



EMPLOYER TECHNICAL UPDATE

HSC Pension Service

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1. Administration and Interest Charges for HSC employers who pay their Scheme contributions late.

From 1 April 2015 new Scheme Controls have been introduced to protect taxpayers and the Scheme. Administration charges and interest have been introduced for HSC Employers who pay their Scheme contributions late. Employers will not pay any interest or administration charges if:

- Scheme contributions are paid by the existing due dates, e.g. the 19th day of the month following deduction, for regular employee and employer contributions. HSC employers have a statutory duty to ensure Scheme contributions reach the HSC Pension Service bank account by the 19th of the month following the month in which the earnings were paid to the member.
- Invoices raised relating to any charges due to the Scheme for premature retirement costs which are currently issued on an individual member basis (e.g. costs for current staff made redundant) are paid no later than 30 days after invoice date or 30 days after the date of pension, whichever is latest.
- Invoices raised on a quarterly basis (on-going costs for past employees) are paid no later than 90 days after the period in which the invoice relates to.

HSC Pension Scheme: Payment Schedule for GP Practices

The GP1 process remains the same and electronic GP1 forms must be completed and **emailed** to hscpensions@hscni.net **no later than the 5th day** of the following month. A paper copy will not be accepted. There will be **no exceptions**.

HSC Pension Service will process the direct debit collection on the 14th day of the month (or the next available banking day). Again, there will be **no exceptions** and the direct debit date is non-negotiable. This is vital in order to keep administration to a minimum for both the GP Practices and HSC Pension Service

Below is a table clearly stating all pertinent dates for the financial year to March 2016.

Contributions month	Date GP1 to be returned	Direct Debit Date
April 2015	05th May 2015	14th May 2015
May 2015	05th June 2015	16th June 2015
June 2015	06th July 2015	16th July 2015
July 2015	05th August 2015	14th August 2015
August 2015	07th September 2015	15th September 2015
September 2015	05th October 2015	14th October 2015
October 2015	05th November 2015	16th November 2015
November 2015	07th December 2015	15th December 2015
December 2015	05th January 2016	14th January 2016
January 2016	05th February 2016	16th February 2016
February 2016	07th March 2016	16th March 2016
March 2016	05th April 2016	14th April 2016

The administration charge is not a 'penalty charge', but reflects the cost to HSC Pension Service of recovering late payments, which is currently borne by all employers. The amount of the administration charge for 2015//2016 will be £75 for payments made late on and after 1 April 2015.

There are provisions in the regulations for HSC Pension Service to waive an administration charge and/or interest payable where contributions are paid late, in circumstances which the Scheme Administrator considers are exceptional. However, 'exceptional circumstances' will mean exactly that and charges are unlikely to be waived for reasons of staff pressure or short banking or postal delays, where an employer has released payment very close to the final due date. Employers wishing to claim exceptional circumstances for late payment must write to HSC Pension Service immediately, at the following email address hscpensions@hscni.net with evidence for and a clear explanation of the late payment.

If you require further details, please email hscpensions@hscni.net with your name, employer/practice code and phone number and we will contact you to discuss.

2. Final Pay Controls and Employer Charge

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
- * 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.

3. Members' Charter

We have recently published our [members' charter](http://www.hscpensions.hscni.net/wp-content/uploads/2012/09/Members_Charter_-revised.pdf) on the website which details a list of our core service standards: [http://www.hscpensions.hscni.net/wp-content/uploads/2012/09/Members Charter -revised.pdf](http://www.hscpensions.hscni.net/wp-content/uploads/2012/09/Members_Charter_-revised.pdf)

4. Amendments to Forms

There have been a number of amendments made to the following forms on our website:

AW6	AW6 (P)
AW10	AW11

Please use the most current version which is available on our website under [scheme forms](#).

5. 2015 CARE Scheme



We have created an area on our website dedicated to providing supporting information, communication products and tools to help you and your members when making preparations for the 2015 Scheme.



The Pension Reform Team pictured above have developed these communications to inform and embed the new scheme.

We have produced an e-learning package that you and your members may find useful to help understand the 2015 Scheme and the potential impacts it could have. Further guidance on the 2015 Scheme can be found within the 2015 Scheme Guide and leaflet which is also available on our website. Hard copies of the leaflet will be issued to HSC Employers in the coming weeks.

6. Estimate Process

Process for requesting Estimates of Benefits (post 01/04/2015)

On 1st April 2015 the new Health and Social Care Pension Scheme 2015 was introduced. This resulted in the majority of scheme members moving from the 1995 and 2008 sections of the HSC Pension Scheme to the new scheme. In the new scheme a members benefits are accrued on CARE basis. This means that a member's pensionable pay for each year of HSC employment, from joining the new scheme until retirement, is used to calculate the value of their pension pot. The purpose of this notice is to bring to your attention the process to be followed if you receive a request for an estimate of benefits from a scheme member.

