HSC Pension Service: 2015 CARE Scheme Members Guide

HSC PENSION SERVICE

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Pension Service

WELCOME

Welcome to this guide for members of the 2015 HSC Pension Scheme for Northern Ireland.

From 1 April 2015 there are two separate pension schemes covering HSC workers. This guide refers to the 2015 HSC Pension Scheme for Northern Ireland and focuses on those members who belong to this Scheme. This is all eligible workers as described in the ‘Membership and Contributions’ section of this guide.

Pension planning requires thought and up to date information to help you make decisions about your future. We hope that you find this guide useful and informative. If you have any feedback about this guide then please contact us using the details on page 30.

If you only have Pension Credit membership in the Scheme, the information in this guide may not apply. Information for Pension Credit members is available on our website at: https://hscpensions.hscni.net

How will this guide help you?

By reading this guide you should get a good idea of the benefits that this Scheme provides. It explains the Scheme’s main features and highlights where to get more information if you need it.

More detailed information is available on our website at: https://hscpensions.hscni.net/hscpensions.This includes factsheets that explain specific parts in more detail.

Membership of an HSC Pension Scheme allows you to receive tax relief on your contributions and get a tax-free lump sum, within certain limits, when you retire. Please note that pensions in payment are taxed in the same way as income.

There are limits on the amount of pension benefits you can have without incurring additional tax. More information about this can be found on our website at: https://hscpensions.hscni.net/hsc-pension- scheme/hsc-pension-members-section/annual-allowance-lifetime-allowance-2/annual- allowance/

The Small Print

This guide is intended to provide you with a general overview of the benefits provided by the 2015 HSC Pension Scheme. 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 this Scheme. Nothing in this guide can override the Regulations that 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.

You can find the most up to date version on our website at: https://hscpensions.hscni.net/hsc-pension-scheme/hsc-pension-members-section/hsc-pension schemes/hsc-pension-scheme-guides/

If you are in any doubt about how your benefits are calculated or what you may be entitled to, please contact HSC Pension Service.

Like other public sector pension schemes, the HSC Pension Service Scheme contains provisions which, in certain extreme circumstances, could result in the offsetting or forfeiture of all or part of a member's benefits.

Offsetting (a reduction in the amount of benefits payable) can be authorised if, as a result of a member's criminal, negligent or fraudulent act or omission, a loss to public funds arises out of, or in connection with, the member's employment.

Forfeiture (loss of all or part of pension rights) can be authorised where the Secretary of State is satisfied that the offence has been gravely injurious to the State or is liable to lead to serious loss of confidence in the public service.

CONTENTS

GENERAL INFORMATION

How does the 2015 HSC Pension Scheme work?

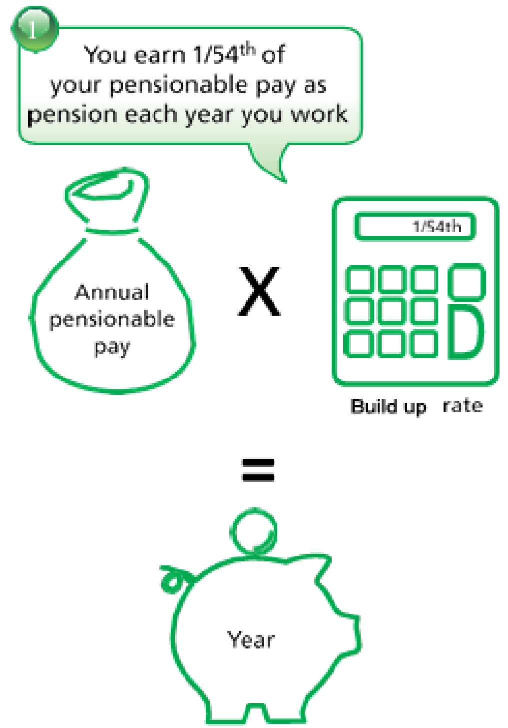
The 2015 Scheme is a **Career Average Revalued Earnings (CARE) scheme**. This is a form of defined benefit pension scheme, which means you get a guaranteed level of benefit at retirement payable according to a fixed formula. Pension benefits for all members are calculated using the same method and revaluation rate.

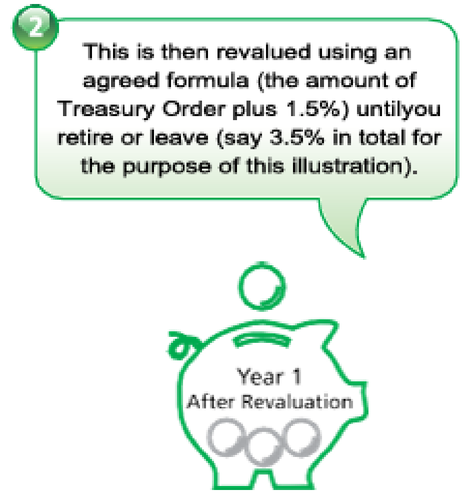
In a CARE scheme your pension is based on your pensionable pay throughout your career. The pension you earn each year is based on actual pensionable pay in that Scheme year and is increased by a method, known as revaluation, each year up to retirement or leaving. A 'Scheme year' runs from 1 April of one year to 31 March of the following year. The final pension payable is calculated by adding together the revalued pensions earned in each year of membership.

How a CARE scheme works

The diagram on the following page illustrates how the HSC Pension CARE scheme works.

