



**Business Services
Organisation**

HSC Pension Scheme (Proposed) Flexibilities

A brown rectangular sign with rounded corners and a white border, supported by two silver posts. The sign is set against a background of a scenic landscape with a town and mountains under a bright sky.

**RETIREMENT
JUST AHEAD**

(Proposed) Flexibilities

The HSC Pension Scheme may be changing if proposed retirement flexibilities are introduced by the Department of Health (DoH).

The DoH understands that retirement today is often a gradual process over many years, rather than a hard cliff edge as was the process in the past. They are aware that staff value the ability to retire flexibly, in a way that suits their work/life balance and as such have designed proposals to offer staff increased options at the end of their careers, so that they can partially retire or return to work seamlessly and continue building pension after retirement if they wish to do so.

Within the package of new retirement flexibilities, the Department is proposing that the 1995 Section includes:

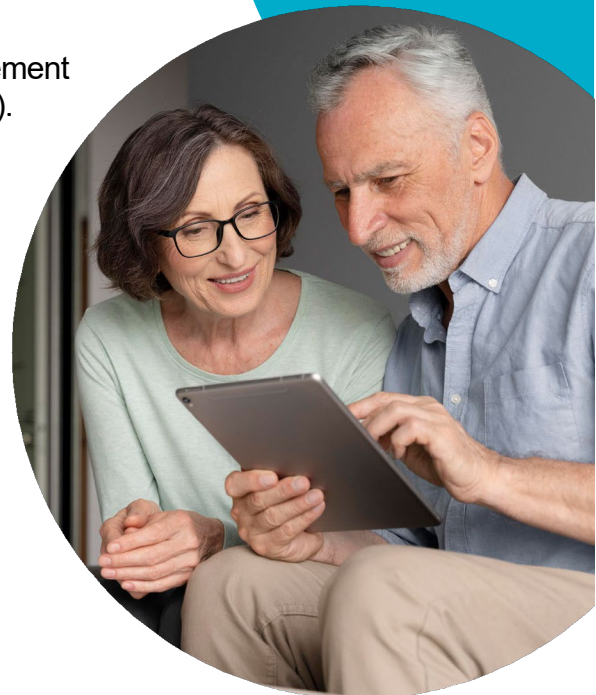
- pensionable re-employment
- partial retirement
- removing the 16-hour per week rule

In addition to supporting members' work/life balance and giving them a greater degree of flexibility around how they take their pension benefits, the DoH have also designed these measures to support patient care. If members of the HSC Pension Scheme are regulations to allow members who take their benefits in the 1995 Section to return to work and build further pension in the 2015 Scheme, if they wish.

This may help some retired staff to bridge the gap between claiming their HSC pension benefits and receiving able to continue working longer but more flexibly in ways that suit both individuals and employers the HSC system will also continue to benefit from their skills and experience. This could provide an important boost to HSC capacity at a crucial time and help tackle care backlogs.

Pensionable Re-employment

Under the existing regulations of the HSC Pension Scheme, members who take their 1995 Section benefits are not permitted to build up any further pension in the 2015 Scheme. If they do return to work, this is on a non-pensionable basis. There is a proposed amendment to current regulations to allow members who take their benefits in the 1995 Section to return to work and build further pension in the 2015 Scheme, if they wish. This may help some retired staff to bridge the gap between claiming their HSC pension benefits and receiving their State Pension. This could in turn support HSC capacity, as allowing staff to build up further benefits in the 2015 Scheme may make returning to service more attractive.



Partial Retirement

Under the current 1995 Regulations, members are unable to partially retire, or to take some of their pension benefits whilst continuing to work and build further pension.

This is different to the rules for 2008 Section and 2015 Scheme members in the HSC Pension Scheme, and for members of other comparable public service pension schemes. It is thought that increasing the level of flexibility may have a positive impact on some members' work/life balance later in their careers, when they may prefer to retire more gradually, reducing their work commitment for a period of time before retiring completely.



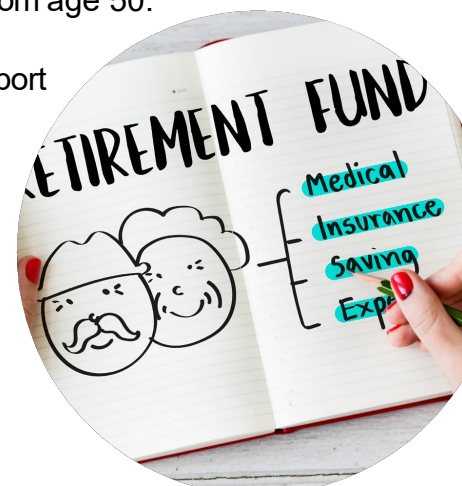
Furthermore, the McCloud remedy may mean that some staff aged 55+ are able to retire earlier than they previously planned, which when combined with other factors, could have an impact on HSC capacity. A lack of partial retirement in the 1995 Section may discourage staff from remaining in the workforce for longer than they might if more flexible options were available.

There is therefore a proposal to amend the 1995 Section regulations to allow members to partially retire and claim up to 100% of their 1995 Section benefits whilst continuing to work and accrue further pension in the 2015 Scheme.



Under this proposal, on reaching minimum pension age (currently 55), members will become eligible to partially retire if they reduce their pensionable pay by at least 10%. *For GPs, a 10% reduction in commitment would be required. Members with a protected minimum pension age of 50 will be able to partially retire from age 50.

It is believed that the proposal for partial retirement will better support members' work/life balance and may also help the HSC to retain valued experienced staff in the workforce, as members may wish to partially retire and work for longer than they had previously planned.



Partial Retirement continued...

For those impacted by pension tax, this proposal would also allow them to manage their tax position by partially retiring and remaining in work, rather than opting out of the HSC Pension Scheme or leaving the HSC service completely.

The DoH feels that this is especially important in the current context, as maximising workforce capacity by retaining experienced staff will be crucial to reducing elective care backlogs.



Removing the 16-hour rule

Under the current 1995 Regulations, members who choose to take their pension benefits and then return to work can only work a maximum of 16 hours per week in their first month back without impacting their pension. The DoH is anecdotally aware that this rule can be administratively difficult for employers to manage, and it may also discourage staff from returning to work, or increasing their commitment to more than 16 hours per week after their first month back.

The DoH is proposing an amendment to the 1995 Section regulations to permanently remove this rule. This would apply to all members, including Special Class members. This amendment has been designed to complement the proposal for pensionable re-employment in the package of retirement flexibilities, by allowing staff to have a smooth transition back into work after claiming their 1995 Section benefits and allowing them to maximise the hours they contribute, if they wish, without impacting their pension.

The Department is therefore proposing that regulation 84 of the 1995 Section regulations, which contains the 16-hour rule, will be permanently removed from 1 April 2024.

The 16-hour rule has been suspended since 25 March 2020 as part of the retire and return easements. The suspension of the 16-hour rule is due to continue until 31 March 2024.

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