



HSC Pension Service

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Business Services Organisation

# EMPLOYER TECHNICAL UPDATE

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# 1. Foreword

This Employer Technical Update (ETU) provides information on a number of HSC Pension Scheme Regulations which can have an impact for both Scheme members and Employers.

A summary of the rules regarding the Annual Pension Band Review is provided to update employers on the process carried out by Payroll Shared Services and to highlight the importance of having a communication strategy in place to inform members of potential changes to their pay as a result of the Annual Review. Although this ETU provides a summary, Employers should familiarise themselves with the 2015/16 Tiered Contributions Factsheet available at <http://www.hscpensions.hscni.net/membership-contributions-and-pay/>

Employers are also reminded of the importance of providing new employees with a New Joiner Questionnaire or Re-joiner form on appointment to a new post. Not only does this meet your statutory requirement of providing information on the HSC Pension Scheme but also assists in the consistency of administering pension records for members moving between posts.

Clarification is also provided to Employers on how to treat a period of annual leave owed to a member who dies, leaves or retires from pensionable employment.

# 2. Pension Band Review

The Pension Band Review (PBR) is an exercise administered annually by Payroll Shared Services to ensure that members of the HSC Pension Scheme are paying the correct percentage rate of pension contributions as determined by the Scheme Regulations.

Generally a member's percentage contribution rate is based on the whole time equivalent pensionable pay that member received in the previous scheme year, i.e. April to March. Following the annual assessment of the member's pensionable pay received, the correct percentage contribution rate will be applied going forward from 01<sup>st</sup> April.

There are however, some exceptions to this rule in the PBR, for example, if a member received a promotion during the previous Scheme year and their pensionable pay increased mid-year, a different formula is used to calculate their tiered contribution rate going forward from 01<sup>st</sup> April.



## 2. Pension Band Review - cont

There are however, some exceptions to this rule in the PBR, for example, if a member received a promotion during the previous Scheme year and their pensionable pay increased mid-year, a different formula is used to calculate their tiered contribution rate going forward from 01<sup>st</sup> April.

If a member's pensionable pay changes during a Scheme year, such as the example above, an in year assessment of the member's contribution rate must be carried out to ensure that member is paying the correct tiered contribution going forward from the next pay period following the date of change.

Further information on the Tiered Percentage Contribution Rates and how they are applied can be found on the HSC Pension Scheme Website at <http://www.hscpensions.hscni.net/membership-contributions-and-pay/>

In addition to the PBR, if during a scheme year a pay award is made to staff, and as such is backdated to the previous April (as will happen in February 2019 and happened in February 2018), Payroll Shared Services must review the impact this will have on a members pensionable pay and if necessary amend the members percentage contribution rate accordingly from the implementation date of the pay increase.

This may result in some members having underpaid pension scheme contributions (as happened in 2018) from the implementation date of the pay increase if the pay award increases a member's pensionable pay to such an extent that it moves them into the next tiered percentage contribution rate. Employers must collect these outstanding contributions from members and pay them to HSC Pension Service.

**Action for Employers:** Inform Scheme members of their requirement to pay any shortfall in contributions if applicable following a pay award.

## 3. New Joiner Questionnaire/Re-Joiner Form - Potential impact to members

If when a member of staff takes up a new employment with their current or a new employer which results in a change of their staff number it is essential that that member completes New Joiner Questionnaire or Re-Joiner form and forwards it to the HR Team.

The New Joiner Questionnaire/Re-joiner Form captures important information pertaining to their membership of the HSC Pension Scheme, for example, was the member contributing to an added years, additional pension or ERRBO contract. If a member moves jobs and starts up a new employment with a new staff number Payroll Shared Services will not be aware of any additional pensionable contracts running alongside standard contributions.

### 3. New Joiner Questionnaire/Re-Joiner Form - Potential impact to members - cont

HSC Pension Service has recently been contacted by a number of Scheme members who were unaware that payment of additional contributions they had been making in purchasing added years had ceased as a result of their moving jobs. This has resulted in a significant build-up of arrears.

**Action for Employers:** Ensure any member of staff who takes up a new employment is provided with a copy of the New Joiner Questionnaire/Re-joiner Form. The forms can be accessed at <http://www.hscpensions.hscni.net/joining-the-scheme-2/>

### 4. Annual Leave / Pensionable Service

Employers have requested clarification on how annual leave is treated for pension purposes if a member leaves the Scheme. The Scheme Regulations are quite clear how such a scenario should be treated and are shown below.

*If, when a member leaves superannuable employment or dies, a payment is made in respect of leave not taken –*

- (a) the member's superannuable employment will be treated, as continuing for a period equal to the period of leave for which payment is made; and*
- (b) the payment will be treated as the member's superannuable pay for that period.*

This basically means that if a member retires, dies or leaves the Scheme and they have a period of annual leave which is owed to them, their pensionable service is extended to cover the period of annual leave owed.

**Action for Employers:** Ensure final dates for pensionable membership recorded on HRPTS reflect periods of annual leave not taken.



## 5. Contact Us

**By writing to us at:-**

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75 Duke Street

Londonderry

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**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)



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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)

