheme (the HSC MPAVC Scheme), therefore once you leave the Scheme you must decide what to do with these valuable benefits.

This guide explains the options open to you, please read it carefully before you decide.

The small print

This guide is intended to provide you with a general overview of the benefits provided by the Scheme. We have taken great care to get the details right at the time of publication but it does not give a complete or legally binding statement of the law and regulations which govern this Scheme. Nothing in this guide can override the Regulations that set out the conditions of entitlement and determine the rate at which benefits are payable. In the event of any conflicting information, the Regulations will prevail.

This guide will continue to be updated. You can find the most up to date version on our website at: www.hscpensions.hscni.net. Supporting information and factsheets are available on our website.

If you are in any doubt about how your benefits are calculated or what you may be entitled to, please contact your local pension administrator or HSC Pension Service.

What are my options?

If you leave the 1995/2008 Scheme and later return to the HSC employment, you would normally rejoin the 2015 Scheme unless you rejoin within five years and are allowed to remain in the 1995/2008 Scheme due to 'Protection' arrangements outlined below:

- If you, as at 1 April 2012, were either already over your Normal Pension Age (NPA) or 10 years or less from your N and in active membership on both 1 April 2012 and 31 March 2015 you are entitled to Full Protection and you remain a member of either the 1995 or 2008 Section of the 1995/2008 Scheme.
- If you, as at 1 April 2012, were more than 10 years, but less than 13 years and 5 months, from your NPA and in active membership on both 1 April 2012 and 31 March 2015 you are entitled to Tapered Protection and you remain a member of either the 1995 or 2008 Section of the 1995/2008 Scheme until a date determined by your age in years and months as at 1 April 2012.
- If you were not in active membership in the 1995/2008 Scheme on both 1 April 2012 and 31 March 2015 you may still qualify for Protection provided you rejoin the Scheme following a break of less than five years and return before your NPA.

If you do not meet the Protection arrangements you will rejoin the 2015 Scheme

Information about Protection and the 2015 Scheme is available at:

www.hscpensions.hscni.net

Leaving and rejoining the 1995 | 2008 Scheme

If you return to HSC employment after 1 April 2015 following a break of less than five years, are under NPA and are entitled to either Full Protection or Tapered Protection you will rejoin the same section of the 1995/2008 Scheme. If you have Tapered Protection, you will either stay in the 1995/2008 Scheme until your date to move to the 2015 Scheme or move straight into the 2015 Scheme.

If you are not entitled to any Protection, or move following Tapered Protection, you will join the 2015 Scheme and your benefits already built up in the 1995/2008 Scheme will be retained and calculated using a final salary pay at, or near, retirement. This is known as having a 'final salary link'. Following the move to the 2015 Scheme the value of practitioner benefits already built up in the 1995/2008 Scheme remain protected through the continued application of dynamising factors to practitioner earnings received before the move.

If you return to HSC employment following a break of exactly five years you will not be entitled to rejoin the 1995/2008 Scheme, but you will join the 2015 Scheme and be entitled to a final salary link.

If you return to HSC employment following a break of more than five years then your 1995/2008 Scheme and 2015 Scheme pension benefits will be separate. If you rejoin and you were previously a member of the:

- 1995 Section and are under age 60; or
- 2008 Section and are under age 65,

you will be given a one-off opportunity to transfer any deferred 1995/2008 Scheme pension rights into the 2015 Scheme.

For the purpose of determining eligibility for access to the 1995/2008 Scheme and a final salary

link, any pensionable employment in a qualifying public service pension scheme during a break in HSC employment may be ignored.

Pensionable public service employment means a person who was a:

- civil servant;
- in the judiciary;
- local government worker;
- teacher for England, Wales, Scotland and N.I.;
- health service workers for England, Wales, Scotland and N.I.;
- fire and rescue worker for England, Wales, Scotland and N.I.;
- police worker for England, Wales, Scotland and N.I.; or
- in the armed forces.

If you are a member of the 1995/2008 Scheme and take a refund of your contributions or transfer out you will normally only be eligible to join the 2015 Scheme on your return to HSC employment.

Leaving and rejoining the 2015 Scheme

If you rejoin the 2015 Scheme following a break of five years or less, your earlier period of 2015 Scheme membership will link with your current 2015 Scheme membership and the pension rights you built up before the break will receive full in-scheme revaluation, based on a rate set by the Treasury plus 1.5% (Section 9 of the Public Service Pensions Act 2013), for each Scheme year during the break.

