



HSC Pension Service

Business Services Organisation

Provided by

HSC Pension Service - McCloud Judgement

Leaflet and FAQ's

Introduction

With changes being introduced to the HSC Pension Scheme (and other public service pensions schemes), there's lots of information being circulated and discussed about what those changes mean. And because we live in a world of various methods of communication, the message can spread quite quickly and sometimes can be misinterpreted.

Following feedback, we've answered some key questions (below) to try and help resolve some of those uncertainties and reassure you of what the changes mean.

On 01/04/2022 **all** members will transition to the new HSC Pension Scheme but this does not mean that you will lose all your benefits built up in the legacy schemes, i.e. the 1995 section and 2008 sections of the scheme.

FAQ's

1. My friend knows someone who retired and was a member of the legacy scheme (1995 or 2008 Section of the HSC Pension Scheme) and said I should retire ASAP. Do I have to retire ASAP to access my legacy HSC Scheme benefits? I don't know what to do!

TAKING ADVICE FROM UNQUALIFIED WELL MEANING INDIVIDUALS CAN BE UNWISE. There is a lot of misinformation circulating around the HSC as to what the pension changes in 2022 will mean for individuals. It is important that you establish the facts relating to you and not make a rash decision based on what your friend or colleague thinks is correct.

2. Will I lose all my final salary benefits (1995 section or 2008 section)?

NO, you'll not lose your final salary benefits. They'll stay with you and make up part of your benefits when you retire. Benefits in the 1995 or 2008 sections of the scheme are **FULLY PROTECTED** and will be paid as normal when you retire.

3. Will I now have to work until I am 67 or 68?

NO -When you retire is your choice, subject to HMRC rules on the minimum pension age (currently age 55). Normal Pension Age (NPA) in most of the reformed schemes is linked to the State Pension age, reflecting that most people can expect to live longer and have longer working lives. Nobody, though, is required to work longer if they don't wish to do so. Pensions taken before the relevant NPA will be adjusted fairly to reflect the fact they are likely to be paid for longer.

4. My Friend said I will lose my 1995 section lump sum. Is this true?

NO. Benefits built up in legacy schemes such as the 1995 section are fully protected including the lump sum element. Members will accrue benefits in the new reformed scheme from 01/04/2022 which are different to the 1995 or 2008 section.

5. I am in the 1995 section of the scheme and was going to work on until 31/12/2023 my 62nd birthday but I am afraid I will not be able to retire and get my pension and lump sum until I am 67. Is this correct?

NO. Benefits built up in legacy schemes such as the 1995 section or 2008 section are fully protected. You can claim these benefits at their full value if you have reached the normal retirement age for these sections of the scheme i.e. Age 60 for 1995 section (55 for special class members) and Age 65 for 2008 section. Benefits built up in the reformed scheme can be claimed from any age after age 55. You do not have to wait until 67 or state pension age to claim all your HSC Pension Scheme benefits.

6. Bottom Line! Can I access my pension benefits from my old and new scheme before age 67?

YES. Benefits from your legacy (old) scheme can be accessed as normal from your normal retirement age in that scheme or earlier if you wish and have met the minimum retirement age. Benefits from the new (reformed) scheme can be accessed before your normal (state pension) age if you wish to claim them, i.e. age 55 onwards. Benefits taken before your normal pension age will be reduced accordingly as they will be in payment longer.

7. I am planning to work on beyond age 60 but I am concerned I will be worse off in the new scheme. Is this correct?

NOT NECESSARILY. Some members who work on and contribute to the HSC Pension Scheme up to or after their State Pension Age may actually be better off as a result of transitioning to the new (reformed) pension scheme. Each individual will be different and it is important to look at your own personal circumstances and not those of colleagues or friends.

Your Trade Union or professional organisation may provide access to independent financial advisers/institutions as part of your membership.

8. Will HSC Pension Service have a calculator on their website to help me get an idea of which option will be better?

HSC Pension Service is developing calculators and models to help show members how benefits are calculated under each option. These additional resources will be available to members when confirmation of legislation is received.

9. Will my Annual Benefit Statement (ABS) in 2021 reflect my benefits under both options?

No. HSC Pension service will work with our software provider colleagues to ascertain if benefit accrual under both schemes can be provided on ABS's going forward. When you retire you will receive an illustration of benefits under each option which will help you make an informed decision as to which option is best for you.

10. I am hearing so many conflicting theories of what will happen from 01/04/2022. Who should I believe?

HSC Pension Service Staff are delivering "McCloud" specific workshops to scheme members in every Trust or HSC Organisation. Your HR Team are co-ordinating these. You should sign up to attend one of these workshops and learn what the changes may mean for you. The workshops are delivered via Zoom and will give you the opportunity to speak to HSC Pension Service staff about the changes.