



Business Services
Organisation

Health & Social Care (HSC) Pension Scheme 2015



**Your Future In
Our CARE**

HSC Pension Service

This leaflet explains the
new arrangements
from 1st April 2015

This leaflet is intended as a guide to all healthcare workers who are members of the HSC Pension Scheme.

Up until 1st April 2015, the Health and Social Care Pension Service administered 2 sections of the Health and Social Care Pension scheme; namely, the 1995 section and the 2008 section.

On 1st April 2015, the new Health and Social Care Pension Scheme **2015** was introduced. This leaflet is intended to help communicate those changes so you can determine if you are affected by them and if so, what the changes will mean for you.

HSC Pension Service has a dedicated website that can be accessed from any personal computer outside of the HSC network.

www.hscpensions.hscni.net

For alternative contact details, please refer to the last page of this leaflet.



CONTENTS

- 1 What has changed?
- 2 What is a CARE Scheme?
- 3 Who can join?
- 4 Retirement Age
- 5 Protection
- 6 Service Breaks
- 7 Pre 2015 Service
- 8 Estimates of Benefits
- 9 Summary of Changes



1. What has changed?

On 8 March 2012 the NI Executive agreed:

- to commit to the policy for a new career average revalued earnings (CARE) scheme model with pension age linked to State Pension Age.
- to adopt this approach consistently for each of the different public sector pension schemes in line with their equivalent schemes in Great Britain.

The Public Service Pensions Act (Northern Ireland) 2014 provides the wider legal framework for reforms to the Health and Social Care Pension Scheme. The Department of Health, Social Services & Public Safety (DHSSPS) has powers under this Act to make regulations that provide a new pension scheme for HSC staff.

The DHSSPS ran a public consultation on the New Scheme Proposals from September 2014 to November 2014. Following the consultation the new 2015 Scheme was introduced on 01/04/2015.

On 01/04/2015 most members of the 1995 & 2008 sections of the HSC Pension Scheme moved to the new HSC Pension Scheme 2015. Further information on who moved to the new scheme can be found in the “Protection” section of this leaflet.

2. What is a CARE Scheme?

Career Average Revalued Earnings

CARE is a defined benefit pension scheme which guarantees a certain level of benefit at retirement. A pension is calculated using a fraction of pensionable pay throughout membership of the scheme.



What is different?

There are now 2 schemes.

The HSC Pension Scheme and the HSC Pension Scheme 2015

The **HSC Pension Scheme** has two sections:

- **1995 Section**—Final Salary Scheme which calculates benefits based on the best of the last 3 years pensionable pay and reckonable service accrued.
- **2008 Section**—Final Salary Scheme which calculates benefits based on an average of the best 3 consecutive years reckonable pay in the last ten years and reckonable service accrued.

The **HSC Pension Scheme 2015** - Benefits are calculated on an annual basis using pensionable pay throughout the member's HSC career. Benefits earned each year are then revalued by a set rate.

What is the Revaluation Rate?

The revaluation rate used to re-calculate the value of member benefits in the 2015 scheme is based on the Consumer Price Index (CPI) + 1.5%. The CPI factor is based on the official measure of inflation of consumer prices in the United Kingdom.

How are Benefits Earned and Re-valued in the CARE Scheme?

Benefits earned on a yearly basis are calculated as 1/54th of the members pensionable pay.

For example: if a member's pensionable pay is £20,000 per year their benefit earned is: $£20,000/54 = £370$.

This amount is then re-valued each year (increased to take account of inflation) until the member retires or leaves using the Consumer Price Index (CPI) plus 1.5%.

For illustration purposes, the revaluation amount used in this example is 3.5% (2% CPI + 1.5%).

The pension of £370 earned in year 1 is now re-valued by 3.5% as follows:

$£370 \times 3.5\% = £13$ to give a pension of £383 at the start of year 2.

This revaluation procedure continues until the member retires or leaves.



The Table below illustrates how the members pension will build up over a 5 year period. For illustration purposes the pension has been revalued at a rate of 3.5%.

Pensionable Pay	Revalued Pension				
	No revaluation	1 years revaluation	2 years revaluation	3 years revaluation	4 years revaluation
Year 1 Salary £20,000	£370.37	£383.33	£396.75	£410.64	Year 1 Value at end of 4Yrs £425.01
Year 2 Salary £21,000	£388.89	£402.50	£416.59	Year 2 Value at end of 3Yrs £431.17	
Year 3 Salary £22,000	£407.41	£421.67	Year 3 Value at end of 2Yrs £436.43		
Year 4 Salary £23,000	£425.93	Year 4 Value at end of 1Yr £440.84			
Year 5 Salary £24,000	Year 5 Value £444.44				

As you can see the first year's pension gets 4 years of revaluation, the second gets 3 years and so on until the final year which needs no revaluation. Adding all these years together gives a total annual pension of £2,177.89

Please note: Any member entering into, or continuing with a **salary sacrifice arrangement** that reduces their gross pensionable earnings should be aware that this will have a negative effect on the amount of pension they can build up in that year.



3. Who can join ?

All Health and Social Care workers who are:

- Aged between 16 & 75
- Not entitled to continue membership of the 1995 or 2008 Sections
- Not in receipt of pension benefits from the 1995 section (there are a few exceptions to this rule)

4. Retirement Age

In the HSC Pension Scheme, the Normal Retirement Age (NRA) in the 1995 section of the Scheme is age 60 (Age 55 for Special Class Members).

