



HSC Pension Service

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Business Services Organisation

# EMPLOYER TECHNICAL UPDATE

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HSC (P) 01-17

# 1. Foreword/Executive Summary

HSC Pension Service has produced this Employer Technical Update (ETU) to raise awareness amongst employers and other stakeholders of important issues affecting the HSC Pension Scheme.

A number of topics (listed below) can have a direct financial effect on member's benefits and it is important that employers should inform members of these features of the scheme and their importance in relation to future benefits.

Provision of Survivors Benefits

Transfer of Pension Benefits

Protection of Pensionable Pay

HSC Pension Service will also highlight these issues in Member Newsletters.

Item 4 in the in the ETU addresses the issue of member applications for consideration for Ill Heath Retirement. There has been some confusion amongst employers as to who is entitled to retire and claim their HSC Pension Benefits under the Ill Health Retirement Regulation. Item 4 clarifies HSC Pension Scheme Regulations which state that an individual must be an active member of the Scheme in order to retire. If a member's employment has been Terminated prior to being accepted as meeting the criteria for Ill Health Retirement, they become a deferred member and therefore are not entitled to "in service" benefits

There are also technical issues contained in this update which employers should take note of. These include, the correct procedure to use regarding On Call working and how concurrent employments are evaluated in the calculation of benefits.

Employers should use the most up to date forms available on the [Scheme Forms](#) section of Scheme website. Some benefit application forms submitted are old forms which do not meet current legislation and therefore cannot be accepted and will delay the processing of benefit applications.



## 2. Nominated non-legal Partner Benefits—Update

This notice outlines changes being introduced to the HSC Pension Scheme in respect of nominated non-legal partner benefits.

Nominated non-legal partner benefits were introduced to the HSC Pension Scheme from 1 April 2008 as part of the reforms made to public service pensions. There are underlying conditions that must be met to allow a nominated partner pension to be paid, which are :

- The scheme member and partner are living with each other as if they were a married couple or civil partners and have been so for a period of at least 2 years at the date of the member's death;
- The scheme member is free to be able to marry or form a civil partnership with their partner;
- The member and partner are financially interdependent or the partner is financially dependent on the member.

In addition a nomination form was required to be completed confirming the above. If HSC Pension Service had not received a nomination form prior to the member's death then a nominated partner pension could not be paid even if the underlying conditions were met.

On 8 February 2017, the Supreme Court decided that refusing a claim on the grounds that a nomination form had not been completed despite the underlying conditions being met is incompatible with Article 14 of the European Convention on Human Rights and was therefore unlawful.

The Supreme Court decision applies to the Public Service schemes so there will no longer be a requirement for a nomination form in the HSC Pension scheme although HSC Pension Service recommend that a PN1 form is completed. However the underlying conditions must be met for a claim to succeed.

HSC Pension Service has decided that this change should be applied to any case that has previously (from 01/04/2008) met the underlying conditions but which would not have gained entitlement due to the lack of a nomination form. In those cases the member concerned should contact HSC Pension Service for further information and guidance. It remains the case that for a nominated partner pension to be paid, the underlying conditions **must** be met.

**Action for Employers.** Employers may wish to issue a corporate communication to employees. HSC Pension Service will issue a notice on the Member Newsletter.



### 3. Pension Scams

Pension Scammers are aware that people can now access their pension savings in new ways and will try to lure members with promises of upfront cash and one-off 'deals' with guaranteed high returns.

Staff, employees and Scheme members should be aware that HSC Pension Service will not make unsolicited phone calls, texts or emails about your pension, if these are received they are nearly always scams.

The Pension Regulator has guidance for pension scheme members on their website on how to learn to spot the signs and have the best possible protection against pension predators by following a simple five-step guide. The guide can be found [here](#)

**Action for Employers.** Employers may wish to issue a corporate communication to employees. HSC Pension Service will issue a notice on the Member Newsletter.

### 4 . Application for consideration for In Service Ill Health Retirement

Members can only be considered eligible for “In Service Ill Health Retirement” if they are accepted as meeting the eligibility criteria set down in the Scheme Regulations **whilst in HSC Pensionable Employment.**

This means that a member must be in HSC Pensionable Employment **at the date HSC Pension Service makes the decision that the member has been accepted as meeting the criteria for either Tier 1 or Tier 2 Ill Health Retirement.**

If a member’s **contract of employment is terminated, prior to the date of being accepted by HSC Pension Service as meeting either the Tier 1 or Tier 2 criteria, that application (AW33) is no longer applicable as an In Service Application.** The member’s application will be treated as a Preserved Members application and that member must meet the Tier 2 Criteria in order to qualify for Tier 1 Benefits.

**Action for Employers:** Ensure all Absence Management Teams are aware of the rules governing In Service Ill Health Retirement and review procedures if necessary. Ensure employees, where termination of contracts is possible/likely are informed in sufficient time of the rules and the timeframes relating to applications for consideration for Ill Health Retirement.



## 5. The HSC Pension Scheme Board

The HSC Pension Board's role is to assist the Scheme Manager in securing compliance with all relevant pension law, regulations and directions – as well as the relevant Pension Regulator's codes of practice. This role is one of providing assurance in and governance of the scheme administration of the HSC Pension Schemes (both the new 2015 scheme and the old scheme consisting of the 1995 and 2008 sections).

Click [here](#) to find out more about the role and responsibilities of the Pensions Board.

