

HSC PENSION SERVICE

MEMBER FACTSHEET

Revisiting your Choice 2 decision - supporting information

As part of the Public Service Pensions Remedy (PSPR), some members have the option to choose between keeping 2008 Section pension benefits for some of their pensionable service or moving these benefits to the 1995 Section.

If we've written to you about this, you'll find some useful information and an example to help you make your choice below.

Why we've written to you about this

We have written to all active members who chose to move their pension benefits to the 2008 Section as part of the Choice 2 exercise in 2015.

If you'd had the option to carry on building your pension in the 1995 Section when we contacted you as part of the Choice 2 exercise, you may not have chosen to move your benefits to the 2008 Section. So, you can now review that decision as part of the Public Service Pensions Remedy (PSPR), because it will affect your options when you come to retire. These options are explained on the next page.

We will only have contacted members who are eligible to revisit their Choice 2 decision. If you have not received a letter about this, then you aren't affected.

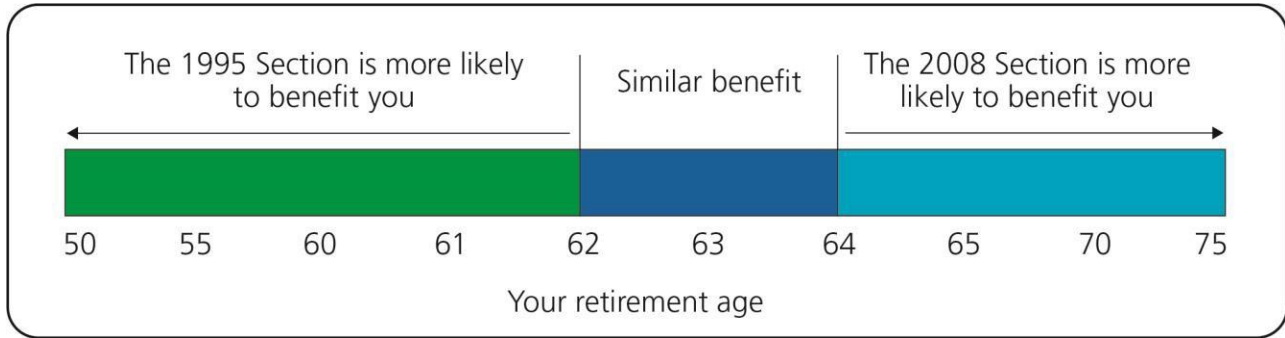
How your retirement age affects your choice

The best option for you depends on a number of factors, including the age at which you plan to retire. The earliest you can claim 1995 Section benefits without any reductions is age 60, or age 55 for those with special class or mental health officer status who meet the eligibility criteria when they retire. In the 2008 Section, it's age 65 – there is no special class or mental health officer status.

Financial modelling by HSC Pension Service has shown that members retiring up to **age 62** are least likely to benefit from choosing the 2008 Section. If you move your benefits to the 2008 Section, retire at 60, and take the same lump sum as in the 1995 Section, your pension could be almost 25% less than if you choose the 1995 Section.

On the other hand, most members retiring at **age 64** or above may receive higher benefits if they choose the 2008 Section. These benefits may be even higher if you work beyond age 65 because of the late retirement increase applied in the 2008 Section.

This diagram shows the age ranges at which each section is likely to be more benefit to you.



The age range in the middle, between ages 62 and 64, shows ages where the benefits at retirement are likely to be similar from both sections. The amount of lump sum you plan to take affects where in the grey area you fall. For example, and for illustration only, the higher the lump sum you wish to take, the closer to age 64 you would have to retire to benefit from choosing the 2008 Section.

How this will affect the options you have when you retire

When you apply for your pension benefits, we'll ask you to choose the benefits you want for the remedy period, which is between 1 April 2015 and 31 March 2022. The choice of benefits you are given when you retire depends on whether you choose 1995 or 2008 Section benefits now.

If you choose to move all your pension benefits to the 1995 Section up to 31 March 2022, you'll be asked to choose between 1995 Section and 2015 Scheme benefits for the pension you built up in the remedy period.

If you decide the 2008 Section is better for you, when you apply for your pension, you'll choose between 2008 Section and 2015 Scheme benefits for the pension you built up in the remedy period.

Use the example to help you understand more

At the end of this factsheet, you'll find an example to help you understand how pension benefits could be affected by this decision. You may also find it helpful to view the Revisiting Choice 2 decision tree on our website: <https://hscpensions.hscni.net>.

What to do next

If you decide you'd like to move your pension benefits up to 31 March 2022 into the 1995 Section, please send the form we included with your letter back to us by the deadline included with your letter.

You can email it to us at: hscpensions@hscni.net - use your HSCNI work email if you have one – emails from personal email accounts are sent at your own risk.

Or, you can **post** your form to us at:

**HSC Pension Service,
Waterside House,
75 Duke Street,
Derry/Londonderry,
BT47 6FP**

If you decide 2008 Section benefits are better for you, you don't need to do anything and your eligible pension benefits built up to 31 March 2022 will stay in the 2008 Section.

