



HSC Pension Service

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Business Services Organisation

# EMPLOYER TECHNICAL UPDATE

## CONTENTS

1. Foreword/ Executive Summary
2. Payment of Survivors Pension following Death in Pensionable Service
3. Protection of Pensionable Pay
4. Lifetime Allowance Protection (LTA)
5. Annual Benefit Statements
6. Transfer in of NHS Benefits
7. Transfer in of Benefits from non NHS Pension Schemes
8. Senior Managers Cash Equivalent Transfer Value Figures
9. Updated Forms
10. Contact Us



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# 1. Foreword/ Executive Summary

HSC Pension Service has produced this Employer Technical Update to raise awareness amongst employers and other associated bodies 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.

Protection of Pensionable Pay

Lifetime Allowance Protection and associated time limits for applications.

Transfer of pension benefits

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

There are a number of technical issues contained in this update which employers and in particular HR specialists should take note of. These include, the correct procedure when implementing an initial survivors pension following the death in service of a scheme member, the annual Greenbury Report (request for CETV figures for Senior Managers) the updated forms to be used in relation to pension administration.

It is important that employers use the most up to date forms available on the Scheme website [Scheme Forms – HSC Pension Service](#). Some benefit application forms submitted are old forms which do not meet current legislation and therefore cannot be accepted which will delay the processing of benefit applications.

An additional Employers Newsletter will be issued shortly which will cover a number of topics raised by employers seeking clarification on features of the scheme.

The exercise to issue Annual Benefit Statements (ABS) to members is anticipated to be completed in Spring 2017.



## 2. Payment of Survivors Pension following Death in Pensionable Service

There has been some confusion on what initial survivors pension benefits are payable in the event of a scheme member dying whilst still in pensionable service and with at least 2 years scheme membership.

The scheme regulations permit the payment for 6 months of an initial survivor's pension equal to the pensionable rate of pay the member was receiving prior to their death.

The initial survivor's pension is payable to a spouse, civil partner or nominated partner. In the event that there is no surviving spouse, civil partner or nominated partner the initial survivor's pension can be paid to a dependent child providing that child meets the eligibility set down in the scheme regulations.

In the event that there is a surviving spouse, civil partner or nominated partner and a dependent child who is not under the care of the estranged surviving spouse, civil partner or nominated partner the Initial survivor's pension is payable to the spouse, civil partner or nominated partner for 6 months. In addition to the initial survivors pension the Department has the discretion to increase the child allowance payable to the dependent child/children up to a maximum of what would be paid if there was no surviving spouse, civil partner or nominated partner. If these circumstances should arise each case will be evaluated on its own merit.

In the event of any such cases arising Employers/Payroll Shared Services Centre should liaise with HSC Pension Service to ensure the correct pension benefits are paid.

If an initial survivors pension is payable following a death in service, the pension is payable from the day after the member died, i.e. a member died in service on 25/01/2017, the initial survivors pension is payable from 26/01/2017. If a payment is made in respect of annual leave not taken the members pension record will be amended to take account of this service. **Please note this process is different to how annual leave is treated on retirement.**

### Action Required

If an Employer PSSC are in any doubt about the amount of initial survivors pension which maybe payable in the event of the death in service of a scheme member they should contact HSC Pension Service before making any payments.



### 3. Protection of Pensionable Pay

The 1995 and 2008 sections of the HSC Pension Scheme permit members to protect their Pensionable Pay if they have been moved through no fault of their own to an employment which attracts a lower pensionable pay.

In order to protect their Pensionable Pay a member must apply to HSC Pension Service within 3 months of the member going onto reduced pay.

It has come to the attention of HSC Pension Service that not all members were aware of this and as a result employers have been asked to compile a list of scheme members who may have been moved to a lower paid post through no fault of their own and who would be entitled to protect their Pensionable Pay.

**The closing date for the submission of such retrospective applications is 31/03/2017.**

Further information on the criteria governing Protection of Pensionable Pay can be found on the factsheet [Protection of Pay and Voluntary Protection of Pay](#) available on the Scheme Website.

#### Action Required

Employers should ensure that all applications for retrospective Protection of Pensionable Pay are included on your Protection of Pensionable Pay spreadsheet and submitted to HSC Pension Service by 31/03/2017. Employers should also ensure that the Poster which will be distributed in the coming weeks highlighting this issue is displayed in the various locations within your organisation.

### 4. Lifetime Allowance Protection (LTA)

The Lifetime Allowance (LTA) is the total amount of pension savings that an individual can have before being subject to a tax charge. From 6 April 2016 the standard LTA reduced to £1 million.