If you rejoin the 2015 Scheme following a break of more than five years, your earlier period of 2015 Scheme membership will not link, scheme revaluation will stop and on retirement will be revalued by the application of Pensions Increase. Your pension benefits for your earlier period of membership will be calculated separately to those of your current 2015 membership, with only your current 2015 membership being eligible for in-scheme revaluation.

In calculating whether a break in 2015 Scheme membership is five years or less any pensionable employment in a public service pension scheme is ignored.

Option	Less than two years qualifying membership when you leave	Two years or more qualifying membership when you leave
Option 1 Leave your benefits in the Scheme and take a deferred pension at Normal Pension Age	No, unless you have transferred in a personal pension	Yes
Option 2 Transfer the value of your benefits to another registered pension scheme subject to satisfying time limits.	Yes, if under Normal Pension Age, and you joined your new pension arrangement within 12 months; and You apply for the transfer within 12 months of joining your new arrangement	Yes, if under Normal Pension Age, but only to another occupational scheme that provided defined benefits
Option 3 Refund your pension contributions, less tax and National Insurance contributions	Yes, if under Normal Pension Age and have not transferred in a personal pension	No

If you have a HSC Money Purchase AVC Scheme fund this guide will explain the options open to you, but if you wish, you can decide separately about this arrangement. For example, defer your main Scheme pension benefits, but transfer your HSC MPAVC Scheme fund.

If you are thinking of transferring your HSC pension rights you should carefully compare the pension benefits you are giving up with what your new pension scheme is offering you. You should also read the Pension Regulator guidance for Scheme members on Pension Liberation Fraud which is available for download from our website at: www.hscpensions.hscni.net/

It is important to note that if you are intending to return to HSC employment and take a refund of your contributions or transfer out you may be giving up all your existing pension rights in the HSC Pension Scheme.

If you are staying in HSC employment and thinking about opting out of the Scheme, you should download the form SD502 from our website and return the completed form to your Payroll Department. The opt out calculator outlines the pension benefits you will be giving up if you decide to opt out. The calculator is available on our website at: www.hscpensions.hscni.net/

If you are in any doubt you should seek independent financial advice (there is more information about this later).

If you do decide to opt out of the Scheme, you will be re-enrolled into the Scheme due to Auto enrolment on either your employer's staging date, re-enrolment date or, in certain circumstances, when you become an 'eligible worker'. Further information about Auto-enrolment can be found on our website at: www.hscpensions.hscni.net

If you are re-enrolled because of Auto-enrolment your employer will write to you to let you know. At that time you will have to decide if you want to remain in the Scheme or opt out again.

Important

Whilst you are an active member of the HSC Pension Scheme, you have enhanced ill health retirement, life assurance and family benefits cover. If you leave the Scheme these enhanced pension benefits may no longer be payable.

Option 1: Deferring benefits

If you have two or more years qualifying membership or you have less than two years qualifying membership and transferred in pension rights from a personal pension you can choose to leave ('defer') your benefits in the Scheme. A deferred pension is usually payable from your NPA.

What counts as qualifying membership?

Qualifying membership counts towards the two years' membership needed for deferred benefits but may not count when we work out benefits. Qualifying membership can include:

- transferred in pension rights – the difference between the length of transfer in membership credit and the length of membership or contributing period in the transferringscheme;
- part time pensionable membership - counts as qualifying membership at full length, but when we work out pension benefits we only use the hours or programmed activities worked;
- breaks of not more than three months between periods of employment for casual employees or freelance locum medical practitioners;
- membership of a previous occupational pension scheme, if you transferred to the HSC under a TUPE arrangement, and decide not to transfer those pension rights;
- qualifying membership in the 1995 Section counts as qualifying membership in the 2008 Section for members with entitlement to benefits in both sections of the 1995/2008 Scheme;
- qualifying membership in the 1995/2008 Scheme counts as qualifying in the 2015 Scheme for members who moved to the 2015 Scheme on 1 April 2015, or later;
- earlier refunded membership if you rejoin within a month of leaving.

Will my deferred benefits increase annually?

Your deferred Scheme benefits are increased annually to keep pace with rises in the cost of living. Increases are paid in April and reflect any rise in the rate of inflation in the 12 month period up to the end of September in the previous year and revalued by the application of Pensions Increase.

Do I need to apply to defer my benefits?

You do not need to apply to defer your benefits. We will automatically write to you about this.

Please write to us if you change your address.

I have a HSC Money Purchase AVC arrangement, can I defer this?

If you have a HSC MPAVC Scheme arrangement, the fund will automatically be deferred with your main Scheme benefits. Your additional contributions will remain invested but the return is not guaranteed and they will not be increased each year by the application of Pensions Increase.