If you have lost your form and need a copy, please email us at: hscpensions@hscni.net and we will send you a new one.

You won't be able to change your decision later on

Once we have received your decision, you won't be able to change your mind later on, so please take some time to review all the information we have provided, including the Decision Tree on our website: <https://hscpensions.hscni.net>.

ADDITIONAL INFORMATION YOU MAY FIND USEFUL

All members can now re-join the 2015 Scheme after claiming their pension benefits

At the time of the original Choice 2 exercise, members of the 1995 Section were not allowed to return to work in the HSC and re-join the 2015 Scheme if they had claimed their pension benefits. These rules changed in October 2023, and members of both the 1995 Section and 2008 Section have flexible options for claiming some or all of their pension and re-joining the 2015 Scheme to build up new pension. You can find out more on our website: <https://hscpensions.hscni.net>.

Your state pension age may change before you retire

Your normal pension age (NPA) is the age you can claim your pension benefits without any reductions for early payment. Your NPA for the 2015 Scheme is the same as your state pension age, or age 65 if this is later. Your current State Pension Age may change before you reach retirement, and this means the age you can claim your 2015 Scheme benefits without any reductions for early payment may also change. A [State Pension Calculator](#) is available on the Gov.uk website.

Contributions are the same, whichever Section you choose

Contribution rates are the same in both Sections of the pension scheme and are based on how much you earn.

If you have more than one job with the HSC, your choice will apply to all of them

If you have 2 or more part-time jobs in the HSC, you can still only choose one Section of the Scheme. You will be a member of either the 1995 Section or the 2008 Section for all your membership up to 31 March 2022. You can't choose to have part of this membership in the 1995 Section and part in the 2008 Section.

How your decision affects your annual allowance

Choosing either the 1995 Section or 2008 Section for your pension benefits up to 31 March 2022 would not in itself lead to you breaching the annual allowance (AA).

However, if you have a significant pay rise in any year this may lead to excess growth and an AA charge may apply. You can read more about the AA charge on our website: <https://hscpensions.hscni.net>.

If you choose to reinstate your added years contract, this may also lead to excess growth and an AA charge may apply. This only affects pension input years from 2015/16 onwards.

An example to help you make your decision

This example shows what happens to pension benefits if they move to the 1995 scheme or if they stay in the 2008 scheme, depending on what age they take their pension. Where we say NPA this

means your Normal Pension Age, which is age 60 for the 1995 scheme and age 65 for the 2008 scheme, unless you have special class status that means it's earlier, at age 55.

The example compares the benefits that would be paid from the 1995 or 2008 scheme based on the same length of membership and the same pensionable earnings at retirement. Adjustments have been made for early retirement, but not to take into account any potential increases in final salary.

In the example, final salary is based on:

- the best of the last 3 years' pay for the 1995 scheme
- the average of the best 3 consecutive years' pay in the last 10 years, for the 2008 scheme.

Example:

This is for a member who does not have Special Class or Mental Health Officer (MHO) status

Janet has 22 years membership up to 31 March 2022 and pensionable earnings of £43,000 at retirement for each age shown. Her benefits for the remedy period between 1 April 2015 and 31 March 2022 were rolled back from the 2015 scheme to the 2008 scheme. She can choose to keep these pension benefits in the 2008 scheme or move them to the 1995 scheme. The tables show what would happen to her payable benefits in each scheme, depending on what age she decides to retire.

This example only takes into account Janet's membership up to 31 March 2022 and assumes she maintained a final salary link.

If Janet chooses to move her pension benefits to the 1995 scheme:

Table 1: Standard 1995 Section Benefits up to 31 March 2022						
If Janet Retires at:	60 (NPA)	62	64	65	66	68
Pension	£11,825	£11,825	£11,825	£11,825	£11,825	£11,825
Lump Sum	£35,475	£35,475	£35,475	£35,475	£35,475	£35,475

If Janet chooses to keep her pension benefits in the 2008 scheme:

Table 2: Standard 2008 scheme Benefits up to 31 March 2022						
If Janet Retires at:	60	62	64	65 (NPA)	66	68
Pension	£11,561	£12,679	£13,989	£14,692	£15,179	£16,297
Mandatory Lump Sum	£12,900	£12,900	£12,900	£12,900	£12,900	£12,900
	An early retirement factor has been applied as benefits paid before NPA are lower				A late retirement factor has been applied as benefits paid after NPA are higher	

Table 3: 2008 scheme Benefits (with a lump sum equivalent to the standard lump sum in the 1995 scheme) up to 31 March 2022

If Janet Retires at:	60	62	64	65 (NPA)	66	68
Pension	£9,680	£10,798	£12,108	£12,810	£13,298	£14,416
Equivalent Lump Sum	£35,475	£35,475	£35,475	£35,475	£35,475	£35,475
	An early retirement factor has been applied as benefits paid before NPA are lower				A late retirement factor has been applied as benefits paid after NPA are higher	