

Lifetime Allowance: Loss of Enhanced Protection and Fixed Protection 2012 and 2014 because of the 2015 HSC Pension Scheme.

Members joining or moving to the 2015 HSC Pension Scheme

The 2015 HSC Pension Scheme has been registered as a new occupational pension scheme with HMRC.

Because it is a new scheme, rather than a new section of an existing scheme, HMRC have confirmed that Enhanced Protection, Fixed Protection 2012 and Fixed Protection 2014 will be lost when a member joins or moves to the 2015 Scheme and starts paying pension contributions.

Enhanced Protection, Fixed Protection 2012 and Fixed Protection 2014 are lost once a member begins contributing to a new pension arrangement. Joining or moving to the 2015 Scheme is considered a new arrangement once contributions begin to be deducted.

Active members of the 1995/2008 HSC Pension Scheme who do not have Full or Tapered Protection were moved over to the new 2015 Scheme on 1 April 2015, at which point Enhanced Protection, Fixed Protection 2012 and Fixed Protection 2014 would have been lost had they contributed to the scheme.

Opting out – automatic move to the 2015 Scheme (tapered protection)

In order to safeguard against the loss of any of these protections you need to be thinking about a possible opt out of the 2015 Scheme. However the timing of the opting out is very important.

If you move from the 1995/2008 Scheme into the 2015 Scheme and immediately opt out of the 2015 Scheme you will be required to pay pension contributions for the month you were a member. This payment would result in a pension contribution being paid to a new pension arrangement and the loss of Enhanced Protection, Fixed Protection 2012 and Fixed Protection 2014.

This means that if you are an active member of the 1995/2008 Scheme you must opt out no later than your final month in that Scheme. To ensure that a new arrangement does not occur you should consider an opt out from the 1995/2008 Scheme no later than the end of the final month of your tapered protection.

This means you will cease paying contributions and will not join the 2015 Scheme.

Opting out – new joiner to the 2015 Scheme

If you join the 2015 Scheme for the first time after 1 April 2015, or have had a break in HSC membership of more than five years, and have Enhanced Protection, Fixed Protection 2012 and Fixed Protection 2014 while in a previous pension arrangement and opt out within the first pay period then you will be classed as never joining the 2015 Scheme. As a result you will not have a new pension arrangement and not have lost any of these protections.

Before applying to opt out

Before applying to opt out of the HSC Pension Scheme you should first read the [Leaving Early and Transferring Out guide](#) the [1995/2008 Scheme Guide](#) and the [2015 Scheme Guide](#).

To opt out of the HSC Pension Scheme you must complete the application form to leave the HSC Pension Scheme [SD502](#) which is available on the scheme website.

The form must be fully completed by you and your HSC employer.

A request to opt out that is made by any other means for example by letter, email or made verbally cannot be accepted.

Auto-enrolment

Cyclical automatic re-enrolment occurs approximately every three years. If you are automatically enrolled into the 2015 Scheme as a result of auto-enrolment then you have one month to opt out again to avoid losing Enhanced Protection, Fixed Protection 2012 and Fixed Protection 2014.

Loss of protection

If you lose Enhanced Protection, Fixed Protection 2012 or Fixed Protection 2014 then you are required to notify HMRC within 90 days of the loss taking place. Failure to do so may result in a penalty of up to £300. Following the issuing of an initial penalty there is an automatic daily penalty of up to £60.

Primary Protection and Individual Protection 2014

Moving or joining the 2015 Scheme has no effect on your Primary Protection or Individual Protection 2014. If you lose Enhanced Protection, Fixed Protection 2012 or Fixed Protection 2014 and have one of the other types of protection lying dormant it will be activated by HMRC once you have reported the loss to them.