

# HSC Pension Service

*Provided by . . . .*

**Business Service Organisation**

## Choice 2

Getting the most from  
your pre-2015 benefits

### Member FAQs

#### What is Choice 2?

Choice 2 is a further opportunity for you to consider afresh whether it could be more advantageous to move your 1995 Section membership to the 2008 Section under the terms set out under the original Choice Exercise in 2009.

#### Why is Choice 2 being offered?

When you went through the first Choice exercise, you were unaware that as a result of the 2015 Scheme you would see an increase in your normal pension age (NPA). Therefore, some members who originally made the decision to remain in the 1995 Section may, had they been aware of this later NPA, have chosen to move to the 2008 Section, and take advantage of the improved build up rate.

#### Who is eligible for Choice 2?

Choice 2 is only available for members of the 1995 Section who are in active membership and who do not have full protection under the 2015 HSC Pension Schemearrangements.

There are two groups who fall within this bracket:

- Those members who were 13 years and 5 months or more away from their existing NPA as at 1 April 2012. These members have 'No Protection' and joined the new Scheme on 1 April 2015.
- Those members who were between 10 years and 13 years and 5 months away from their existing NPA as at 1 April 2012. These members have 'Tapered Protection' and joined/will join the new 2015 Scheme at some point (depending on their age) after 1 April 2015. This could be from two months for those at the younger end of the age range to six years and 10 months for those at the older end. Please refer to the tapered protection calculator in the 'Scheme Reform' section of the HSC Pension Service website to help you work out if you are in this category.

If a member has 'Full Protection' they will not receive a Choice 2 letter.

### What does 'protection' mean?

Information about the types of protection that exist under the new 2015 Scheme can be found on the HSC Pension Service website by clicking on this [link](#).

### I think I am entitled to Choice 2 but have not received a letter.

Do not worry, HSC Pension Service will only send letters to those members eligible for Choice 2.

### I understand that if I draw my pension from the 1995 Section I cannot contribute to the 2015 Scheme. Can I therefore join an alternative pension scheme?

If you claim your 1995 Section benefits and then later return to HSC work you cannot rejoin any of the HSC schemes. You will, under 'auto enrolment' rules, be enrolled into an alternative pension arrangement. You should ask your employer about the details of the alternative pension arrangement it uses.

### Will I be forced to move to the 2015 Scheme?

Members with no protection or Tapered Protection have moved/will move to the 2015 Scheme on or after 1 April 2015.

### Will my State Pension Age stay the same?

Your current State Pension Age may change before you reach retirement. A [State Pension Calculator](#) is available on the Gov.uk website.

### What is the closing date for the Choice 2 exercise?

The closing date will be January 2017, the exact date will be confirmed on your Choice 2 letter.

**Please note your Choice 2 decision will be effective from the date we receive your declaration. Decisions cannot be changed once made.**

### How do I make my Choice?

Should you wish to move to the 2008 Section then you must complete the declaration form. Forms should be returned in an envelope clearly marked 'Choice 2 declaration form' to:

HSC Pension Service  
Waterside House  
75, Duke Street  
Londonderry  
BT47 6FP

Please note this is the only method by which we will accept your decision to move your benefits.

### Can I reverse my choice once it has been made?

No – all decisions are final. We strongly advise you to read all the information contained in the letter and use the supporting information available on the website before you make your decision.

### **Can duplicate letters be issued if the original is lost or damaged?**

The letters do not contain any personalised calculations. A copy of the letter can be found on the [HSC Pension Service website](#).

### **Where can I get further information?**

Further information about Choice 2 is available on the [Choice 2 Section](#) website. Here you will find factsheets, a calculator, decision tree and FAQ's.

### **Can I still retire at 60 if I move to the 2008 Section?**

Yes, however your pension will be Actuarially Reduced to take account of you receiving it early.

**I am a member of the Special Classes; can I still retire at 55 if I move to the 2008 Section?** Yes, you can retire at 55 however the normal pension age in the 2008 Section is 65 therefore if you retire at 55 you will receive an actuarially reduced pension as there is no special class status in the 2008 Section.

### **Would I pay more contributions in the 2008 Section?**

No, contributions are the same in all the HSC Pension Schemes and are based on the amount of pay you earn. If you work part time your contribution rate is based on the whole time pay for your job. Information about contribution rates can be found on the HSC Pension Service website by clicking [here](#).

### **I have two part time HSC jobs, could I pay into the 2008 Section for one of these only?**

No. You will be a member of either the 1995 Section or the 2008 Section. You cannot choose to move only part of your membership to the 2008 Section.

### **What happens to my lump sum in the 2008 Section?**

You are required to take a Mandatory Lump Sum (MLS) based on service up to 31/03/08. In addition to this you have the option of receiving an additional lump sum and a smaller pension, this is also available in the 1995 Section.

Please refer to the [Additional Information factsheet](#) for more information about this.

### **I am buying added years in the 1995 Section can I continue to buy them if I move to the 2008 Section?**

No, added years are only applicable to the 1995 Section. Any added years you have bought or are buying will be moved across to the 2008 Section as a membership credit and your contract will stop. A new provision called Additional Pension is now available. Further details about Additional Pension can be found by clicking [here](#).

### **Can I take my HMRC transitional protection with me if I move to the 2008 Section?**

Yes. Moving from the 1995 Section to the 2008 Section of the HSC Pension Scheme does not cause the loss of protection from HMRC. However, the higher build up rate could cause the loss of either Enhanced Protection (usually at retirement) or Fixed Protection when you test for Benefit Accrual (please see the information about testing for Benefit Accrual by clicking on this [link](#)).

### **I have Enhanced Protection; will a move to the 2008 Section affect the relevant benefit accrual of my HSC pension benefits?**

As the 2008 Section has a higher build up rate, then there is more chance of you failing the Relevant Benefit Accrual test when your benefits are paid, but this will not be known until benefits are paid.

### **If I move to the 2008 Section will my retirement benefits be increased in any way if I retire later than the normal pension age of 65?**

Yes, you will receive an increase to your pension to take account of it being paid later than the normal pension age for that Section. Information about the application of late retirement factors can be found on the HSC Pension website by clicking on this [link](#).

### **Am I eligible for Choice 2 if I have an application for consideration of ill health retirement benefits pending?**

No, you cannot take part in Choice 2 if you are currently applying for consideration of ill health benefits or you made such an application before 1 April 2015.

### **I am earning double the pay than the examples provided. To allow me to make a choice, can I just double the figures shown in the examples?**

Broadly speaking, yes.

### **If I decide to move my benefits under the Choice 2 exercise, could this cause me to breach HMRC's Annual Allowance and result in an additional tax charge?**

No. The one off decision to move your benefits under Choice 2 would not in itself result in you breaching the Annual Allowance (AA). However you could still attract an AA charge if you have a significant pay rise in any year. More information about the Annual Allowance is available on the [HSC Pension Service website](#).