CARE - how it works





For example, Tom earns £18,000
so his pension in year 1 is worked out as:
£18,000 x 1/54th = £333

The **£333** that Tom earns in **year 1** is revalued at the begining of the next year. So at the begining of **year 2**, this part of Tom's pension is increased by **£333 x 3.5% = £12** to give **£333 + £12 = £345**

Year 1 retirement pot
Tom's pot for **year 1** is worth **£640** after **20 years service**.

Annual pension at retirement
If Tom's pensionable pay rises by 4% each year, by adding all of the other years' pension pots together, he could expect a pension of **£13,422** a year after **20 years service** **(salary in year 20 = £37,923)**.

The figures used here are purely illustrative. For the purposes of illustration it has been assumed that Treasury Orders and pay rises are projected at the same levels throughout the 20 year period, but in practice they will change from year to year. The figures quoted in the above illustration have been rounded for the purpose of simplification. Actual calculations would be in pounds and pence as appropriate

Summary of the main features and benefits

Your pension builds up depending on four factors. These are:

1. Build up rate

The amount of pension you earn each year is determined by what is known as the 'build up rate' which is usually shown as a fraction of your pensionable earnings.

In this Scheme the build-up rate is 1/54th, so you earn a pension each year of 1/54th of your pensionable earnings. For example, if you earn £18,000 in a year you would earn a pension for that year of 1/54th of £18,000, which is £333 (rounded down for illustration purposes only). This is the pension you would build up for that year.

2. Annual revaluation

Your pension earned each year will be increased each year by a rate, known as 'revaluation', in the period before you retire or leave.

In this Scheme the revaluation rate is determined by Treasury Orders plus 1.5% each year. Treasury Orders are the method by which the Treasury notifies the value of the change to be applied as part of revaluation. The pension earned in a Scheme year (April to March) is revalued on 1 April of the following and each subsequent Scheme year until you retire or leave. For example, if the Treasury Order in a year was 2% then the pension would be revalued by 3.5% at the beginning of the following year. The revaluation rate may go up or down and may even be a negative amount.

If you leave this Scheme before becoming entitled to claim your retirement benefits, annual revaluation stops and is replaced at retirement by the addition of Pensions Increase. Pensions Increase is used to maintain the value of your pension against rises in the cost of living.

3. Length of Scheme membership

You can continue to build up pension rights in this Scheme until age 75 with no limit to the number of years' pensionable earnings that can be taken into account. The more years of membership you have then the greater number of annual pensions you will earn leading to a bigger overall pension.

4. Pensionable earnings

This is the amount of your income that represents your actual earnings for HSC work and is used to calculate the contributions you pay and how much pension you earn each year. If your pay goes down in any Scheme year, for example you change to a lower paid job, then the amount of pension you will earn in that year will be less than previous years. More information about what counts as pensionable earnings can be found in the next section.

What counts as pensionable earnings?

Your pensionable earnings are determined by your employment or engagement terms as shown in the table below.

Employed by:	**Pensionable earnings include:**	**Pensionable earnings excludes:**
• an HSC organisation; or • a GP surgery; or • a non-GP provider; or • a direction body; or • an Independent provider	• salary • wages • fees	• bonuses • payments to cover expenses • payments for overtime in excess of full-time equivalent hours • non-consolidated pay awards/ increases
A member who is engaged as: • a GP surgery	**Pensionable earnings:** • as set out in the GP Providers/ non-GP Providers certificate of pensionable income and other GP pension forms, see our website for further information	**Pensionable earnings exclude:** • Non-HSC income

Impact of salary sacrifice

Each year of your pensionable earnings counts separately towards the build-up of your final pension benefits. Therefore, entering into or continuing with any salary sacrifice arrangement (e.g. Childcare Vouchers, Lease Car Schemes etc.) that reduces your gross pensionable earnings will have a negative effect on the amount of pension you are able to build up in that year. The overall effect from participating in any salary sacrifice scheme would be to reduce the amount of final benefits you build. For more information please visit our website at: https://hscpensions.hscni.net/hscpensions

Annual Benefit Statements (ABS)

After the end of each Scheme year (31 March), an Annual Benefit Statement of the pension benefits you have earned will be available for you to view. This will be a standalone statement covering pension benefits only and this available online via Engage.

You can access your statement through the Engage portal at: https://mypension.hscni.net

For more information about the statements, please visit the ABS information website at: https://hscpensions.hscni.net/hsc-pension-scheme/hsc-pension-members-section/abs-rss/

MEMBERSHIP AND CONTRIBUTIONS

Eligibility to join the 2015 HSC Pension Service Scheme

This Scheme is open to any HSC workers aged between 16 and 75 who are:

- directly employed by the HSC
- medical, dental and ophthalmic practitioners and trainees
- general medical practice staff
- eligible staff of independent providers granted access to the Scheme
- eligible staff of employers granted direction or determination status by the Secretary of State
- non-general practitioner providers
- freelance locum medical practitioners.

Important

If you have previously been a member of the HSC Pension Scheme in England, Scotland or Wales or have had any previous employment which was part of a TUPE transfer to the HSC or previous membership in certain public sector schemes in the five years prior to joining this Scheme, you may be able to join the 2008 Section of the previous HSC Pension Scheme. For more information please visit our website at: https://hscpensions.hscni.net/hsc-pension scheme/hsc-pension-members-section/transferring-benefits-in-or-out-hsc/

You will not be eligible to join if you:

- are aged over 75
- only hold an honorary HSC appointment
- are not a practitioner and are employed through a General Dental Services (GDS) or Personal Dental Services (PDS) contract.
- Are in receipt of benefits from the 1995 Section of the HSC Pension Scheme (except an ill health pension and you are under age 50 when you rejoin).

