



HSC Pension Service

*Provided by ....*



Business Services Organisation

# EMPLOYER TECHNICAL UPDATE

## CONTENTS

1. Foreword
2. Qualifying for Protection in the 1995/2008 Scheme (as a result of Previous Public Service Membership)
3. Proposed Change in State Pension Age
4. In Service III Health Retirement Applications — Clarifications
5. Annual Benefit Statements
6. Pension Regulator Update
7. Contact Us



HSC (P) 02-17

Sep 2017

# 1. Foreword

The September edition of the HSC Pension Service Employer Technical Update (ETU) has been produced to make employers and other stakeholders aware of important issues which may affect Scheme Members and the internal procedures Employer's operate in connection with the administration of the HSC Pension Scheme.

Protection in the 1995/2008 Section of the Scheme

Proposed Change in State Pension Age

The topics above can have a direct effect on the calculation of Scheme benefits for active members of the scheme. It is important that employers and other parties are aware of these issues. Where applicable HSC Pension Service will also include this information on Member Newsletters and other communication forums.

In order to address some confusion amongst Employers regarding In Service Ill Health Retirement applications we have included clarification on the impact to members if their contract of employment is terminated prior to a decision being made by HSC Pension Service on eligibility to meet the requirement for retiring on Ill Health grounds. This section of the ETU also addresses the appeal procedure should a member be unsuccessful in their application for Ill Health Retirement and options open for them.

An update is provided on Annual Benefit Statements available for members, the role of the Pension Regulator and how Employers need to ensure they are adhering to the law governing Pensions and Auto -Enrolment.

Reference is also made to the many rumours circulating in the wider HSC about the changes to Pension Legislation and how these can have an impact on member benefits as well as employers. Members have reported that some of their colleagues are making important decisions about their retirement based on such false information which can have not only a huge bearing on the individual's financial future but the HSC workforce in general.

## 2. Qualifying for Protection in the 1995/2008 Scheme (as a result of Previous Public Service Membership)

Some members who join the 2015 Scheme may qualify for scheme protection which enables them to become a member of the 1995/2008 Scheme.

To qualify for scheme protection in the **2008 Section**, members must:

- join the HSC Pension Scheme not more than five years after leaving another public service pension scheme, and
- satisfy HM Treasury's 'two scheme test.'



## 2. Qualifying for Protection in the 1995/2008 Scheme (as a result of Previous Public Service Membership) - cont

### Two scheme test:

**Scheme 1** - member qualified for full (or tapered) protection in their previous public service pension scheme, and

**Scheme 2** – member would have qualified for scheme protection had their previous scheme membership been pensionable employment in the 2008 Section.

To qualify for scheme protection in the **1995 Section**, members must:

- join the HSC Pension Scheme less than five years after leaving a corresponding 1995 Section of the HSC Pension Scheme in England and Wales or Scotland, and
- qualify for protection in that corresponding 1995 Section.

Any member who thinks they may qualify for scheme protection should contact HSC Pension Service at [hscpensions@hscni.net](mailto:hscpensions@hscni.net)

**Action for Employers** - Ensure new joiners are made aware of this rule

## 3. Proposed Change in State Pension Age

Following the announcement by the Secretary of State for Work and Pensions that the Government are proposing increasing the State Pension Age to Age 68 for individuals born between 06<sup>th</sup> April 1970 and 05<sup>th</sup> April 1978, HSC Pension Service has carried out an impact assessment on the scheme if the proposed changes are implemented and has found the following:

### Potential Impact for Affected Scheme Members

- 13,500 members will see an increase in their normal retirement age for claiming their 2015 Scheme Benefits
- Affected members retiring and claiming their benefits early from the 2015 scheme will see an increased reduction to their benefits of between 2.4% and 5% (these reduction factors are subject to change)
- Affected members who purchased an Early Retirement Reduction Buy Out (ERRBO) may not be able to claim their full 2015 Scheme Benefits as early as initially thought.
- Affected members who purchased Additional Pension will not be able to access the full value of these benefits as early as initially thought



### 3. Proposed Change in State Pension Age—cont

#### Potential Impact for the Scheme

- Increased Retirement Age may encourage Opt Outs from the Scheme
- Increased liability to the Scheme for affected members who have been successful in attaining Tier 2 Ill Health Retirement.

**Action for Employers:** Ensure members are aware of the change if and when implemented, Recording of data pertaining to Opt Outs from the Scheme (PSS)

### 4. In Service Ill Health Retirement Applications — Clarification

HSC Pension has received a number of requests for clarification on the treatment of Ill Health Retirement Applications if a member's contract of employment is terminated.

- 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.
- If a member is unsuccessful in their application for In Service Ill Health Retirement and if the employer terminates the members contract of employment on or after the date the decision was made, the member has have a right to appeal the decision of that application and if successful the date of the appeal decision will be backdated to the initial decision date thus treating the application as in service.

**Action for Employers** – Ensure Staff/Line Managers are aware of these rules. Ensure affected members are aware of the appeal procedure and associated time limits.

HSC Pension Service also informs members of the appeal procedure when issuing the Ill Health Retirement decision letter.



## 5. Annual Benefit Statements

The 2017 Annual Benefit Statements (ABS) are available to members via the Member Self Service Portal. The Portal can only be accessed through the secure HSC network. Members cannot access the portal from home computers.

Login Details and Activation keys were supplied to members in their hard copy 2016 ABS. Members who do not have the required login details or activation key should register for Member Self-Service at <https://mypension.hscni.net/> and follow the online instructions.

**Action for Employers** – If any queries received, direct employees to the link above to register for Member Self-Service.

## 6. Pension Regulator Update

The Pension Regulator continues to carry out spot checks on Employers to ensure that they are complying with their Auto Enrolment Duties. The Regulator started the spot checks in London but has since rolled out their checks to other cities throughout the UK with the latest checks taking place in Glasgow and areas of South Wales.

The regulator has also indicated that they will not only check Private Sector employers but also Public Sector Employers. Further information can be found on the [Pension Regulator Website](#)

**Action for Employers:** Ensure all you policies and procedures are in line with Pension Legislation and you are adhering to the [Pension Regulators Duties Checker](#)



## 7. 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)