The NRA in the 2008 section of the Scheme is age 65.

In the HSC Pension Scheme 2015, the NRA for members is linked to the members State Pension Age (SPA). Members can find their SPA by visiting the Government website at www.gov.uk/calculate-state-pension.

5. Protection

- Those members who at 01/04/2012 were within 10 years of their NRA under their current arrangements will not move to the new scheme. They remain in their current section of the HSC Pension Scheme, on Full Protection.
- Members at 01/04/2012 with more than 10 years but less than 13 years 5 months until their NRA would be able to continue to accrue benefits in their existing scheme for a limited period. This is known as Tapered Protection.
- Protection status can be lost if a member leaves HSC employment or the scheme on or after 01 April 2012 and does not re-join within 5 years.



1995 Section Special Class member

Full Protection if the member was 45 years or older at 01 April 2012.

1995 Section Normal member

Full Protection if the member was 50 years or older on 01 April 2012.

2008 Section member

Full Protection if the member was 55 years or older on 01 April 2012.

What does Tapered Protection mean?

A member with Tapered Protection will not join the new 2015 scheme on 01/04/2015 but will do so from a date thereafter determined by their age in years and months at 01 April 2012. These members will continue to accrue benefits under the current Scheme Regulations for the period beyond 01/04/2015 until they join the new Scheme.

How is the Tapered Protection period calculated?

Tapered Protection is based on how many months beyond 10 years a member is away from retirement at 01/04/2012.

For each month beyond 10 years the Tapered Protection period is reduced by 2 months. The period of Tapered Protection ranges from 2 months to 6 years 10 months from 01/04/2015.

Calculators for working out if you are entitled to Tapered Protection and your potential transfer date to the new scheme can be found on the HSC Pension Service website at: www.hscpensions.hscni.net.



6. Service Breaks

Periods of membership in the 2015 Scheme can be linked providing there is not a break in service of more than 5 years.

Where there is a link in membership, any pension benefits accrued from before the break will be revalued in line with continuous membership, currently by CPI + 1.5%.

Service Break of more than 5 years

Any pension earned prior to the break becomes deferred (providing it is sufficient to qualify for pension benefits).

At retirement these benefits are revalued by a pensions increase factor which is currently linked to CPI and therefore less than the in-scheme revaluation.

7. Pre 2015 Service

These benefits will not be affected. You will still be able to access them on a final salary basis at your current NRA in the 1995/2008 Sections of the Scheme (at 55, 60 or 65 as appropriate) if you continue your membership of the HSC Pension Scheme until you retire.

To access your benefits, you will need to retire from your current post.

You can claim your 2015 benefits at a reduced rate or defer them until you reach SPA. If you decide to return to HSC employment after accessing your benefits, there are a number of rules about whether you can build up more benefits in the 2015 Scheme.

More information can be found on the HSC Pension Service website

www.hscpensions.hscni.net.



8. Estimates of Benefits Accrued

As HSC Pension Service can no longer predict future earnings, pension estimates for those that are not protected or within 5 years of leaving cannot be provided. HSC Pension Service however will be providing Annual Benefit Statements from 2016.

9. Summary of Changes

- Pension Benefits in the 2015 Scheme are calculated using the CARE method.
- Retirement age in the 2015 Scheme is linked to a members SPA.
- Current members of the 1995 or 2008 Sections of Scheme near their NRA are protected from the scheme changes.
- Benefits accrued under the 1995/2008 Sections of the Scheme can be accessed at the members NRA for that section (age 55, 60 or 65).



GLOSSARY OF TERMS

CARE - Career Average Revalued Earnings

CARE is a defined benefit pension scheme which guarantees a certain level of benefit at retirement. A pension is calculated using a fraction of pensionable pay throughout membership of the scheme.

Consumer Price Index (CPI)

The measure of inflation based on changes to consumer prices in the United Kingdom.

Pensionable Pay

The amount of your pay that is used to calculate the amount of contributions you pay and the amount of pension you build up in each year.

Protection

Protection is the arrangement whereby certain members will remain in their current section of the HSC Pension Scheme beyond 31st March 2015.

Revaluation

A formula based on inflation (currently CPI) plus 1.5% by which the value of each year's pension is increased.

Regulations

The legal framework that sets out the rules of the Scheme.

Salary Sacrifice

An arrangement with your employer to provide benefits such as childcare vouchers, a lease car etc. in return for giving up some pay before tax, National Insurance and pension scheme contributions.

State Pension

A pension paid by the Government when you reach State Pension Age based on your National Insurance record.



Where can I get further information?

Further information can be found on the HSC Pension Service website.

There is a dedicated section of the website which deals with additional features of the 2015 Scheme and includes factsheets, frequently asked questions and calculators.

The Small Print

This leaflet is intended to provide you with a general overview of the Scheme Benefits. We have taken great care to get the details right at the time of publication but it does not give a complete or legally binding statement of the law and regulations which govern the Scheme. Nothing in this leaflet can override the Regulations which set out the conditions of entitlement and determine the rate at which benefits are payable. In the event of any conflicting information, the Regulations will prevail.



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