Auto enrolment into the HSC Pension Scheme

The HSC Pension Scheme is the default pension scheme for HSC workers to be automatically enrolled in under government efforts to increase levels of personal pension saving in the UK.

Membership of this Scheme is voluntary but if you are eligible you will be automatically enrolled and made a member from the day you start or restart in the HSC, unless you decide to opt out after joining. This excludes freelance locum medical practitioners who need to opt to join the Scheme.

From your employer's staging date, re-enrolment date or the date you become an eligible worker your employer may automatically enrol you into this Scheme. If you are not eligible to be automatically enrolled your employer will enrol you into an Alternative Qualifying Pension Scheme.

For further information please read the Auto Enrolment section of our website at: https://hscpensions.hscni.net/hsc-pension-scheme/hsc-pension-members-section/hsc-pension schemes/hsc-autoenrollment-faqs/

Opting out of this Scheme

You can opt out of this Scheme at any time but you may be automatically re-enrolled by your employer every three years under the auto enrolment process. You can opt out by completing the application to leave the HSC Pension Scheme (SD502) form which is available to download and print from our website at: https://hscpensions.hscni.net/wpfd_file/sd502-application-to-leave-the-scheme-form/

Guidance for completion of the SD502 Form can be found at: https://hscpensions.hscni.net/hsc-pension-scheme/opting-out-or-leaving the-scheme/guide-for-completion-of-form-sd502-application-to-leave-the hsc-pension-scheme/

Before opting out of this Scheme you should carefully compare the relative cost to you and the whole package of benefits provided. If you are in HSC employment you may apply to your employer to rejoin if you continue to satisfy the eligibility conditions. You may not rejoin if you are absent from work for any reason.

Costs and Contributions

The cost of providing the HSC Pension Scheme is shared between members and employers.

As a member you pay a contribution towards your pension based upon your pensionable earnings; the more you earn, the higher your contribution rate may be. Employers pay the rest.

There are several rates of member contribution, which are set against nationally agreed full time pay rates.

Pension contributions are taken from your pay before tax so you receive tax relief on any amount you pay. This can reduce the net amount that you pay depending on your contribution rate, earnings level and personal rate of tax.

Increasing pension saving

You can increase the amount of benefits you receive at retirement by paying extra contributions. These are called Additional Voluntary Contributions or AVCs. There are different ways of doing this and each buy you different benefits.

Buying additional pension

Additional pension is a flexible way of increasing your HSC pension. Under this option you elect to buy a set amount of annual pension, which you can pay for either with a lump sum payment or by regular contributions deducted from your pay for an agreed period of time. The minimum amount of additional pension you can buy is £250 and the maximum amount is £5,000. Additional pension is protected against inflation by being index linked both before and after retirement. You can choose whether your additional pension is just for you or also provides benefits for your dependants when you die. There is a tool to calculate the cost of buying additional pension on our website at: https://hscpensions.hscni.net/hsc-pension scheme/estimates-calculators/calculators/

Group Additional Voluntary Contributions (GAVC)

You can pay lump sums or regular amounts to one, or more, of the GAVC providers selected by the Scheme managers. Contributions are invested in accordance with your wishes to build up a separate retirement fund. When you retire you use this fund to provide an additional pension for you only, or for you and your dependants. You can take some of this fund as tax free cash (25% for most people). You can also take the remaining amount as cash, subject to tax.

The HSC Group AVC providers are:

Standard Life,
Standard Life House,
30 Lothian Road,
Edinburgh,
EH1 2DH

Prudential,
Customer Service Centre,
Prudential,
Lancing,
BN15 8GB

Early Retirement Reduction Buy Out (ERRBO)

Scheme benefits are paid without reduction from your normal pension age. In this Scheme your normal pension age is the same as your State Pension Age or age 65 if later and may rise if your State Pension Age rises. A contract can be taken out by you or your employer to pay extra contributions to buy out the reduction that would otherwise apply if you claimed your benefits up to three years before your normal pension age (but not earlier than age 65). The amount of additional contributions payable depends on your age and the number of years' reduction to be bought out.

For an application to apply from the date of joining it must be received within three months of your joining date. Applications received after this time will apply from the beginning of the next Scheme year. A reduction contract cannot be taken out retrospectively for previous Scheme years. For more information please visit our website at: https://hscpensions.hscni.net/hsc-pension-scheme/hsc pension-members-section/increasing-your-benefits-additional-pension-added-years-errbo/

Important

Annual allowance (AA)

There is a maximum amount of pension saving that you can build up in any one year before incurring a tax charge. This is known as the ‘annual allowance (AA)’ and includes benefits built up in the HSC Pension Service Scheme as well as other pension savings. The annual allowance is set by HM Revenue and Customs (HMRC) and is currently £60,000. Your annual allowance may be tapered down to a lower limit from 6th April 2020 if you have a taxable income of more than £200,000 this increased to £260,000 from 6th April 2023. Your annual allowance may be lower if you have flexibly accessed any defined contribution pension provisions.

Lifetime Allowance (LTA)

There is a limit on the amount of tax free benefits you can be provided with, from the Scheme. This is known as the ‘lifetime allowance’.