You may be able to transfer your HSC MPAVC to any other registered pension scheme in which you are participating (for example another AVC scheme, a personal or stakeholder pension). You should contact your AVC provider direct for further information.

When can I claim my deferred benefits?

Deferred Scheme benefits are payable from your Normal Pension Age. This is age 60 for members of the 1995 Section and includes members of the special classes and mental health officers (MHO) (see additional information below) and age 65 for members of the 2008 Section. For members of the 2015 Scheme, your Normal Pension Age is equal to your State Pension Age (SPA) or age 65, whichever is higher.

You can download the retirement claim form, [AW6P](#) from our website. Or you can contact us for one three months before you reach Normal Pension Age.

1995Section

If you are a member of the 1995 Section with special class or MHO status and are made redundant but are not entitled to or decided not to claim your pension on redundancy grounds, you may be able to claim your deferred benefits at age 55.

This will only be the case if at the time you were made redundant you had the necessary membership to be entitled to retire at age 55:

- For special class members this is the last five years pensionable employment as a member of the special classes. (For men with special class status only benefits based on membership from 17 May 1990 can be paid at age 55 without reduction).
- For MHO members this is 20 years MHO membership and being an MHO on leaving pensionable employment.

Your benefits for this period of membership must also have remained deferred i.e. you must not have rejoined the Scheme within 12 months.

Can I take my deferred benefits early?

If you leave the Scheme with deferred benefits and have reached minimum pension age you may be able to claim your deferred main Scheme and any HSC MPAVC Scheme benefits early, provided you are no longer in HSC employment. Your benefits will be reduced to cover the extra cost of being in payment longer.

Information about minimum pension age can be found in the Scheme Guides available on our website at: www.hscpensions.hscni.net/

You cannot take your deferred benefits on Voluntary Early Retirement grounds if you left the 1995 Section before 31 March 2000.

What if I become permanently incapable of any regular work?

If you become permanently incapable of any regular work of like duration to your last HSC job because of ill health before your NPA, we may be able to pay your deferred benefits early. If this happens please ask us for form AW240 or you can download it from our website. The form gives you more information about what you need to do to apply. Do not delay completing and returning the form as this may affect the date from which we can pay your ill health benefits if your application is successful.

Important

Should you die before or after you take your deferred benefits then life assurance and family benefits may be payable.

Option 2: Transferring pension rights

You may be able to transfer to another pension scheme or arrangement willing to accept the transfer, which is registered with HM Revenue and Customs (HMRC) and able to accept a transfer payment from the HSC Pension Scheme.

If you are leaving HSC employment, or just the Scheme, you may be able to transfer your pension rights to one or any combination of the following:

- The HSC Pension Scheme in Scotland or Northern Ireland, if you are employed there. These Schemes are separate from the HSC Pension Scheme (England and Wales) and a formal transfer application must be made.
- Another registered occupational pensions scheme.
- A registered insurance company to purchase an annuity contract, which satisfies the requirements of HMRC (“buy-out policy”).
- A registered personal pension plan, including a stakeholder pension arrangement.

Time limits may apply for members with less than two years qualifying membership as shown on page 12

For possible transfers to a Qualifying Recognised Overseas Pension Scheme (QROPS) please refer to the current version of the [Overseas transfer guide and application pack](#) on our website.

If you leave the Scheme but not HSC employment certain conditions may apply if you are a member of the 1995 Section.

If your new pension scheme is contracted out of the State Second Pension Scheme (S2P), you will normally be able to transfer all of your pension rights.

What if I have a HSC MPAVC fund with Prudential, Standard Life or Equitable Life?

If you are transferring your benefits out of the main Scheme and have also paid contributions to the HSCMPAVC Scheme with one of the above providers, you can choose to either:

- transfer your HSC MPAVC fund to any other registered pension scheme in which you are participating, for example another AVC Scheme, a personal pension or stakeholder pension; or
- leave your HSC MPAVC fund invested with one or more of the three HSC providers.

If you decide to leave the fund invested it will continue to be covered by the rules of the HSC MPAVC Scheme. No new contributions can be added and you should contact your provider for the options available to you on retirement.

Which pension scheme can I transfer to and what are the transfer age and time limits that I need to be aware of?

