

Authorised Leave / Career Breaks Factsheet

Background

Prior to 1 April 2008 periods of authorised leave were pensionable. However, it was generally anticipated that these would be fairly short periods, for example periods of leave that had been authorised because of a domestic emergency or bereavement.

Where a period of authorised leave was granted and pensionable pay was reduced or suspended during that period, employee and employer pension contributions were based on the member's pensionable pay immediately prior to the leave of absence. If contribution rates change during the period of absence the member is liable to pay contributions at the new rate.

Changes from 1 April 2008

From 1 April 2008 the HSC Pension Scheme Regulations changed to allow a member who commenced a period of authorised leave on or after this date (including a career break where the contract of employment is retained), to choose to remain pensionable for a period of up to 6 months.

Where the authorised leave is to be pensionable the employer must treat the member as they would any other active member of the Scheme and ensure that employee and employer pension contributions are paid continuously throughout the 6-month period.
i.e by the 19th day of the month following that which earnings (if there were any) would have been paid. If contribution rates change during the period of absence the member is liable to pay contributions at the new rate.

Before the leave begins therefore, employers must make arrangements to collect the employee contributions continuously during the break. Arrears cannot be allowed to accumulate and payments made on returning to the Scheme.

Where pensionable pay is reduced or suspended employee and employer pension contributions are based on the member's pensionable pay immediately prior to the break starting.

It is not compulsory for a member to pay pension contributions during a period of authorised leave or a career break.

If a member decides not to pay pension contributions their pension record should be closed down the day before the leave commences.

Further changes from 1 October 2008

From 1 October 2008 the Regulations changed again to allow a member who has already paid contributions continuously during the first six months, to continue to pension the leave for a further period of up to 18 months.

Should the member wish to continue contributing to the Scheme during the additional period they will be responsible for both the employee and employer pension contributions. Employers are responsible for ensuring that both employee and employer pension contributions are collected continuously throughout the leave and paid promptly to HSC Pensions.

Arrears cannot be allowed to accumulate and payment made on returning to the Scheme.

If pension contributions are not paid for the first 6 months, the member does not have the option to continue to be pensionable for the further period of up to 18 months.

The facility to pension authorised leave (which includes career breaks where the contract of employment is retained) applies equally to those contributing to the 1995 and the 2008 sections of the Scheme and members of the 2015 Scheme.

The facility to pension authorised leave does not apply to locum practitioners.

How a Career Break can affect your Pension

Special Class Status

If a member of the 1995 section of the Scheme who holds Special Class Status takes a career break and stops paying their scheme contributions they will be deemed to have left the scheme for the period of time they are on the career break and as such their Special Class Status stops. If that member decides to apply for their retirement benefits during the career break, Special Class Status does not apply when ascertaining the member's Normal Retirement Age unless the member and employer contributions are being collected continuously throughout the period of the

Career Break/Authorised Leave.

What this means is that these member's Normal Retirement Age will revert from Age 55 to Age 60 and if the member wanted to claim their benefits before Age 60 an actuarial reduction will be applied to the calculation.

If a member returns to HSC Employment in a post which attracts Special Class Status and rejoins the scheme within 5 years, their Special Class Status will be re-instated.

III Health Retirement

If a member on a career break who has ceased paying scheme contributions suffers ill health and wishes to apply for their pension benefits through the Ill Health Retirement facility they will be treated as being a former member of the scheme and will only be eligible for Tier 1 Benefits if successful in their application. Please see the Ill Health Retirement factsheet for more information.

A member who is on a career break but continues to pay the scheme contributions can apply for Ill Health Retirement through the normal channels an active member would use. They should liaise with Human Resources Department of the employer they had immediately prior to their career break.

Death and Survivors Benefits

If a member on a career break who has ceased paying scheme contributions dies; they are treated as being a former member of the scheme. Therefore they will not be entitled to the Death in Service benefits afforded to active scheme members. Please see the Life Assurance and Family Benefits factsheet on the Scheme website for further information on benefits payable on the death of members/former members.