Who can HSC Pension Service provide Benefit Estimate's for?

Full Protection Members

HSC Pension Service can calculate all benefit estimates for current members of the 1995 or 2008 sections of the HSC Pension Scheme who have full protection from moving to the new scheme as their pensions are based on final salary.

Tapered Protection Members

HSC Pension Service can calculate Voluntary Early Retirement (only applicable from age 50 onwards) and Ill Health Retirement benefit estimates for current members of the 1995 or 2008 sections of the HSC Pension Scheme who have transitional protection from moving to the new scheme. These benefit estimates can only be calculated up to the date the member moves to the new scheme.

How can 2015 Scheme Members with Service in the 1995/2008 Scheme find out the value of those benefits?

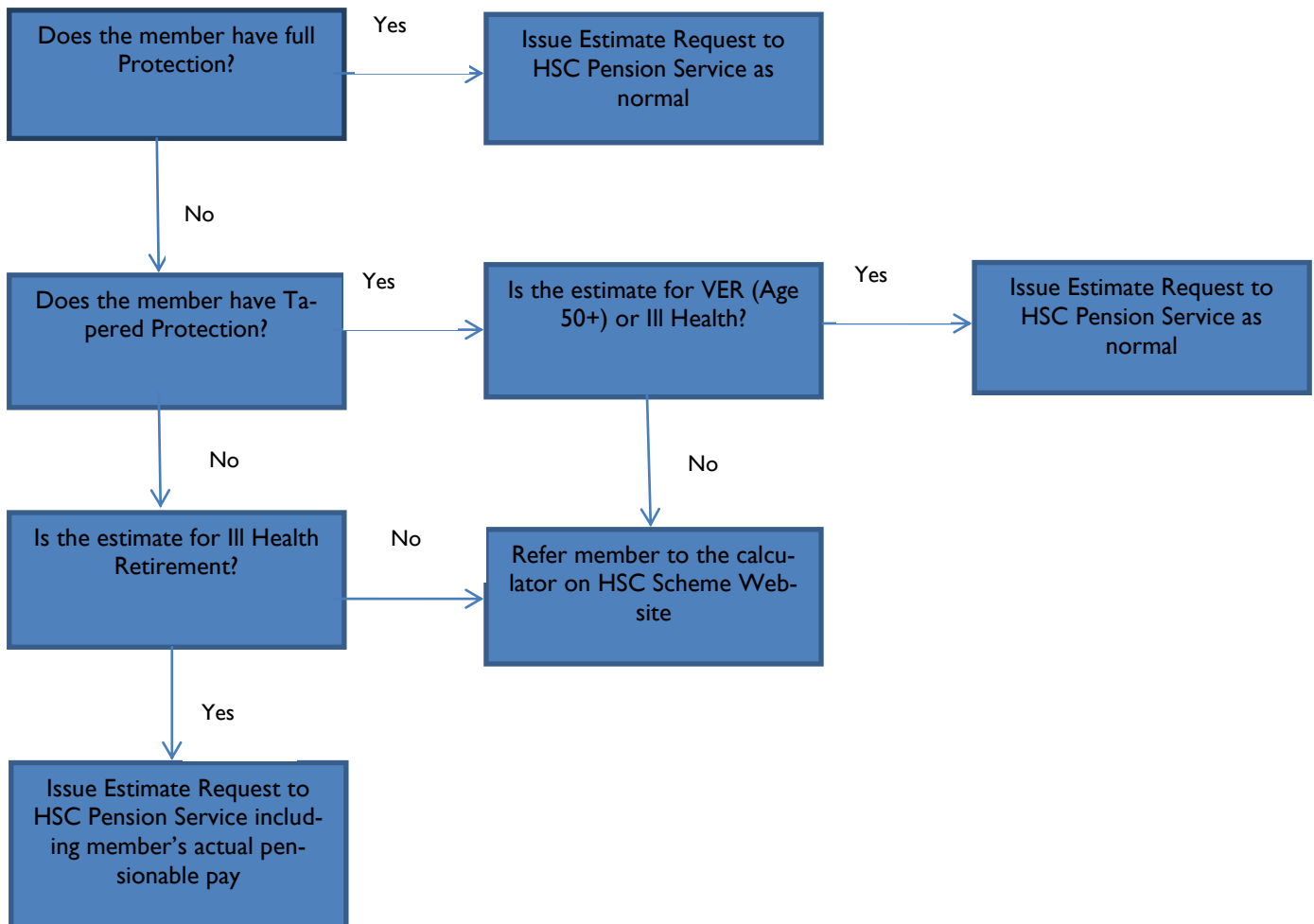
Those members of the 2015 scheme who have already moved to the new 2015 Scheme can check the estimated value of their benefits accrued to date in those particular sections of the scheme by accessing the online calculator available at www.hscpensions.hscni.net/calculators/. The member can request details of their pensionable service accrued from their employer or HSC Pension Service and enter these details with their pensionable pay (available from their employer/Payroll Shared Services PSS) to calculate the current unreduced value of their benefits.

