



HSC Pension Service

Provided by



Business Services Organisation

Employer Newsletter

CONTENTS

1. Foreword
2. Annual Allowance
3. Final Pay Controls Reminder
4. Annual Benefit Statements
5. Bank/Casual Employment (Three month Rule) Reminder
6. Serious Ill Health/Death in Service Estimates
7. Early Retirement Reduction Buy Out (ERRBO) in the 2015 Scheme Reminder
8. Payment of Initial Survivors Pension
9. Updated Forms
10. Choice 2 Exercise closing date is fast approaching
11. Employer Section of The HSC Pension Scheme Website
12. Contact Us



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1. Foreword

The purpose of this newsletter is to inform employers of certain provisions of the HSC Pension Schemes and their effect on members' benefits if not administered correctly. The newsletter has been worded in a manner which should provide employers with the knowledge required to assist their employees' awareness of the HSC Pension Scheme features and benefits. If you would like any topics covered in future editions of the newsletter please let us know by contacting John Coyle or Monica Smyth at john.coyle@hscni.net or monica.smyth@hscni.net

This newsletter is intended to provide you with a general overview of the Scheme rules. We have taken great care to get the details right at the time of publication but it does not give a complete or legally binding statement of the law and regulations which govern the Scheme. Nothing in this newsletter can override the Regulations which set out the conditions of entitlement and determine the rate at which benefits are payable. In the event of any conflicting information, the Regulations will prevail.

2. Annual Allowance

The Government has introduced Tapered Annual Allowance from 6 April 2016 as a means to further reduce the Annual Allowance. It is calculated by reducing a person's Annual Allowance by £1 for every £2 of 'adjusted income' earned over £150,000, up to a maximum reduction of £30,000 leaving a minimum Tapered Annual Allowance of £10,000.

Members with an adjusted income of between £150,000 and £210,000 will be affected by the Tapered Annual Allowance from the 2016/17 tax year. Those with an adjusted income of over £210,000 will have a Tapered Annual Allowance of £10,000.

Members with a threshold income of less than £110,000 will be exempt from the Tapered Annual Allowance.

As at present, any unused Annual Allowance from the three previous tax years can be carried forward and added to the individual's Annual Allowance. Where this Annual Allowance is reduced by the taper, the carry forward will be the balance of the tapered amount.

Tapered Annual Allowance is based on an Annual Allowance of £40,000, so therefore the rate of the taper may vary if the annual allowance is changed in the future.



3. Final Pay Controls Reminder

Final pay control is applicable to all members of the 1995 Section of the HSC Pension Scheme who retire with entitlement to officer benefits. This includes non GP providers and independent healthcare provider employees.

If a member receives an increase to pensionable pay that exceeds the allowable amount in any of the three years prior to their last day of service, the employing authority that awarded the excess pay will be liable for a final pay control charge.

The allowable amount for a relevant year is determined by increasing the member's pensionable pay in the year immediately preceding the relevant year by CPI + 4.5%. HSC Pension Service will identify each instance of pensionable pay increase in excess of the allowable amount, calculate the employing authority charge and collect payment of that charge. An invoice will be sent to the HSC Employer where a charge is applicable after the member's award has been processed.

The final pay control only applies to pay rises that are awarded on or after 1 April 2015. The date of pay increase is not currently collected or recorded on member records therefore this information will be manually requested from employers if an excess pay increase is suspected.

- Final Pay Controls also apply to all 1995 Section transfer out payments.
- Final pay control will not apply to a death benefit.
- Final pay control will not be applied to an increase in pensionable pay if that increase occurred before 1 April 2015.

Where there are two or more employing authorities the charge will be made to the authority that increased the pensionable pay. This is classed as unconnected employments.

Where there are two or more pensionable employments with the same employer code and there is no break or a break of less than 365 days between pensionable employments these will be classed as connected employments and the charge will apply to all the pensionable employments.

Pay control examples and charges can be found on the Final Pay Control Factsheet available on our website at: <http://www.hscpensions.hscni.net/employers/reference-material/factsheets/>

Salary Sacrifice

Salary Sacrifice is not excluded from the charges.



4. Annual Benefit Statements

It is anticipated that the exercise will be completed in Spring 2017.

Members will be able to access their future years ABS's through the Member Self-Service facility (MSS). Details of how to access the MSS Facility will be included in the documentation accompanying the 2017 statement.

The ABS will provide members with an overview of their pension benefits accrued based on information provided to HSC Pension Service as at 31st March each year.

It will include information such as: current value of Pension Benefits accrued, Pensionable Service and Pensionable Pay used in the calculation and Survivor Pension/Death benefits payable in the event of a member's death.

5. Bank/Casual Employment (Three month Rule) Reminder

Both Employers and Scheme members should be aware of the rules surrounding membership of the scheme for Bank/Casual employees.

The pensionable start date of any bank post is the first day the member actually performs any duties and pays contributions, not the date they joined the bank.

