



HSC Pension Service

Business Services Organisation

Provided by

HSC Pension Service

**Welcome to the
HSC Pension Service
Member Newsletter**



This newsletter is for all active and deferred members of the HSC Pension Schemes and contains important information about your HSC Pension Scheme Benefits

March 2023



Spring Budget 2023 - Pension Changes

In the Spring Budget the Government announce that It is not in the nation's interest for our most experienced workers to retire early. They further stated that older workers will therefore be supported to work for longer and to return to work through changes to pension tax thresholds, with additional measures to support public service pension members.

In making this announcement the government outlined that they would therefore be reforming pension tax thresholds as follows:

- There will be an increase in the Annual Allowance from £40,000 to £60,000 from 6 April 2023. Individuals will continue to be able to carry forward unused Annual Allowances from the 3 previous tax years.
- There will be an increase in the minimum Tapered Annual Allowance from £4,000 to £10,000 from 6 April 2023 and the adjusted income threshold for the Tapered Annual Allowance will also be increased from £240,000 to £260,000 from 6 April 2023.
- The Lifetime Allowance charge will be removed from 6 April 2023, before being fully abolished in a future Finance Bill.
- The maximum Pension Commencement Lump Sum for those without protections will be retained at its current level (£268,275) and will be frozen thereafter.

Linking open and closed public service pension schemes

- To strengthen public sector workforce retention, open and closed public service pension schemes for a given workforce will be considered linked for the purposes of calculating Annual Allowance charges. This will allow members of a public service pension scheme to offset any negative real growth in their legacy, final salary, public service pension scheme for Annual Allowance purposes against positive pension input amounts in the reformed schemes, thereby reducing Annual Allowance charges that may result from reformed scheme accrual.

Implementation

- The increase to the AA will be included in the Spring Finance Bill 2023 and brought into effect for April 2023.
- The LTA charge will be removed in the Spring Finance Bill 2023 and brought into effect for April 2023. The LTA will be abolished in a future Finance Bill.
- Linking open and closed public service pension schemes will be set out in secondary legislation for implementation in 2023/24



HSC Pension Scheme Contribution Rates 2022/23

A new tiered member contribution structure was implemented from 01 November 2022. The structure of the Tiered rates changed considerably from recent years and were created on the following principles

- Members' contribution rates would be based on actual pensionable pay instead of members' notional whole-time equivalent pay
- Rebalancing the contribution structure by narrowing the range of contribution rates.
- Increasing tier boundaries in line with annual AfC pay awards
- Phasing in the new member contribution structure over 2 years

The Contribution structure originally implemented from 01 November 2022 using actual annual rates of earnings instead of a member's whole time equivalent pensionable earnings is detailed below in Table 1, however following the implementation of the 2022/23 Agenda for Change (AFC) Pay Award the pensionable earnings thresholds must be amended to reflect the pay uplift.

The revised Contribution Structure to be backdated and implemented from 01 November 2022 is detailed in Table 2. There are no changes to the actual percentage rates payable but the Pay thresholds move in accordance with the pay uplift.

Table 1 Contribution Structure From 01/11/2022 (pre AFC Pay Award)

Tier	Pensionable Earnings	Contribution rate (before tax relief) (gross)
1	£0.00 - £13,231.99	5.1%
2	£13,232.00 to £15,431.99	5.7%
3	£15,432.00 to £21,478.99	6.1%
4	£21,479.00 to £22,548.99	6.8%
5	£22,549.00 to £26,823.99	7.7%
6	£26,824.00 to £27,779.99	8.8%
7	£27,780.00 to £42,120.99	9.8%
8	£42,121.00 to £47,845.99	10%
9	£47,846.00 to £54,763.99	11.6%
10	£54,764.00 to £70,630.99	12.5%
11	£70,631.00 and over	13.5%

HSC Pension Scheme Contribution Rates 2022/23 - cont

Table 2 Contribution Structure following 2022/23 AFC Pay Award

Tier	Pensionable Earnings	Contribution rate (before tax relief) (gross)
1	Up to £13,246	5.1%
2	£13,247 to £16,831	5.7%
3	£16,832 to £22,878	6.1%
4	£22,879 to £23,948	6.8%
5	£23,949 to £28,223	7.7%
6	£28,224 to £29,179	8.8%
7	£29,180 to £43,805	9.8%
8	£43,806 to £49,245	10%
9	£49,246 to £56,163	11.6%
10	£56,164 to £72,030	12.5%
11	£72,031 and above	13.5%

Annual Allowance Scheme Pays 2021/22

Annual Allowance details for 5th April 2022 were made available to view on the Member Self Service (MSS) portal from 6th October 2022.