From 6 April 2021 the current standard lifetime allowance is £1,073,100.00.

The lifetime allowance is set to be abolished in April 2024.

For more information please visit our website at: https://hscpensions.hscni.net/hsc-pension scheme/hsc-pension-members-section/annual-allowance-lifetime-allowance-2/

TRANSFERRING BENEFITS

You may apply to transfer your previous pension rights into this Scheme if your previous pension scheme is registered by HMRC and we receive your application within 12 months of the date you first became eligible to join this Scheme.

The transfer will buy you a pensionable earnings credit in this Scheme. This credit will normally be added to your first Scheme year's pensionable earnings and used to calculate the amount of pension built up in that year.

If the transfer is a Club transfer from a public sector CARE pension scheme, it will buy you a Club transfer earned pension. This will continue to be revalued in line with the revaluation rates in your previous scheme.

If you are considering a transfer please contact your employer who will explain what you need to do. You can download a copy of the Transfer In Guide and application pack from our website at: https://hscpensions.hscni.net/hsc-pension-scheme/hsc-pension-members section/transferring-benefits-in-or-out-hsc/

If you have worked for the NHS in England, Scotland or Wales you may be able to transfer those pension rights into the HSC Pension Service Scheme for Northern Ireland. The Scheme that the previous rights are transferred into will depend on your last membership status within the NHS Scheme and how long ago you left that Scheme.

Any pension rights transferred in will increase your HSC Pension Service benefits in accordance with the rules of the appropriate Scheme.

Important

There are additional time limits that must be met in respect of transfers between 'Club' schemes. More information can be found in the Transfer In Guide and application pack.

If you have been a member of the NHS Pension Scheme in England, Scotland or Wales, it is important to note that your benefits will not transfer automatically to this Scheme. You must apply in writing to HSC Pension Service for a transfer to be made.

LEAVING THE SCHEME

Leaving early

This Scheme provides a number of options for those who leave or opt out before retirement.

The table below explains which option are available to you if you do not intend to return to HSC Pension Service employment:

Option	Less than two years' membership when you leave*	At least two years' membership when you leave
Leave your benefits in this Scheme and take a deferred pension	No, unless you have transferred in a personal pension	Yes
Transfer the value of your benefits to another HMRC registered pension arrangement subject to satisfying time limits	Yes, if you are under normal pension age; and you joined your new pension arrangement within 12 months; and you apply for the transfer within 12 months of joining your new arrangement	Yes, if under normal pension age but only to another occupational pension scheme that provides defined benefits
Refund of your contributions, less tax and National Insurance contributions	Yes, if under normal pension age and you have no transferred a personal pension into the Scheme	No

*If you were a member of the 1995/2008 Scheme before moving to the 2015 Scheme, your 1995/2008 Scheme membership will be linked to your 2015 Scheme membership to determine whether, in total, you have more than two years' membership.

Important

If you leave and then rejoin the Scheme without a break of more than five years and have not received a refund or transferred the value of your benefits, your new period of contributions will link with your previous period. The benefits you built up before leaving will be revalued for each year of the break using the appropriate revaluation rate (please see page 7 for more details). This applies regardless of how long your previous period in the Scheme had been.

Transferring your pension benefits out of this Scheme

If you leave the HSC or leave this Scheme, you may be able to transfer your HSC benefits to another registered pension scheme before you reach your normal pension age as set out in the table on the previous page.

A transfer payment is worked out by converting the value of your pension rights to a current cash equivalent value. This is done using factors supplied by the Scheme actuary in relation to your age at the date of calculation.

There are additional time limits that must be met in respect of transfer between 'Club' schemes. A member may contact HSC Pension Service direct and request a transfer of pension benefits, however we advise that they ask their new pension provider or advisor to contact us on their behalf. More information can be found in the Transfer Out Guide.

Taking a refund

Taking a refund of your own contributions is usually the least beneficial outcome for you compared with long term pension provision. This Scheme provides for linking periods of contributions separated by breaks of five years or less, so you may prefer to delay claiming a refund until you have a firmer idea of your future intentions.

If you have less than two years' membership (including any linking membership in the 1995/2008 Scheme prior to moving to the 2015 Scheme) you may be able to have your own contributions refunded, less Income Tax. You will not be entitled to claim a refund if:

- you are over normal pension age as you will be entitled to pension benefits
- you are in receipt of a 1995 or 2008 Section pension but have not reached normal pension age for the 2015 Scheme. In this case your 2015 pension benefits will be deferred until you reach your normal pension age or will be reduced if claimed early
- you have transferred in the value of benefits from a personal pension arrangement. In this case your pension benefits will be deferred until you reach your normal pension age or will be reduced if claimed earlier.

Further information

For more information please read the Options on Leaving and Transferring Out of the Scheme available on our website at: https://hscpensions.hscni.net/hsc-pension scheme/hsc-pension-members-section/transferring-benefits-in-or-out-hsc/

REJOINING THE SCHEME

Rejoining this Scheme before retirement

If you rejoin this Scheme with a break of five years or less, your previous period of contributions will link with your current period and the pension rights you built up before the break will receive full in-scheme revaluation for each Scheme year during the break. This is determined by Consumer Prices Index of 1.5%.

If you rejoin this Scheme with a break of more than five years, your previous period of contributions will not link and your benefits for the earlier period will be calculated separately. Only your new period of benefits will receive in-scheme revaluation as described above. On retirement the earlier period of benefits will be revalued from the date the break began by the application of Pensions Increase.