If the capital value of a member's LTA is in excess of £1million they will be subject to the following charges for benefits which exceed the LTA.

Pension in excess of LTA = 25% Charge  
Lump Sum in excess of LTA = 55% Charge



## 4. Lifetime Allowance Protection (LTA) - cont

The closing date for applications for Individual Protection 2014 which allows members to protect their LTA up to £1.5 million is 05/04/2017. Members will be required to have accrued benefits in excess of £1.25 million at 05/04/2014 and provide a statement of benefits at that date confirming this.

Members can request a statement of their benefits at 05/04/2017 by submitting an [IP 2014 valuation request](#) available from the Scheme website.

### Action Required

Employers should make this information available to those members who may be affected by the potential LTA charges, i.e. high earners with longer HSC Pension Scheme membership.

## 5. Annual Benefit Statements

HSC Pension Service proposes to post Annual Benefit Statements (ABS) to all members in Spring 2017.

Members will be able to access future years ABS's through the Member Self-Service facility (MSS) which is currently in development. Details of how to access the MSS Facility will be included in the documentation accompanying your 2015/16 statement

The ABS will provide members with an overview of their pension benefits based on information provided to HSC Pension Service as at 31st March of the previous financial year.

It will include information such as: Pension Benefits accrued, the value of any Lump sum accrued, Pensionable Service used in the calculation and Survivor Pension/Death benefits payable in the event of your death.

### Action Required

None



## 6. Transfer in of NHS Pension Schemes

Historically the 12 month time limit for applications to transfer in has not been strictly adhered to in respect of transfers from other HSC Pension Schemes. However the Scheme Regulations do not make exceptions for transfers from other HSC Schemes, and clearly state that an application must be made within 12 months of joining (1995 Section), or being eligible to join (2008 Section/2015 Scheme).

From 01/04/2017 HSC Pension Service will be strictly applying this 12 month time limit; employers **must** ensure that new members are aware of this when they join the Scheme by providing an [Employee Joiner Questionnaire](#) and a [New Employee Information Leaflet](#).

Late applications will be rejected.

### Action Required

This information was included in the Member Newsletter. Employers should ensure that the Member Newsletter is distributed to staff.

## 7. Transfer in of Benefits from non NHS Pension Schemes

Employers are reminded to inform new joiners of the HSC Pension Scheme by providing an [Employee Joiner Questionnaire](#) and a [New Employee Information Leaflet](#) that they have 12 months after joining the scheme, to request a transfer payment in respect of their previous pension benefits accrued under another occupational pension scheme or a personal pension scheme.

This request must be in writing to HSC Pension Service.

Applications submitted after 12 months of joining the HSC Pension Scheme will not be accepted.

### Action Required

Employers should ensure that all new employees are provided with an Employee Joiner Questionnaire and a New Employee Information Leaflet.



## 8. Senior Managers Cash Equivalent Transfer Value Figures

All requests for disclosure information as a result of the Greenbury Report must be received by HSC Pension Service between 23 January 2017 and 3 February 2017 to enable us to provide you with the necessary disclosure information by 1 April 2017. This will allow you time to prepare and submit your draft accounts by 26 April 2017. Please note, we cannot guarantee that requests or queries received after 3 February 2017 will be dealt with by 1 April 2017.

### Who should employers request Greenbury figures for?

The definition of 'Senior Managers' given in the Department of Health Group Manual for Accounts 2015-16 (para 2.33) is:

*"...those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments."*

It goes on to say that *"The Chief Executive or Accounting/Accountable Officer should be asked to confirm whether this covers more than the executive and non-executive directors (for CCGs – attendees at Governing Body meetings). It is usually considered that the regular attendees of the entity's board meetings are its senior managers"*

### Action Required

Employers should ensure that all requests for disclosure information are submitted to HSC Pension Service before 3rd February 2017.



## 9. Updated Forms

The following is a list of updated HSC Pension Scheme forms which employers and scheme members should be using with immediate effect. All forms can be accessed on the [Scheme Forms](#) section of the HSC Pension Scheme Website

Form	Description
AW6	Pension Benefit application form
MHO Application Form	Application for retention of Mental Health Officer Status
Employee Joiner Questionnaire	Form which <b>must be</b> completed by all new employees of the organisation.
Member Request for Pension Estimate Form	Form to be completed by an individual scheme member when requesting an estimate of their benefits accrued.

### Action Required

Employers should ensure that all new and revised forms are used for benefit applications.

## 10. 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)