Annual Allowance does not affect everyone, we have published and [Annual Allowance Notice 2021-22](#) on our website which you may find helpful.

Please note if you wish to avail of Scheme Pays for a tax charge incurred in year 2021/22 you must submit your Scheme Pays Election form by the 31st July 2023.

For any Annual Allowance related queries please contact aaqueries@hscni.net.



Alignment of the Consumer Price Index (CPI) Inflation Rates (Annual Allowance)

The Department of Health (DoH) consulted on making technical amendments in relation to the alignment of the Consumer Price Index (CPI) inflation rates used for revaluing pension benefits and the annual allowance tax calculation.

The considerable increase in Consumer Price Index (CPI) inflation has shown there to be a timing mismatch between the CPI rate that is used to revalue accrued benefits in the HSC Pension Scheme and the CPI rate that is allowed for in annual allowance (AA) tax calculations. Aligning these timings will ensure that the AA calculations measures only the pension growth that occurs above inflation.

Following the outcome of the consultation, the DoH has requested that the Department of Finance make changes to the Public Service Pensions Revaluation Order (Northern Ireland) 2023 to accommodate the move of the revaluation date for the HSC Pension Scheme. Changing the revaluation date by 5 days, from 1 April to 6 April, aligns the rate of CPI used and ensures that the AA operates as intended in relation to HSC pension growth.

In applying this change, the one-year CPI disparity is eliminated meaning that the recent high inflation environment does not create larger tax charges on pension earned.

Unpaid Leave/Career Breaks & Pension Implications

From 1st April 2008 members had the option to continue to pay contributions during periods of authorised unpaid leave (including career breaks). However, this is not compulsory and if you decide not to pay contributions your pension record will be closed down by your Employer on the day before the leave commences.

If you are on unpaid leave (not including unpaid sick, maternity, paternity adoption or parental leave) and has ceased paying pension contributions the following implications should be considered;

- **Death and Survivors Benefits** – If a member dies whilst on unpaid leave they are treated as a former member of the scheme. Therefore, they will not be entitled to the Death in Service benefits afforded to active members. Please see the [Life Assurance and Family Benefits](#) factsheet for further information on benefits payable.
- **Ill Health Retirement** – if a member suffers ill health whilst on unpaid leave and wishes to apply for their benefits through the Ill Health Retirement facility they will be treated as a former member of the scheme. This means they will need to satisfy the criteria for Tier 2 but only be eligible for Tier 1 benefits. Please see the [Ill Health Retirement](#) factsheet for more information.

It is important to note that on return to employment following a Career Break it is up to you to opt back into the Pension Scheme by completing a re-joiner form which should be submitted to your Employer.



Transfer of Benefits into the HSC Pension Scheme

If you have recently joined HSC NI and wish to move previously built up pension rights to the HSC Pension scheme you need to let us know by completing an Application for Transfer In of Pension Rights.

The Transfer In application form can be found on the Scheme website where you will also find the Transfer in Guide informing you of what pension rights that you can transfer and the rules that apply. You can access the guide and the application form [here](#).

The most important thing for you to remember about transferring in your pension is that you only have **12 months** from the day you join the HSC Pension Scheme to apply. Please remember that if you confirm on your Joiner Questionnaire you have service you wish to transfer this does not equate to a transfer request. The Joiner Questionnaire is returned to HR and will not be sent to HSC Pensions so you must follow the instructions in the Transfer in Guide to ensure your Transfer is actioned.

HSC Pension Service recommends that you consider taking independent financial advice before deciding about transferring benefits.

If your transfer request is not within HSC Pension time limits it will be rejected.

Previous NHS Service in England & Wales, Scotland or the Isle of Man

Please be aware that transfers do not automatically happen regardless if they were previously with another NHS Pension Scheme including NHS Pensions Agency England & Wales or Scottish Public Pensions Agency (SPPA) or NHS Isle of Man.





Contact Us:

By writing to us at:-

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Via e- mail at:- hscpensions@hscni.net

By Telephone: 02871319111

10.00 am to 12.00pm / 2.00 pm to 4.00pm - Monday to Thursday
10.00 am to 12.00pm - Friday



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If you have any suggestions for the newsletter or would like a particular topic covered in future publications please do not hesitate in contacting us by emailing: john.coyle@hscni.net

