



HSC Pension Service

Member factsheet

Partial Retirement

If you are aged 55 and over or have a protected minimum pension age of 50, and you have agreement from your employer, you can choose to take part, or all, of your pension benefits and continue in HSC employment. This is called partial retirement - it may also be known as drawdown.

Your pension benefits will be paid to you as a monthly amount.

Partial retirement is already available to members with 2008 Section and 2015 Scheme benefits and from 01 April 2024, the HSC Pension Scheme regulations are changing so members with 1995 Section benefits can also take partial retirement.

From this date, the amount of benefits you can take when partially retiring is also changing. You'll be able to partially retire and claim up to 100% of your pension benefits from any Section or Scheme.

Before applying for partial retirement

If you wish to take partial retirement, you need to agree a new working arrangement with your Employer and HR department that lets you reduce your pensionable pay by at least 10%. For example, you could change your level of responsibility, work fewer hours, or move to a new role.

Speak with a member of your HR team who will be able to discuss options with you and agree an arrangement that works for both you and your employer.

This also applies if you want to take partial retirement of your pension for a second time.

Your pensionable pay must stay at the reduced level for at least 12 months after you take partial retirement, or you'll no longer be eligible for the pension you've taken. During this period, you may still be able to do additional work that doesn't count towards your pension, such as overtime or bank work.

Pay awards such as the annual Agenda for Change pay award, do not alter your 10% reduction in pensionable pay.

To be eligible for partial retirement you must:

- have reached your minimum pension age,
- be an active member of the Scheme,
- reduce your actual pensionable pay by at least 10% for the 12 months starting from the date you take partial retirement (for GP's, Dental Practitioners, Ophthalmic and non-GP Providers a 10% reduction in commitment is required),
- your 10% reduction in pensionable pay is calculated based on your previous level of pensionable pay for the 12 months before you take partial retirement,
- have a change in your terms and conditions of employment to reflect your reduction in pensionable pay, the rest of your terms and conditions remain the same,
- expect your new level of pensionable pay to last at least 12 months from the point partial retirement is taken,
- not have already claimed partial retirement on two occasions.

Minimum Pension Age

The minimum pension age for most members is 55. However, there are some members of the 1995 Section with a protected minimum pension age of 50. These are generally members who joined the HSC Pension Scheme before 6 April 2006.

If you have a minimum pension age of 50 and wish to claim your partial retirement pension benefits, you must take 100% of your 1995 Section pension benefits. This is part of the legislation published by HM Revenue & Customs (HMRC) which we are required to comply with.

If you're applying to take partial retirement before you reach your normal pension age, your pension benefits will be reduced as they are being paid early. Your normal pension age depends on which part of the Scheme you are a member of. In the:

- 1995 Section - it's 60,
- 2008 Section - it's 65,
- 2015 Scheme - it's your State Pension Age or 65, whichever is later.

Being an active member of the Scheme

To be eligible for partial retirement you must be paying pension contributions as part of your monthly salary to the HSC Pension Scheme. If you have opted out of the HSC Pension Scheme, you are not eligible to claim your pension under the partial retirement rules.

Once you have taken partial retirement, if you choose to opt out of the Scheme this will become effective from the end of your next pay period – in most cases this is at the end of the month. If you opt out of the Scheme, please remember you will no longer be entitled to ill health retirement benefits and death in service benefits you're entitled to as an active member.

You must be an active member for a minimum of at least one day after taking partial retirement.

A change in terms and conditions

Following the reduction in pensionable pay, you must have a change to your terms and conditions of employment to be eligible to partially retire. This change in terms and conditions is to reference how you've reduced your pensionable pay by 10%.

For example:

This could be by reducing the hours you work per week or remaining whole-time but reducing your commitment by moving to a position in a lower pay band.

All your other terms and conditions remain the same.

Taking partial retirement more than once

With partial retirement, you can claim pension benefits on up to two occasions before fully retiring. Fully retiring means taking a 24-hour break in your contract of employment.

You are not required to have a break in employment of 24-hours to claim your partial retirement benefits. If you have already taken partial retirement from the 2008 Section before becoming a member of the 2015 Scheme, you can only take partial retirement on one more occasion before full retirement.

Applying for partial retirement

The application process for partial retirement is the same as when you're applying to retire, with the addition of a short supplementary form that is available via our website.

You will need to complete:

- AW6 retirement benefits application form which you get from your employer if you're still working, and the
- Partial Retirement Supplementary Form

Then send these together, to your employer to finalise their sections and they'll send your application on to us.