Pension scheme	Two or more years' qualifying membership	Less than two years' qualifying membership
Defined Benefit(DB)schemes		
A registered occupational pension scheme	You can apply for the transfer at any time but it must be completed before you reach Normal Pension Age.	You must: <ul style="list-style-type: none"> • join your new registered scheme within 12 months of leaving pensionable HSC employment; and • apply for a transfer within 12 months of joining your new scheme; or • complete the transfer before you reach NPA, whichever is the earlier.
A registered occupational pension scheme that is a member of the Public Sector Transfer Club (the Club)	<p>In addition to the above, to qualify for a transfer on Club terms you must also:</p> <ul style="list-style-type: none"> • apply for and complete the transfer within 12 months of joining the new Club scheme; • complete the transfer before you reach Normal Pension Age, and • the period between leaving the sending Club scheme and joining the receiving Club scheme must be five years or less. <p>If any of these conditions are not met the transfer may only be completed on non-Club terms.</p> <p>Important:</p> <p>If you complete a transfer to a Club scheme the receiving Club scheme will take account of any growth in benefits arising from a pensionable pay increase, because of the move between Club schemes, when calculating the pension input amount for Annual Allowance purposes. Any adjustment to the transferred benefits because of differences between this Scheme and the receiving Club scheme will be excluded.</p>	
Defined Contribution(DC)schemes		
A registered occupational pension scheme (money purchase)	Not permitted	You must: <ul style="list-style-type: none"> • join your new scheme within 12 months of leaving pensionable HSC employment; • apply for a transfer within 12 months of joining the occupational pension; and • complete the transfer before you reach Normal Pension Age.

A registered insurance company to buy one or more buy out policies	Not permitted	<p>You must:</p> <ul style="list-style-type: none"> complete the transfer to a buyout policy within 12 months of leaving pensionable HSC employment or if earlier your Normal Pension Age.
A registered personal pension scheme (including a SIPP) or stakeholder pension	Not permitted.	<p>You must:</p> <ul style="list-style-type: none"> take out a personal pension within 12 months of leaving pensionable HSC employment; apply for a transfer within 12 months of taking out the personal pension; and complete the transfer before you reach Normal Pension Age.
Overseas pension scheme		
A Qualifying Recognised Overseas Pension Scheme (QROPS)	<p>For possible transfers to a QROPS please refer to the current version of the Overseas transfer guide and application pack on our website at: www.hscpensions.hscni.net</p>	<p>You must:</p> <ul style="list-style-type: none"> join your new registered scheme within 12 months of leaving pensionable HSC employment; and apply for a transfer within 12 months of joining your new scheme; or complete the transfer before you reach Normal Pension Age, whichever is the earlier. <p>For more information about transfer to an overseas pension scheme can be found in the Overseas Transfer guide on the website: www.hscpensions.hscni.net</p>

Important

In ALL cases the transfer must be completed, this means the transfer payment sent to your new pension scheme, before you reach the NPA for the Section or Scheme you are a member of. You should bear this in mind when timing your transfer out application.

How do I apply for a transfer value?

To apply for a transfer you should download either the Transfer Out guide or the Overseas Transfer guide along with the accompanying application pack from our website at:

www.hscpensions.hscni.net/

You should read the guide carefully before making a transfer out application.

Pension scams: A lifetime's savings lost in a moment

The Pensions Regulator has refreshed its campaign on pension liberation and warned that pension scam scare 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 by clicking [here](#).



Pension scams. Don't get stung.

Option 3: Refund of contributions

You may have to take a refund of contributions, if:

- you have less than two years qualifying membership;
- you have left HSC pensionable employment or the Scheme
- you have no membership after your NPA (because after that age you are entitled to retirement benefits regardless of how long you have been a member of the Scheme);
- you have no deferred membership;
- you have never had a transfer of pension rights into the Scheme from a personal pension;
- you have re-entered pensionable HSC employment and you have had a disqualifying break in HSC pensionable employment, unless you have requested a transfer to another pension scheme within the transfer time and age limits.

Can I avoid a refund of contributions?

If you leave HSC employment or just the Scheme and have less than two years qualifying membership you can apply for a refund immediately. But you do not have to do this until you have a disqualifying break in membership. The length of the disqualifying break depends on whether you were a member of the 1995/2008 Scheme or the 2015 Scheme.

1995|2008 Scheme

If you leave the 1995/2008 Scheme with less than two years qualifying membership you do not qualify for benefits, therefore you must either take a refund of contributions or consider a transfer of pension rights unless you rejoin the 1995/2008 Scheme or the 2015 Scheme within 12 months of leaving.

If you rejoin within 12 months of leaving and have taken a refund of contributions during this break you may repay the refund if you do so within six months of rejoining the 2015 Scheme.

2015 Scheme

If you leave the 2015 Scheme, with less than two years qualifying membership you do not qualify for benefits. If you rejoin the 2015 Scheme following a break of more than five years or more you will be required to take a refund of contributions, if you have not already done so.