## 6. Member Self Service

HSC Pension Service has launched the Member Self Service (MSS) facility which allows Scheme Members access to their HSC Pension Record. Members received their activation key in their Annual Benefit Statement (ABS) which they received in April/May 2017. To complete sign up to MSS members must log onto the MSS website, <https://mypension.hscni.net/>, and complete their registration' .

Further ABS's will be made available to members through MSS facility.

**Action for Employers.** Employers may wish to issue a corporate communication to employees. HSC Pension Service will issue a notice on the Member Newsletter.

## 7. On Call Working

Recently there has been some confusion on how part time employees who carry out work "on call" should be treated for pension purposes. Under the scheme regulations, if work is done whilst on call by a part time scheme member, the member must pay HSC Pension Scheme contributions on the flat rate payment only up to when they reach the Whole Time Equivalent (WTE) hours for their grade. (The on call allowance paid to scheme members is also pensionable)

Any work done over and above WTE is non-pensionable.

For example, Sarah works 30 hours per week as per her contract. Sarah is also on the "On Call Rota". Sarah works 10 hours "on call in a given week. For the 10 hours work done Sarah receives a payment of £150 (£100 flat rate and £50 enhanced payment). Sarah is also paid £23 on call allowance.

As Sarah normally works 30 hours per week she can only be pensionable for 7.5 hours of her 10 hours worked. Therefore the total amount of pensionable pay for the 7.5 hours worked would be  $(£100/10) \times 7.5 = £75.00 + £23.00 \text{ on call allowance} = £98.00 \text{ Pensionable Pay}$



## 7. On Call Working—continued

It should also be noted that when recording hours worked, that pension contributions are payable only on work done. If a member, on their first call out works only 30 minutes they may be entitled to a payment equivalent to 2 hours. However for pension purposes, only the 30 minutes worked and payment due for 30 minutes is pensionable.

**Action for Employers.** Ensure all line managers responsible for managing “on call” staff are aware of these regulations and record data correctly for Payroll Shared Services.

## 8. Eligibility to Join the Scheme

HSC Pension Service has been made aware that a number of employees are being automatically enrolled into the Scheme who are not eligible to join. For example a re-employed pensioner who retired from the 1995 section of the scheme is not eligible to join any section of the HSC Pension Scheme. They should be automatically enrolled into the NEST Pension Scheme subject to meeting the eligibility criteria for auto enrolment.

Incorrect enrolment into the scheme will cause serious issues for Payroll Shared Services in balancing contribution deductions and refunds and can delay a member’s build- up of pension benefits in the NEST scheme.

**Action for Employers:** HR/Payroll Shared Services staff should make themselves aware of the eligibility criteria for membership of the HSC Pension Scheme by reading the [Guidance Material](#) available on the Scheme Website

## 9. Termination Notices—Accompanying AW6

HSC Pension Service (HSCPS) has experienced problems with Pension Applications in that AW6 Pension Application Forms and/or Notice of Terminations were being sent to Payroll Shared Services (PSS) late, i.e. less than 3 months from the member’s retirement date. This has led to members, in a small number of cases, not receiving their pension/lump sum at the due date.

HSCPS has been working with PSS to try to alleviate this problem and as a result these cases have reduced considerably.

However, PSS have informed HSCPS that not all employers/managers are complying with this request and as a result, AW6 Pension Application forms will not be processed until the Notice of Termination has been completed by the respective Trusts/Orgs.

**Action for employers** – Re-iterate to staff who plan to retire that their AW6 Pension Application form needs completed at least 4 months in advance. Also, a reminder to managers/HR that the Notice of Termination must be completed as soon as a member resigns or their contract is terminated for any reason and documentation is forwarded to PSS within agree timescales as the AW6 Retirement Form must be received by HSCPS at least 3 months prior to retirement date.



## 10. Revised/New Scheme Forms

Revised Form	Change
<a href="#">Pro Pay 2</a>	Inclusion of section to be completed and signed by HR depts.
<a href="#">Re- joiner form</a>	Form for employees who have previously opted out of the HSC Pension Scheme and wish to re-join.

**Action for Employers:** Ensure all staff/employees use the most up to date forms available on the Scheme website.

## 11. Earnings Cap

Scheme membership built up from 1 April 2008 is no longer subject to the pensionable earnings cap.

However, those that were subject to the cap in respect of some or all of their membership before that date, who are buying added years or unreduced lump sum under an agreement starting before 1 April 2008, will have the additional contributions only (i.e. 'AVCs') assessed by reference to a notional earnings cap.

Where it is relevant the notional cap must be applied even when actual HSC income did not exceed the cap before 1 April 2008.

Members who are affected by the notional cap are, in general:

- those who joined the HSC Pension Scheme for the first time on or after the 1 June 1989, or
- those who joined before then but have had a break in Scheme membership of 12 months or more that ended on or after that date.

Agreements (i.e. contracts) that started on or after 1 April 2008 are not subject to a cap. Contributions in respect of the Additional Pension are not subject to any cap.

**Action for Employers.** No Action Required



## 12. Contact Us

**By writing to us at:-**

HSC Pension Service

Waterside House

75 Duke Street

Londonderry

BT47 6FP

**Via e- mail at:-** [hscpensions@hscni.net](mailto:hscpensions@hscni.net)

**By Telephone:** 028 7131 9111 (9.00am to 5.00pm – Monday to Thursday; 9.00am to 12.00pm Friday)

If you have any suggestions for the newsletter or would like a particular topic covered in future publications please do not hesitate in contacting us by emailing: [hscpensions@hscni.net](mailto:hscpensions@hscni.net)