Use the tools to help decide how much pension to take

You can take a minimum of 20% of your pension benefits and up to a maximum of 100% of your pension entitlement earned to date, whilst continuing to build up further pension entitlement.

Once you have partially retired you will continue to build up pension benefits in the 2015 Scheme.

A Partial Retirement Calculator will be available via our website. This will allow you and your employer to see how taking different percentages of your pension at partial retirement affects the amount of pension benefits you'll get overall. We recommend waiting until this calculator is available, to work out the amount of pension you want to take and the change in working arrangement that's best for you, and then apply for partial retirement.

Whilst, you can apply to take partial retirement from 01 April 2024, we will do all we can to process applications as efficiently as possible however you must be aware that due to resourcing issues we may not be in a position to calculate and pay benefits for some months. Applications that need to be backdated to a chosen retirement date will include arrears owing.

Pay protection for members who decide not to take 100% of their 1995 Section pension on partial retirement

Pensionable Pay protection remains available for members of the 2015 Scheme who retain a final salary link to benefits in the 1995 Section.

If you are eligible, you can make an application for pensionable pay protection providing your notional whole-time pay decreases because of your partial retirement. For example, if you claim a partial retirement pension and reduce your hours, you would not be eligible to apply for pay protection as the pay you would receive if you were whole-time would remain the same. However, if you stepped down roles, for example from a Band 6 role to a Band 5 role, you could make an application as the whole-time equivalent pay would change.

Abatement on partial retirement would apply to members who step back up within 12 months of taking partial retirement.

If you're affected by the McCloud ruling

As part of the McCloud ruling, affected members have had their pensionable service for the McCloud remedy period - 1 April 2015 to 31 March 2022 - put back into the 1995/2008 Section of the Scheme.

If this affects you and you take partial retirement, you'll be provided with a choice of which pension scheme you wish your service accrued during the remedy period to be attributed to, i.e. the 1995/2008 section or the 2015 scheme.

You can read more about McCloud and if you're affected on our website <https://hscpensions.hscni.net/hsc-pension-scheme/mccloud-ruling-hsc/>

Tools to use if you're affected by McCloud

A Partial Retirement Calculator will be available as soon as possible

This tool will be available at <https://hscpensions.hscni.net/hsc-pension-scheme/estimates-calculators/calculators/>

To use it you'll need to know the membership that's been used to calculate your pension benefits. This is called your pensionable service or reckonable pay depending on the Section of the Scheme and you can find it on your Annual Benefit Statement (ABS) or ask your employer.

Annual Benefit Statements (ABS) are updated each year in August, usually to the end of the most recent financial year. For example, in August 2024 updated statements are made available that are up to date to the end of March 2024.

If you plan to work longer while partially retired, 2015 Scheme benefits may be better for you for the remedy period.

The graph on the next page offers an example of a member retiring at the top of Band 7 with a normal pension age of 60 for their 1995 Section benefits and age 67 for their 2015 Scheme benefits – the equivalent of their state pension age. It shows the difference in the amount of their annual pension earned during the remedy period only, depending on which part of the Scheme they choose and the age they retire in full.

In this example, if the member chooses to work to age 63 or beyond, and does not expect a significant salary increase, 2015 Scheme benefits for the remedy period would be better. This is because in the 2015 Scheme, the amount of pension you earn is calculated based on your actual pensionable pay in that Scheme year. This amount is then increased in line with inflation plus 1.5% (known as revaluation) every year until you retire or leave the Scheme. Your final pension amount is the total of all of these revalued pots from each year of your membership added together.

If this member chooses to work to their normal pension age, in this case age 67, there are no reductions applied to their 2015 Scheme pension and they'll get late retirement increases for every year they work beyond 67.

However, if the member chooses to work to age 63 or beyond, and does expect a significant salary increase, 1995 Section benefits for the remedy period could be better. This is because unclaimed 1995 Section benefits benefit from a final salary link, and a salary increase could mean the member's pension would grow above inflation plus 1.5%.

If this member chooses to work beyond their normal pension age, in this case age 67, their pension would not continue to be revalued and would not receive late retirement increases.