Rejoining this Scheme after retirement

Members are eligible to rejoin this Scheme, after drawing their 2015 Scheme pension benefits, up to the maximum age limit of 75, and build a separate pension from that in payment.

If you were previously a member of the 1995/2008 Scheme and have claimed or intend to claim benefits from that Scheme, please read the information for members with benefits in both the 1995/2008 Scheme and the 2015 Scheme available on our website at:
https://hscpensions.hscni.net/hsc-pension-scheme/pensioners-2/re-employment/

RETIREMENT

Normal pension age

The normal pension age is the age that you can retire from HSC employment and have your pension paid without reduction for early payment.

In this Scheme, your normal pension age is the same as your State Pension Age or age 65, if that is later.

You can calculate your personal State Pension Age by using the calculator available at: www.nidirect.gov.uk/articles/check-your-state-pension-age

You may choose to retire from work before your normal pension age, but on or after your minimum pension age (currently age 55). If you do this your benefits will be reduced because they will be paid earlier and for longer than if you had retired at your normal pension age. Further details on this are included in the early retirement part of this guide on page 19.

Taking your benefits

This Scheme offers flexibility around retirement and you can choose to take part or all of your benefits between ages 55 and 75. If you wish to take all of your benefits you must end your contract of employment/for services and not return for 24 hours. A summary of the options open to you are:

Before normal pension age

You may take some (known as 'drawdown') or all of your pension benefits after reaching minimum pension age. The benefits will be reduced because they are being taken earlier and for longer than if you had retired at your Normal Pension Age. You can continue to build further benefits whilst you continue in or return to HSC employment.

At normal pension age

If you take some (known as 'drawdown') or all of your benefits at normal pension age, they will be paid in full. You can continue in, or return to, HSC employment.

After normal pension age

Any benefits taken one month or more after your normal pension age will be increased to take account that they are being paid later than your normal pension age. A table of the current uplift factors can be found on our website at: https://hscpensions.hscni.net/hsc-pension scheme/pensioners-2/. You can continue to build up further benefits whilst you continue in, or return to, HSC employment.

Important

At age 75 you must claim all your untaken benefits and cease membership of the Scheme.

Benefits at retirement

This part of the guide describes the benefits that you can expect to receive from this Scheme when you choose to retire.

Retirement pension

The total value of the pension benefits built up and revalued whilst you have contributed to this Scheme, as described in this guide, will be payable.

Lump sum (pension commutation)

You may be able to exchange some of your pension for a tax-free lump sum within certain limits. You will receive £12 of lump sum for every £1 of pension you give up.

It may be possible to take up to a maximum tax-free lump sum of 25% of the capital value of your benefits to be paid. (The capital value is the value placed on your HSC Pension Service Scheme benefits by HMRC and is calculated by multiplying the pension payable by 20 and adding any lump sum to be paid). The amount of tax-free lump sum you can take is governed by a limit set by HMRC.

The actual amount of tax-free lump sum available may be:

- higher if you hold certain types of HMRC protection; or
- lower if you already have benefits in payment.

You cannot give up pension to provide a lump sum that would cause you to exceed HMRC's tax free limit and have an unauthorised payment. Unauthorised payments are payments which are not authorised under HMRC's lifetime allowance legislation and which, when made, generate an unauthorised payment tax charge on the recipient of the payment.

Partial Retirement (known as 'Draw Down')

If you reduce your pensionable earnings by at least 10% and you have reached the minimum pension age of 55, you may partially retire and take some of your benefits. You can take a minimum of 20% (or any minimum amount set by HMRC) and a maximum of 80% of your own pension entitlement and continue to build up future pension rights.

The benefits would be reduced if they are paid before your normal pension age. Your pensionable earnings must remain reduced for at least a year otherwise you will cease to be eligible for the pension that you have taken. You can draw down your benefits twice before retiring completely. You do not need to take a 24-hour break to claim partial retirement benefits.

Early retirement

Early retirement Pension

You may claim payment of your pension before your normal pension age if you meet all of the following criteria:

- have reached normal minimum pension age (currently age 55) but not yet reached normal pension age
- have been in the Scheme long enough to qualify for pension benefits (currently two years)
- have ceased all HSC employment.

An early retirement pension is reduced because it is being paid early and for longer than if you retired at your normal pension age. The amount of the reduction depends on how many years before normal pension age the pension is being claimed and is applied to the pension before commutation (the exchange of some pension for a lump sum).

Important

Where an ERRBO has been bought, the payment of additional contributions will be taken into account before the application of the early retirement reduction. See the 'increasing pension saving' section of this guide on page 12.

Premature retirement on redundancy

If you are retired prematurely because of redundancy your benefits may be paid immediately. You must have:

- at least two years qualifying service
- reached the minimum pension age
- two years' continuous employment
- contractual terms and conditions which entitle you to claim the redundancy pension as an alternative to receiving, either in whole or in part, the cash redundancy payment from your employer.

If you are made redundant after the minimum pension age you may choose to take your redundancy payment and have your pension paid at normal pension age, or take your pension benefits immediately. Whether your benefits will be unreduced or partially reduced will depend on your contractual terms and conditions.

If you choose to take your pension immediately your employer will use your redundancy payment to meet any additional costs that arise, paying the balance (if any) to you.

