HSC Pension Service
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Business Services Organisation

EMPLOYER NEWSLETTER

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March 2023

1. 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.

<u>Linking open and closed public service pension schemes</u>

- 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.

<u>Implementation</u>

- 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 of recent developments and further updates on these will be provided.
- Recruitment of nursing staff is at an advanced stage, and medical officer positions have been advertised with interviews planned early January 2023. NICS OHS are also working to source additional capacity via medical agency
- An overarching review on the NICS OHS delivery model is being commissioned and discussions were due to commence with Business Consultancy Services in early December to take this forward
- Short term limits to service provision that will be required until interim arrangements are in place. Therefore, as of 8 December:

2. Career Breaks/Authorised Leave

From 1 April 2008 the HSC Pension Scheme Regulations changed to allow a member who commenced a period of authorised unpaid leave on or after this date (including a career break where the contract of employment is retained), to choose to remain pensionable.
Where the authorised unpaid leave is to be pensionable the employer must treat the member as they would any other active member of the Scheme and ensure that employee and employer pension contributions are paid continuously throughout the period i.e. by the 19th day of the month following that which earnings (if there were any) would have been paid.
Therefore, before the leave begins, employers must make arrangements to collect the employee contributions continuously during the break. Arrears cannot be allowed to accumulate and payments made on returning to the Scheme as requests for retrospective payments of contributions cannot be accommodated.

Further information can be found on the Authorised Leave/Career Breaks on our website.
If a member takes authorised unpaid leave or a career break and opts not to pay contributions whilst on said leave the employer **must** inform Payroll Shared Services (PSS) to de-limit that members pension record for the duration of the career break/authorised unpaid leave.

Employers should ensure all staff are aware of the rules concerning the payment of contributions during periods of Authorised Leave/ Career breaks and PSS are informed of staff not paying contributions where appropriate and ensure that payment of contributions is reconciled and recouped by the employer before being paid over to the HSC Pension Scheme Account via the normal contribution payment mechanisms.

3. 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.
A member, who has at least two years qualifying service and suffers a reduction in earnings through no fault of their own, may apply to protect their pension benefits.

4. Pension Benefit Forms

Unfortunately, Employers continue to send important pension related forms to the incorrect recipients which can cause a delay in benefits applications and subsequent payments. Please see below a list of forms and the appropriate inbox to send these to.

Pension Application (AW6)	aw6.est.ppt@hscni.net
Estimates Requests	aw6.est.ppt@hscni.net
Protect of Pay (ProPay1)	aw6.est.ppt@hscni.net
Death in Service Forms	dis.ppt@hscni.net
AW6 for Commuted Ill Health	cih.ppt@hscni.net
Considerations for Ill Health (AW33)	hscpensions@hscni.net
AW33 for Serious Ill Health	hscpensions@hscni.net
CC'd to	Shelley.mclaughlin@hscni.net
	Richard.duddy@hscni.net
	Ben.mcgonigle@hscni.net
	Conor.coyle@hscni.net
All other forms	hscpensions@hscni.net

If in any doubt please contact HSC Pension Service for clarification.

5. 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

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: hscpensions@hscni.net