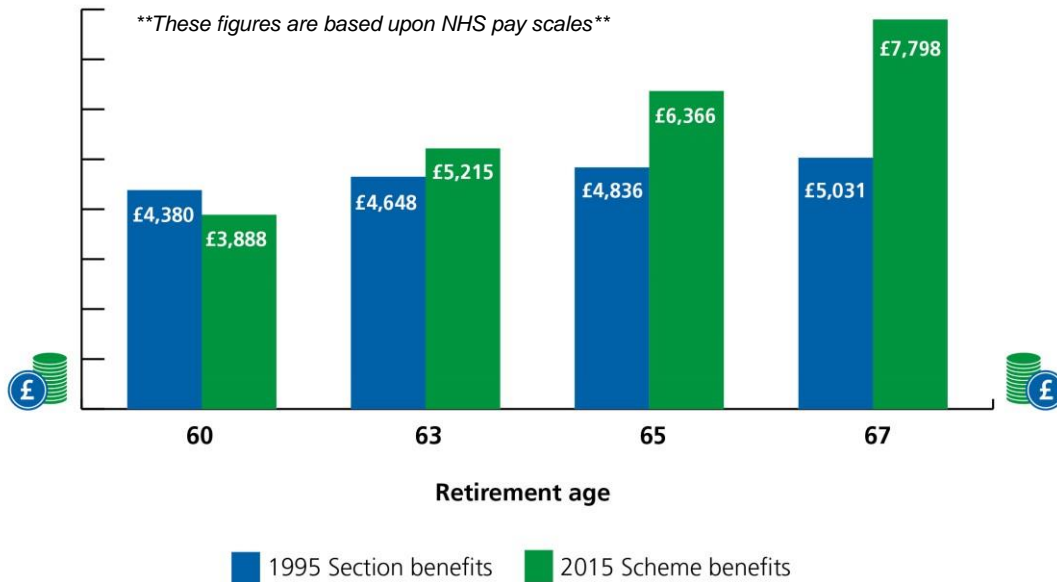
2015 Scheme benefits

- Increase each year in line with inflation, until you retire or leave the scheme
- Increase for each year worked beyond your normal pension age
- Are not linked to your final salary

1995 Section benefits

- Do not increase each year in line with inflation
- Do not receive late retirement increases for each year worked beyond your normal pension age
- Are linked to your final salary

Annual Pension Payments for the Remedy Period



The assumptions we made to produce this example are:

- A future Consumer Price Index (CPI) of 2%
- Future pay increases are equal to CPI
- The member has taken an optional lump sum in the 2015 Scheme equivalent to the automatic lump sum they'd receive with 1995 Section benefits
- The 2015 Scheme figures have been adjusted for early retirement before the member's normal pension age of 67

Members with pension benefits in more than one Section/Scheme

If you have benefits in both the 1995/2008 Section and 2015 Scheme, the percentage of benefits you apply for will be taken from your 1995/2008 Section benefits first.

When you choose to take partial retirement, your chosen percentage is applied sequentially across all your benefits in the HSC Pension Scheme. This means you effectively take or use up your 1995/2008 Scheme benefits first, before you can take any of your 2015 Scheme benefits.

A member:



A member with benefits in the 1995 Section and 2015 Scheme chooses to take 80% of their 1995 section benefits when partially retiring.

Two sets of benefits:

1995 Section pension benefits worth
= £12,000

2015 Scheme pension benefits
= £2,000

$£12,000 \times 80\% = £9,600.00$

Benefits must be used up from the 1995 Section before the member can access 2015 Scheme benefits through Partial Retirement. As the member has not used up all of their 1995 Section benefits there is £2,400 of pension benefits left in the 1995 Section and all of their pension benefits in the 2015 Scheme.

*If the member is Partially Retiring before their normal pension age for their respective scheme, actuarial reduction factors will apply.

Lump sum

If you have 1995 Section benefits, you are not able to take your lump sum from the 1995 Section separately from your pension. Taking partial retirement involves claiming a proportion of your pension and any lump sum associated with that pension.

Example:

In the example above, the member takes 80% of benefits which is £9,600 from 1995 Section benefits.

The lump sum payable for this will be $£9,600 \times 3 = \mathbf{£28,800}$

You will have the option to exchange some of your pension to provide for a lump sum (2008 Section/2015 Scheme) or an additional lump sum (1995 Section).

Members with added pension or additional years

If you have added benefits (additional pension or added years) you can choose to claim them at the same time as your partial retirement benefits.

If the amount of benefits you are wanting to take for partial retirement is more than the benefits you have in that Section or Scheme, your added benefits will automatically be payable. Your added benefits will be paid in full.

If you do not use all the benefits in the Section or Scheme when applying to take partial retirement, you can choose if you want to claim your added benefits at the same time. If you choose to take your added benefits, the added benefits must be paid in full, you cannot choose to claim part of the added benefits.

If payments for added benefits are incomplete, the amount paid will be adjusted based on the contributions paid to date.

