

HSC Pension Service

Provided by

Business Service Organisation

Choice 2

Getting the most from
your pre-2015 benefits

Information Factsheet

If you have considered the impact of the changes on your retirement plans and are still undecided whether to move your 1995 Section benefits to the 2008 Section then you should consider the other aspects of the 2008 Section which may be beneficial to you.

1. Offering more flexibility in your options between cash (usually tax free) and pension
2. Giving more flexibility in allowing you to take some benefits whilst still working and continuing to building up more pension (known as “drawdown”)
3. It could deliver higher benefits if you were to retire on the grounds of ill health
4. It offers higher partner pensions to members who joined before 1988 and have a long term partner (other than a man with a wife)
5. It offers more protection of your pension if your earnings drop significantly in the ten (rather than three) years before retirement¹

These issues are covered in the table below and in the current version of the 1995/2008 Scheme Guide.

The main differences between the 1995 and 2008 Sections

Choice 2 relates to moving your membership from the 1995 Section to the 2008 Section of the HSC Pension Scheme. It is therefore crucial that you understand the differences between these two Sections.

The following table summarises these differences. You should consider these carefully but remember not to consider any one of these points in isolation. It is important that you weigh up your overall plans to suit your career, lifestyle, earnings and retirement plans.

¹This does not apply to Practitioner members.

Benefit or Feature	1995 Section	2008 Section
Normal Pension Age (NPA)	60 (55 for Special Class or MHO Members - See below for information about these)	65
Minimum Pension Age (MPA) for Early Retirement	50 ² or 55	55
Pension and Lump Sum at NPA (Officers)	Annual Pension equals 1/80th of your final year's pensionable pay for each year of membership (and pro-rata for each part year) plus a standard lump sum of normally three times the annual pension.	Annual Pension equals 1/60th of your reckonable pay for each year of membership (and pro-rata for each part year) minus the amount needed to pay for the mandatory lump sum which is paid in addition to your pension.
Pay used to calculate your benefits (Officers)	Normally the best pensionable pay you have received in any of the last three years before retirement. This is known as your "final year's pensionable pay".	The annual average of the best three consecutive years of pensionable pay in the last ten years, re-valued by pensions increase ³ . This is known as your reckonable pay.
Pension and Lump Sum at NPA (Practitioners ⁴)	A pension based on 1.4% of your up-rated life time pensionable earnings plus a standard lump sum of normally three times the annual pension.	A pension based on 1.87% of your up-rated life time pensionable earnings minus the amount needed to pay for the mandatory lump sum which is paid in addition to your pension.
Added Years	If you already have an added years contract it can normally continue until the contract end date.	Not available - If you have an added years contract and choose to move across to the 2008 Section then your added year's contract will finish the day before we receive your Choice 2 declaration. The extra membership that you have bought up to that point will be added to your 2008 Section membership.

2 Only applies if you were an active member of this Section between 31 March 2000 and 5 April 2006 and have not had a break in membership of five or more years since.

3 Pensions Increase is the term used to describe how pension benefits are uprating each year to reflect changes in the cost of living. This is currently measured by changes in the Consumer Price Index (CPI).

4 Further notes for Practitioners are available on the Choice 2 website.

Special Class Officers	Subject to certain conditions can retire at age 55 with unreduced benefits.	No equivalent provision in the 2008 Section. If you decide to move your benefits to the 2008 Section you will lose the right to retire early with unreduced benefits.
Mental Health Officers (MHO)	Subject to certain conditions can retire at age 55 with unreduced benefits. In addition, MHOs who have at least 21 years MHO membership receive doubled years for each complete year after 20.	No equivalent provision in the 2008 Section. If you do decide to move your benefits to the 2008 Section you will lose the right to retire early with unreduced benefits. No equivalent provision in the 2008 Section exists. You will therefore lose any doubled years and the right to have your final benefits calculated using the 'Uniform Accrual Formula' ⁵ .
Survivor Benefits		
Lump sum paid if you die whilst employed and an active member of the Scheme.	Twice final years pensionable pay (actual pensionable pay for part time members).	Twice reckonable pay (actual reckonable pay for part time members).
Survivor pension for spouses/same sex spouses/civil partners/nominated partners on death in membership only* *For comparisons of benefits payable on death in other circumstances see pages 39 to 40 of the current Scheme Guide	This is 1/160 th of your notional Tier 2 ill health retirement pension, based only on membership from 6 April 1988. (Widows of male members will include membership prior to 6 April 1988). Plus a short term pension (equal to pensionable pay) for six months.	This 1/160 th of your notional Tier 2 Ill Health retirement pension. Plus a short term pension (equal to pensionable pay) for 6 months.
Late Retirement	Late retirement is retiring after age 60. You can continue to earn pension but no increase for late payment is applied to your pension.	Late retirement is retiring after age 65. Your pension earned up to age 65 is increased if you take it late. The amount of increase you get depends on how much later than 65 you actually retire. The later you retire the bigger the increase.

⁵Information about 'Uniform Accrual Formula' can be found at: <http://www.hscpensions.hscni.net/>

Giving up earlier access to potential benefits

If you decide to move your 1995 Section benefits into the 2008 Section you will give up the potential opportunity to retire at your current NPA and claim five years worth of unreduced pension benefits. This is because the normal pension age in the 1995 Section is age 60 but the normal pension age in the 2008 Section is age 65.

Giving up Special Class or Mental Health Officer status

If you currently hold Special Class or Mental Health Officer status and decide to move your 1995 Section benefits into the 2008 Section you will give up the right to potentially retire at age 55 without reduction of your benefits for early payment. Also if you have achieved or could achieve 21 years or more membership as a MHO by 31 March 2015 you will lose any 'doubled' years and the right to have your final benefits calculated using the 'Uniform Accrual Formula'.

For more details see the factsheets about [Special Class](#) and [Mental Health Officer](#) on the HSC Pension Service website.

Ill Health Retirement Benefits

Please note that you are not allowed to take part in Choice 2 if you currently have an ill health retirement application pending.