Where the amount of the redundancy payment is sufficient to meet the additional costs, your benefits will be paid in full.

Where the amount of the redundancy payment is not sufficient to meet the total additional cost of unreduced benefits, your employer will pay any shortfall if your contractual terms and conditions provide for this.

Where your contractual terms and conditions do not provide for your employer to pay any shortfall you will have the option to:

- pay the shortfall yourself and receive all of your benefits unreduced;
- pay part of the shortfall yourself and avoid the early retirement reduction in part; or
- make no top up payment yourself and receive benefits which are in part unreduced and part reduced.

Premature retirement in the interests of efficiency

If you are retired prematurely in the interests of the efficiency of the service your benefits may be paid without reduction and your employer will meet the cost of paying the pension early. To qualify you must have:

- reached the minimum pension age
- at least two years qualifying service
- at least two years' continuous employment with the employer who is prematurely retiring you.

More than one job in the HSC

If you are retiring on redundancy or in the interests of the efficiency of the service and you have more than one job in the HSC, you may either:

- take your benefits in respect of all your pensionable HSC jobs. If you do this, you must leave all your jobs for at least one day; or
- take your benefits only in respect of the employment from which you are retiring prematurely.

In either case you can remain in or rejoin this Scheme if you continue or subsequently return to HSC employment.

Further information
Further details on premature retirement can be found on our website at:
https://hscpensions.hscni.net/hsc-pension-scheme/hsc-pension-members-section/retirement/

Allocation

If you are in good health you can choose to allocate (give up) part of your own pension to provide a bigger pension for any dependant when you die. This allocation can be to a spouse, civil partner, qualifying partner, or in certain circumstances, a child. The allocation must be made before you retire and you cannot reverse this decision once it is made. Please read the Allocation segment, before completing the application form. This can be found in Section 9 of our website at: https://hscpensions.hscni.net/hsc pension-scheme/hsc-pension-members-section/hsc-pension-schemes/hsc-pension-scheme guides/section-9-benefits/

The State Pension Scheme and other pension schemes

This Scheme is completely separate from State Pension arrangements or any other pension schemes you may be a member of. This means that you will normally get a separate State Pension as well as your HSC Pension.

The State Pension Scheme changed to a single tier system from 6 April 2016. These changes will only apply to you if you reach your State Pension Age on or after 6 April 2016.

This change will not affect your HSC pension. You will continue to pay contributions to this Scheme based on your tiered contribution rates and earn a pension as explained in this guide.

Before 6 April 2016 the State Pension scheme had two tiers: the basic State Pension and the additional State Pension. Scheme members paid a lower rate of National Insurance contributions because they contributed to this Scheme instead of the additional State Pension. This is known as contracting out.

The introduction of a single tiered State Pension meant that contracting out ended and members no longer pay a lower rate of National Insurance. This may have an impact on your take home pay.

If you have arranged your own personal pension, or have pensions from other employment, these are payable as well as your pension from this Scheme but it is up to you to choose when you take these.

Because of pension tax legislation, you may need to tell us about these pension arrangements including any that are already in payment, when you come to retire.

Applying for your benefits

Your pension will usually be paid monthly for the rest of your life. HSC Pension Service benefits are protected against inflation by the application of Pensions Increase (PI) linked to a measure set by the government. This means that they may increase each year, in April, for as long as they are being paid. In your first year of retirement a part year increase may apply.

When you are retiring you need to apply for your benefits using a form available from your employer. To ensure that you receive your benefits on time this should be completed at least four months before your intended retirement date.

Claiming deferred pension benefit

A deferred pension is a pension which is not in payment and is not being added to through active scheme membership.

If you have deferred pension benefits in this Scheme, these will usually be paid at your normal pension age provided you are not in HSC employment. To claim these benefits you will need to complete the deferred benefits claim form (AW6P) which is available to download and print from our website at: https://hscpensions.hscni.net/wpfd_file/aw6p-pension-application-for-preserved members/

ILLNESS, LIFE ASSURANCE AND FAMILY BENEFITS

Ill health retirement

If you have at least two years' membership and are too ill to work in your present job you may be able to retire early and take your pension benefits. There are two tiers of ill health retirement and the benefits you get will depend on whether or not you are capable of undertaking employment elsewhere, see table below. The minimum pension age does not apply in the case of ill health retirement. Ill health pensions may be increased each April by the application of Pensions Increase linked to a measure set by the government.

It may be possible to move between the tiers after retirement where our medical advisers indicate your condition may meet Tier 2 requirements within three years of retiring.

If you are terminally ill you may take your benefits immediately as a serious ill health lump sum.

Your benefits may be reduced or withdrawn if you take up further employment after retiring early due to ill health. You may apply to be considered for ill health early retirement by completing the consideration of entitlement to ill health retirement benefits (AW33) form which you can get from your employer.

If you are a deferred member and you become too ill to undertake regular employment you may apply to take your pension early without reduction. Your benefits will not be enhanced. The consideration of entitlement for early payment of deferred benefits due to ill health (AW240) form is available to download from our website at: https://hscpensions.hscni.net/wpfd_file/aw240-application-for consideration-for-ill-health-retirement-for-recent-leavers-and-deferred-scheme-members/. Do not delay completing and returning this form as that may affect the date from which we can pay the benefits.