If your added benefits are being paid before the selected end age of the purchase, a reduction factor for early payment will apply. For additional pension purchased in the 2008 Section or 2015 Scheme, late retirement factors will apply if pension benefits are claimed after normal pension age.

Maintaining your reduction in pensionable pay for 12 months

To be eligible for partial retirement, you must reduce your pensionable pay by at least 10% for the first 12 months from the date you take partial retirement.

During this time, your pay should not increase to more than 90% of your pensionable pay before you took partial retirement.

Annual HSC pay awards and contractual pay increases you receive as you move through your pay band or pay scales don't count towards this, but any pay increase resulting from a contractual change to your terms and conditions will.

For example, if you decide to apply for a different job with a higher salary, increase your hours or increase your commitments. If this causes your pay to increase to more than 90% of your pensionable pay before you took partial retirement, the pension benefits you're receiving will be stopped (abated).

To avoid any overpayments, you may need to pay back, you should inform HSC Pensions of any contractual changes to your conditions of employment which increase your pay to more than 90% of your pensionable pay before you took partial retirement.

If abatement occurs, your pension will only start to be paid again once your pensionable pay returns to 90% of your pensionable pay before you took partial retirement (or commitments for practitioner members).

The reduction in pensionable pay by 10% is only required for 12 months. After 12 months you can increase your pensionable pay without this affecting your partial retirement benefits.

How partial retirement may affect the benefits payable to dependents in the event of death

If after taking partial retirement, you were to die whilst in pensionable employment, the benefits payable to your dependents, including the lump sum, will be calculated differently for the:

- pension benefits you have not claimed as part of partial retirement and any further benefits you have accrued,

- pension benefits you have claimed as part of partial retirement.

Your lump sum on death benefit will be calculated as follows:

Type of benefit	Calculation
Pension benefits you have not claimed as part of partial retirement and any further benefits you have accrued	<p>Twice the percentage* of your reckonable pay at the date of death.</p> <p>Your reckonable pay is the average of the best three consecutive years' pensionable pay in the last 10 years of your career in the HSC.</p> <p>*The percentage used will be the percentage of benefits you did not take when taking partial retirement</p>
Pension benefits you have claimed as part of partial retirement	<p>Where the death occurs within five years of partial retirement, the lesser of either:</p> <ul style="list-style-type: none"> • five times your pension less the amount of pension already paid; or • twice the percentage amount of reckonable pay used in the calculation of your most recent partial retirement benefits, less the amount of lump sum taken.

Your adult dependent's or children's pension, if applicable:

Type of benefit	Calculation
Pension benefits you have not claimed as part of partial retirement and any further benefits, you have accrued	According to the rules for the Scheme or Section for death in pensionable employment.
Pension benefits you have claimed as part of partial retirement	According to the rules for the Scheme or Section for death after retirement.

After the short-term pension has ended your spouse or Scheme partner will receive an adult dependent's pension payable for life.

Recap of your steps for applying for partial retirement

1	Talk to your HR team about new working arrangements that mean reducing your pensionable pay by at least 10% for the 12 months after taking partial retirement.
2	Use the Partial Retirement Calculator on our website to decide what percentage of pension to take. If you're affected by McCloud and can't wait until then, use the McCloud Percentage Tool.
3	Ask your employer for the AW6 Retirement Benefits Claim Form and start your retirement application.
4	Complete the AW6 Partial Retirement Supplementary Form – attach it to your completed AW6 and send it to your employer to finalise their sections and forward your application to us for processing.
5	Start your new partial retirement working arrangement, take some of the pension benefits you've already built up and continue to add to your pension in the 2015 Scheme.

Be aware of pension scams

The Pensions Regulator has warned that pension scams are on the increase in the UK, including examples of scammers encouraging savers to withdraw cash in the form of pension benefits.

Visit [The Pensions Regulator website](#) or the government's [Money Helper service](#) for information on scams and advice for what to look out for.

We'll put more updates on our website



We'll add any new information about partial retirement to our website - find the latest information at: <https://hscpensions.hscni.net/hsc-pension-scheme/hsc-pension-members-section/partial-retirement/>

You may wish to consider the following when deciding the proportion of pension, you take:

Taking a pension or partial pension in addition to income from employment may alter your personal tax position.

If you take your benefits before the normal pension age (NPA), your benefits will be reduced. Different NPAs apply in the [1995 Section](#), [2008 Section](#) and [2015 Scheme](#). This may affect your preferences around how much pension you wish to take and when.

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