A bank employee's pension record may remain open, even if they do not work for up to a period of **three months only**, as long as they remain 'on the bank' of the employer and return to pensionable work within three months.

If the break exceeds three months, the pensionable employment must be closed down on the last day the member actually worked, the employee will then not be eligible for certain "in scheme" benefits such as the Death In Service Lump Sum Payment.

6. Serious Ill Health/Death in Service Estimates

If you are submitting a serious Ill Health/Death in service estimate request, please ensure that you have checked if the member has any outstanding annual leave at the estimated date of retirement/death. If so, the pensionable pay/service for this period should be included in the estimate request.

This is particularly important if the member is in the 2015 Scheme and has commenced a period of unpaid leave. Failure to supply this information will result in an inaccurate estimation of benefits being provided.



7. Early Retirement Reduction Buy Out (ERRBO) in the 2015 Scheme Reminder

In the 2015 Scheme only, members can choose to pay additional contributions to buy out the reduction that would apply if they retired at age 65 or later but before their Normal Retirement Age (NPA). This is known as an 'ERRBO Member agreement'. The agreement can be for early retirement one, two or three years before NRA but no earlier than age 65. Further information can be found at [ERRBO](#) Factsheet.

8. Payment of Initial Survivors Pension

There has been some confusion on the amount of initial survivors pension benefits that are payable in the event of a scheme member dying whilst still in service.

The scheme regulations permit the payment for 6 months of an initial survivor's pension equal to the pensionable rate of pay the member was receiving prior to their death.

The initial survivor's pension is payable to a spouse, civil partner or nominated partner. In the event that there is no surviving spouse, civil partner or nominated partner the initial survivor's pension can be paid to a dependent child providing that child meets the eligibility set down in the scheme regulations.

In the event that there is a surviving spouse, civil partner or nominated partner and a dependent child who is not under the care of the surviving spouse, civil partner or nominated partner the Initial survivor's pension is payable to the spouse, civil partner or nominated partner for 6 months. In addition to the initial survivors pension the Department has the discretion to increase the child allowance payable to the dependent child/children up to a maximum of what would be paid if there was no surviving spouse, civil partner or nominated partner. If these circumstances should arise each case will be evaluated on its own merit.

In the event of any such cases arising Employers/Payroll Shared Services Centre should liaise with HSC Pension Service to ensure the correct pension benefits are paid.

If an initial survivors pension is payable following a death in service, the pension is payable from the day after the member died, i.e. a member died in service on 25/01/2017, the initial survivors pension is payable from 26/01/2017. If a payment is made in respect of annual leave not taken the members pension record will be amended to take account of this service. **Please note this process is different to how annual leave is treated on retirement.**

9. Updated Forms

The following is a list of updated HSC Pension Scheme forms which employers and scheme members should be using with immediate effect. All forms can be accessed on the [Scheme Forms](#) section of the HSC Pension Scheme Website

Form	Description
AW6	Pension Benefit application form
MHO Application Form	Application for retention of Mental Health Officer Status
Employee Joiner Questionnaire	Form which must be completed by all new employees of the organisation.
Member Request for Pension Estimate Form	Form to be completed by an individual scheme member when requesting an estimate of their benefits accrued.

10. Choice 2 Exercise closing date is fast approaching

All members of the HSC Pension Scheme who were eligible for the Choice 2 exercise would have received letters in September/October offering them the opportunity to move their accrued benefits in the 1995 section of the scheme to the 2008 section.

HSC Pension Service carried out a number of workshops throughout the province which provided members with additional information to assist them in making their Choice. If any members are still undecided about their Choice they should visit the [CHOICE 2](#) section of the Scheme website.

To be eligible for Choice 2 a member must:

- Have been an active member of the 1995 Section of the HSC Pension Scheme on 31st March 2008 and 31st March 2015 and
- Have Tapered Protection or no protection relating to movement to the 2015 Scheme.

Those affected members who have received a Choice 2 letter and are wishing to move their 1995 section of the Scheme benefits to the 2008 section of the Scheme must notify HSC Pension Service of their decision prior to 12 noon on 20th January 2017. If a member does not wish to move their benefits to the 2008 section of the Scheme they do not have to do anything.

Once a decision is made by a member it cannot be changed in the future.

11. Employer Section of The HSC Pension Scheme Website

HSC Pension Service has developed a section of the scheme website dedicated to Employers. In the [Employers Section](#) you will find useful information including a comprehensive guide to the administration of the HSC Pension Scheme, guidance documentation and flowcharts outlining the various benefit application procedures and other important information.

HR staff should be aware of this resource and refer to it for guidance and help when administering pension related matters for scheme members.

12. Contact us

By writing to us at:-

HSC Pension Service

Waterside House

75 Duke Street

Londonderry

BT47 6FP

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

By Telephone: 028 7131 9111 (9.00am to 5.00pm – Monday to Thursday; 9.00am to

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: hscpensions@hscni.net