Further information
Further details about ill health retirement and examples of how it will be calculated can be found on our website at: https://hscpensions.hscni.net/hsc-pension-scheme/hsc-pension-members- section/ill-health-retirement/

Ill health retirement tiers

	Definition	Entitlement
Tier 1	Unable to do current job due to permanent ill health.	Pension already earned paid without reduction.
Tier 2	Unable to carry out regular employment of like duration to HSC employment up to your normal pension age due to permanent ill health.	Tier 1 plus the 'tier 2 addition' which is pro rata enhancement based on 1/2 of prospective pension to normal pension age.

Important

Your ill health retirement benefits may be affected by HMRC's annual allowance legislation. If you are accepted for Tier 2 this does not mean you will meet HMRC's Serious Ill Health Condition; a separate test will be undertaken. You can get more information about this on our website at: https://hscpensions.hscni.net/hsc-pension-scheme/hsc-pension-members section/ill-health-retirement/

Serious ill-health lump sum

If you become terminally ill you may be able to take your benefits immediately as a lump sum, subject to certain HMRC conditions, and they will not be tested against the annual allowance limits. To claim a serious ill health lump sum, you will need to complete the application to commute ill health retirement benefits (AW34A) form, available from your employer. Your application will be subject to acceptance by the Scheme's medical advisors.

If you are age 75 or over the serious ill health lump sum will be subject to a serious ill health lump sum charge of 45%, payable by the member. This tax charge is deducted from the lump sum before payment.

Life assurance and family benefits

This Scheme provides lump sum and pension benefits to eligible dependants in the event of your death. The benefits payable will depend on your circumstances at the time of your death (these are listed on page 27).

Lump sum on death benefit nomination

Important

HMRC has strict rules concerning the payment of the lump sum on death benefit. The lump sum on death benefit must be paid within two years of the member's death first being notified to us.

After two years the lump sum will be subject to a HMRC tax charge of up to 45%.

HSC Pension Service has no discretion and must deduct this tax charge from the lump sum payment.

If you die after reaching age 75 the lump sum is subject to a special lump sum death benefit charge of 45% if paid to an organisation or the marginal tax rate of the recipient. This tax charge is deducted from the lump sum before payment.

Payments of dependants' pensions

These are payable to your dependant (spouse, civil partner, qualifying Scheme partner or dependent child) from the date of your death. If you are not in a legally recognised relationship, there are criteria that must be met for your nominated partner to qualify for benefits and these will be checked in the event of your death. A partner nomination form to nominate a non-legal partner can be downloaded from our website at: https://hscpensions.hscni.net/wpfd_file/pn1-partner-nomination-form/

Important

It is important that you keep your nominations up to date to ensure that your benefits are paid as swiftly as possible to who you want to receive them. Forms are available on our website for you to nominate who you wish to receive any lump sum and also to register your partner for a pension at: https://hscpensions.hscni.net/hsc-pension scheme/scheme-forms/

Adult dependant's pension

An adult dependant's pension is payable for life to an eligible spouse, civil partner or qualifying Scheme partner. More information is given on page 27.

Children's pensions

Children's pensions are payable for an eligible child or children until the age of 23. If the child remains unable to earn a living due to a condition which existed both at your retirement and at the date of your death, the children's pension can be paid indefinitely. More information is given on page 28.

Benefits payable

The following tables show the benefits that are payable from the 2015 Scheme.

Benefit	Death in pensionable membership	Death of a pensioner member	Death with deferred pension	Death of a recent leaver with less than two years' qualifying membership[1]
Lump Sum on death	The higher of: 2 x the relevant earnings in the last 12 months of pensionable service or 2 x the revalued[2] pensionable earnings for the Scheme year, up to 10 years earlier, with the highest revalued pensionable earnings	The lesser of: 5 x annual pension amount less pension already paid; or 2 x the lump sum payable had they been an active member on the date of death less any retirement lump sum (commutation) already taken	2.025 x the annual pension the member would have received had they retired on the date of death	2.025 x the annual pension the member would have received had they retired on the date of death
Adult dependant's pension (at least two years membership)	Either: 33.75% of the notional[7] tier 2 Ill Health pension if under normal pension age at date of death; or 33.75% of the notional Age pension if over normal pension age at date of death Plus, a short-term pension equal to the rate of pensionable earnings[4] for the first 6 months	A continuing adult dependant's pension of 33.75% of the member's pension in payment[2] Plus, a short-term pension equal to the rate of the member's pension in payment for the first 3 months or 6 months if there is at least one eligible dependent child	A continuing adult dependant's pension of either: 33.75% of the notional[7] tier 2 Ill Health pension if date of death within 12 months of leaving; or 33.75% of the notional[7] Age pension if date of death more than 12 months after leaving No short-term pension is payable	Not pension is payable

Adult dependant's pension (less than two years member ship and under normal pension age)	A short-term pension equal to the rate of pensionable earnings[4] for 6 months.	Not applicable	Not applicable	No pension is payable
Adult dependant's pension (less than two years membership and over normal pension age)	A continuing adult dependant's pension of 33.75% of the notional[7] Age pension Plus, a short-term pension equal to the rate of pensionable earnings[4] for the first 6 months	Not applicable	Not applicable	Not applicable
Children's pension	1A children's pension of 16.875% of the notional[7] tier 2 ill health pension[8] for 1 child (33.75% shared equally for two or more children)[5] A short-term pension equal to the rate of pensionable earnings[4] may be payable for the first 3 or 6 months[6]	A children's pension of 16.875% of the pension[8] in payment for 1 child (33.75% shared equally for two or more children)[5] A short-term pension equal to the rate of pension paid may be payable for the first 3 or 6 months[6]	A children's pension of either 18.75% of the notional[7] tier 2 ill health pension[8] if date of death within 12 months of leaving for 1 child (37.5% shared equally for two or more children); or A children's pension of 18.75% of the Age pension[8] where date of death is more than 12 months after leaving for 1 child (37.5% shared equally for two or more children) No short-term pension is payable	A children's pension of 18.75% of the notional[7] tier 2 ill health pension[8] (37.5% shared equally for two or more children)[4] No short-term pension is payable

