

Tax Rules

Current Scheme Members – FAQs

- Q. Will I be able to contribute more than 15% of my pay into the HSC Scheme?
- A. Yes, with the introduction of tiered contributions in 2008, some staff because of their earnings plus added years contracts will be paying in excess of 15%.
- Q. Will Scheme membership limits remain after A-Day?
- A. Yes. The HSC Scheme membership limits will remain after A-Day for the time being. These are:
- A maximum of 40 years membership at normal retirement age and 45 years in total thereafter for members of the 1995 section, a maximum of 45 years membership in the 2008 sections, but no limit for members of the 2015 pension scheme.
 - Members cannot accrue service which exceeds whole-time employment.
- Q. Will I be able to take a lump sum of up to 25% on retirement?
- A. Yes, under the 1995 section you can opt for an additional lump sum, and in the 2008 section and 2015 scheme you can purchase a lump sum, by giving up £1 of pension for £12 of lump sum subject to 25% of your capital value.
- Q. Will I be able to contribute more into a Money Purchase AVC Scheme?
- A. Yes. HSC Scheme regulations will be changed from A-Day to allow members to contribute more into their MPAVC fund. Each member should bear in mind the limits placed on contributions by the Annual Allowance.
- Q. Will I now be able to take a lump sum from my Money Purchase AVC?
- A. Yes. From A-Day a new facility will be introduced to allow members who have a money purchase AVC arrangement linked to the HSC Pension Scheme to take 25% of that fund as a lump sum.

Your MPAVC provider will be able to give you the necessary information about how to claim the lump sum when you take these benefits. If you have a Free Standing AVC, then you should contact your provider directly for any information about the tax changes.

Q. Is the HSC Pension Scheme retaining an Earnings Cap?

A. Yes. HMRC's modification regulations allow schemes to continue to operate an earnings cap after A-Day. The earnings cap only applies to certain added years contracts.

Q. What is the Capital value?

A. The Capital Value is the assessment of a member's pension and lump sum. The HSC Pension Scheme will use a standard factor of 20:1 to calculate what is the Capital Value. Using gross amounts the calculation is:

$$(\text{Pension} \times 20) + \text{Lump sum} = \text{Capital Value}$$

To check the likely capital value of your HSC benefits simply, multiply the annual pension by 20 and add your lump sum.