If you rejoin the 2015 Scheme following a break of five years or less and have taken a refund of contributions during the break you may repay the refund if you do so within six months of rejoining the 2015 Scheme.

You may be able to avoid taking a disqualifying break if on leaving you undertake:

- a course of study or training, which will be of benefit to the HSC; or
- an employment comparable to HSC work.

You should ask HSC Pension Service for approval as soon as possible after starting the course of study, training or comparable employment. You must also return to the HSC as soon as is reasonably practicable after finishing the course of study, training or comparable employment.

By avoiding a disqualifying break you will be able to keep all the benefits you have built up in the Scheme.

How do I apply for a refund?

To apply for a refund you need to complete the application form RF12 available on our website at: www.hscpensions.hscni.net

You should print off form RF12 and complete Part 1, next forward this along with Part 2 to the HSC employer where you last paid pension contributions. Your employer will complete Part 2 of the form before submitting it to HSC Pension Service for us to process your refund application.

How much will be refunded?

If you claim a refund, your own pension contributions will be refunded, but not your employer's. Before payment, deductions will be made for:

- your share of the National Insurance contributions which must be paid in order to secure your rights in the State Additional Pension Scheme (S2P) for the period of Scheme membership; and
- Income Tax at a rate of 20% for refunds up to £20,000 and 50% for refunds over £20,000.

The amounts to be deducted will be detailed in the refund statement we send you. You must let us know at once if any of your personal details change, for example your address or bank details, after you have made an application for a refund.

What if I paid in to the HSC Money Purchase AVC Scheme?

Any additional contributions will be refunded by the provider. You may opt instead to transfer them to another pension provider. Please see the earlier section on transfers.

If you receive a refund of the contributions from the main Scheme you cannot leave your HSC MPAVC fund invested. You will instead receive a lump sum equal to the realisable value of your investments in the HSCMPAVC Scheme. This lump sum is subject to tax. If your employer paid AVC contributions on your behalf they will receive a lump sum based on the value of the investments they made.

Where can I find further financial information and help?

The following organisations provide information about transfers that may assist you when deciding whether to transfer:

The Financial Conduct Authority can be contacted at: www.fca.org.uk or

Financial Conduct Authority

25 North Colonnade

Canary Wharf

London

E14 5HS

Tel: 020 7066 1000

The Pensions Regulator can be contacted at www.thepensionsregulator.gov.uk or

Pensions Regulator

Napier House

Trafalgar Place

Brighton

BN1 4DW

Tel: 0845 600 0707

The Pensions Advisory Service can be contacted at www.pensionsadvisoryservice.org.uk or Pensions Advisory Service

11 Belgrave Road

London

SW1V1RB

Tel: 0300 123 1047

Independent financial advice

If you are in any doubt which pension arrangement will be best for you, you should seek independent financial advice.

Under legislation all financial advisers have to decide whether to be 'independent' or 'tied'. A financial adviser who is independent can offer a range of financial services and products, whereas a financial adviser who is tied, can only offer the products of one company. Before you ask for advice, make sure you know which type of adviser you are dealing with.

Most financial advisers charge for their advice. The charge may be in the form of a fee payable by you or commission payable by any company that you decide to invest in. If the adviser you choose charges on a commission basis, you should ask how your investments are affected by these charges.

Your Pensions Officer or employer may be able to help you find a source of independent financial advice or you can contact the following for a list of companies:

IFA Promotions Limited 17-
19 Emery Road Brislington
Bristol BS4 5PF

Telephone: 0330 1000 755
www.unbiased.co.uk

It is advisable to check that the company you have chosen is authorised with the FCA. However, in order to proceed with a transfer to a defined contribution scheme where your transfer value is over £30,000, the Pensions Regulator requires that you must provide a signed confirmation from your IFA of the appropriate financial advice you have received. They must include the following statements:

- that they have permission to carry out regulated activity in article 53E of the FCA regulated activities order to provide advice on the transfer of safeguarded benefits
- that the advice has been given on the transfer of safeguarded benefits to flexible benefits
- the name of the member that was given the advice and the scheme in which they hold safeguarded benefits
- the advisor's FCA registration number.

Please ensure you give details of the Scheme to your financial adviser so they can give you the best advice.

Show your adviser your relevant Scheme Guide. You can get a copy from your Pensions Officer, employer or visit our website at: www.hscpensions.hscni.net/

If you have benefits in the Scheme your adviser should see details of these. Please write and ask us for details:

HSCPensionService
Waterside House
75 Duke Street
Derry
BT47 6FP

Member helpline: 0300 330 1346
www.hscpensions.hscni.net