How can members find out what benefits they have built up in the 2015 scheme?

HSC Pension Service can carry out Ill Health Retirement Benefit estimates for current members of the 2015 Scheme. In order to calculate these potential benefits Employers/PSS will need to provide details of the member's **ACTUAL** pensionable earnings from the date they joined the new scheme up to the estimated date of retirement.

From September 2016 HSC Pension Service will be issuing Annual Benefit statements to members. These statements will provide an illustration of benefits accrued in the 2015 scheme and if applicable benefits accrued in the 1995/2008 section of the scheme.

Employers should use the decision tree below on the process for submitting Estimate of Benefit Requests.



7. New GP Payment System

You will be aware that training for Practice Staff in the use of the new system has been organised at various venues across the province and hopefully you will have booked a place on one of the available sessions.

In advance of the training, all Practices have been asked, by the GP Payments Office in Ballymena, to complete an authorisation proforma, detailing the GPs and Practice Staff who were to be allowed access to the new system together with their nominated access level.

Please note that, although the day to day operation of the system is likely to be undertaken by Practice Managers and staff, GPs should also be included in the authorisation proforma so that they can access their own individual Annual Statements as these will not be accessible by any other Partner or member of Practice staff.

At HSC Pension Service, where we have received your 2015/16 submissions, the team have now input your 2015/16 POAs and SR1s into the new payment system. We have also started to input some of the 2013/14 certificates and produced the GPs Annual Statement of Pensionable Profit through the FPPS system. We will work closely with Accountants to develop an up-loadable version for submission of 2014/15 Annual Certificates.

8. Redundancy

Employers should be aware that if an employee holding “special class” pension membership (normal pension age of 55) is made redundant, HSC Pension Service needs to be informed, either at the point of requesting an estimate or at the latest when the terminating 55a is sent. This is to ensure that the pension and/or capitalised costs are calculated correctly

9. Salary Sacrifice

In circumstances where a member commences a salary sacrifice scheme their contribution rate should be assessed in the same way as a new starter with the tier based on their estimated annualised pay (WTE if they are part-time) for that year after deducting the salary sacrifice amount.

The pay sacrificed should not be ‘deemed-in’ when calculating the WTE as it is not classed as pensionable pay.

See attached Factsheet for further information

<http://www.hscpensions.hscni.net/wp-content/uploads/2012/09/2015-16-Tiered-Contributions-Factsheet.pdf>

10. Early Retirement Reduction Buy Out (ERRBO)

The facility for buying out the reduction that would apply if retirement benefits were claimed before normal pension age is open to members of the 2015 Scheme. There is an [ERRBO factsheet](#) on our website and employers should be aware that members have to apply for it using the [Expression of Interest ERRBO form](#) which is also available on our website. HSC Pension Service will then contact employers for their consent.

11. Backdated Pay Awards for Pensionable Employees

Employers should be aware that with effect from 1 April 2015 HSC Pension Service should be notified of any backdated pay awards for pensionable employees using form BPA1 which is available on our website under [scheme forms](#).

12. WTE TSR Calculation

Some Employing Authorities have raised concerns regarding the calculation of notional whole time equivalent pensionable pay for part time Officer Scheme members.

We are therefore reviewing the guidance and for now, Employing Authorities should continue to calculate the notional whole time equivalent pay for part time staff using the existing method below. Once the review is complete we will provide further guidance.

For the purpose of determining the contribution rate and pension benefits for an Officer/Practice Staff member who works part time and who receives supplements for unsocial hours, the supplement payment is added after the basic notional whole time rate of pensionable pay has been calculated.

By performing the calculation this way the notional whole time rate of pay is proportionate to a whole time member and both types of member will pay the same tiered rate of employee contributions.

In summary supplementary payment is kept at its basic rate and does not form part of the notional whole time calculation.

Distribution List:

The Chief Executive of the HSC Board & HSC Trusts

The Director of Finance and Director of Human Resources of the:

HSC Board;

The Business Services Organisation;

The Patient and Client Council;

The Public Health Agency;

NI Blood Transfusion Service

HSC Trusts;

Each Special Agency;

GP Practices;

Dental Practitioners;

Out of Hours Providers;

Directional Bodies; and Staff Representative Bodies.

Employers are reminded to inform HSC Pension Service hscpensions@hscni.net of further representatives to be added to the distribution list for the Employers' Forum or Employer Technical Updates.

How to 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 12.00pm Friday

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