The table above does not include re-employed pensioner and partial retirement pensioner members

1. A member who dies within 12 months of leaving the Scheme who did not build up enough pensionable membership to qualify for pension benefits
2. Earnings are revalued by the equivalent of Pensions Increase (PI). PI is applied up until, the later of, the day on which the member dies or their pensionable membership ends
3. Will not include any additional pension being paid unless dependants' cover has been purchased with it.
4. If the member was in a practitioner or non-GP provider employment, it is the rate of pensionable earnings during the last complete quarter before the member's death.
5. Higher rates may be payable if there is no adult dependant's pension payable.
6. Three months where the child is not dependent on the adult receiving the adult dependant's pension or six months where there is no adult dependant's pension payable; otherwise no short-term pension is payable.
7. A 'notional' pension is the amount that would have been payable as at the member's date of death.
8. The pension will be based on a minimum of 10 years pensionable membership.

The lump sum on death benefit must be paid within two years of the date upon which the Scheme Administrator was first notified of the member's death otherwise it will be subject to a HMRC tax charge of up to 45%. HSC Pension Service has no discretion and must deduct this tax charge from the lump sum payment. If you bought additional pension with dependants cover there will be extra benefits payable. More information is available on our website: https://hscpensions.hscni.net/hsc-pension-scheme/hsc pension-members-section/increasing-your-benefits-additional-pension-added-years-errbo/

Bank staff and freelance GP Locums

Bank staff or a freelance GP locum is regarded as being in pensionable service if they are at work and paying into the Scheme. A bank worker or freelance GP locum who is available for work but who is not actually at work when they die is not covered for 'death in service' benefits.

For example, if they are contracted to work 9am to 5pm, Monday, Tuesday, and Wednesday they are covered for 'death in service' benefits upon joining the Scheme from 9am Monday until midnight on Wednesday. But, if they were to die on the Thursday, regardless of whether they were due to return to work the following Monday, they would not be regarded as being in pensionable employment and not eligible for 'death in service' benefits.

Instead, the Scheme would pay death benefits as if they had died within 12 months of leaving pensionable employment.

Further information

Further details can be found on our website at: https://hscpensions.hscni.net/hsc-pension scheme/pracitioners/locums/

HELP AND GENERAL INFORMATION

HSC Pension Service contact details

You can contact us at:

HSC Pension Service
Orchard House,
40 Foyle Street, Derry,
BT48 6AT
Telephone: 02871 319 111
Website: https://hscpensions.hscni.net
Email: **hscpensions@hscni.net**

If you live outside the United Kingdom the telephone number is 0044 2871 319 111. The phoneline is open from 10am to 12pm, Monday to Thursday. We are closed on Public Holidays.

Our member newsletter also provides important news and information about the Scheme. Please scan the QR code to view.

Further information

For information about our complaints and disputes procedure please go to:

https://hscpensions.hscni.net/hsc-pension-scheme/hsc-pension-members-section/hsc-pension- schemes/hsc-pension-scheme-guides/section-11-complaints-and-disputes/

How we used your information

The Business Services Organisation Authority – HSC Pension Service will use the information provided for administering your HSC Pension Service Scheme membership and processing payment of your HSC Pension Service benefits. We may share your information to administer and pay your HSC Pension Service, enable us to prevent and detect fraud and mistakes, for debt collection purposes, or as required by law. For more information about who we share your information with and how long we keep your personal data and your rights, please visit our website at: https://hscpensions.hscni.net/privacy-policy-2/

Notice about data given to HSC Pension Service

We have a duty to protect the public funds we administer. To this end we may use the information provided to us for the prevention and detection of fraud and share it with other bodies administering public funds solely for the reasons below:

- no pensions are being paid to persons who are deceased
- occupational pension income is being declared by housing benefit claimant
- re-entry to HSC employment is disclosed.

While the main purpose of these exercises is the detection of fraud, the exercises help ensure the best use of public funds.

Some general points

Scheme rules

The rules of the HSC Pension Service Scheme are laid down in regulations agreed by Parliament. They are the Health & Service Care Pension Scheme Regulations 2016. You can view these on our website at:
https://www.legislation.gov.uk/nisr?title=health%20service%20pensions

This Scheme is 'registered' under the Finance Act 2004. The Pension Scheme Tax Reference (PSTR) number is 00821581RY.

This Scheme was contracted out of the State Second Pension Scheme (S2P) under the Pensions Act 1995 until 5 April 2016.

Scheme Administrator

The Scheme Administrator is the HSC Business Services Authority, a Special Health Authority. You can contact the Scheme Administrator using the contact details on page 30 of this guide.

Pension Scheme Fund

The HSC Pension Service Scheme does not have an invested pension fund as per private sector pensions, but as a statutory scheme, benefits are fully guaranteed by the government.

Contributions from both members and employers are paid to the Exchequer, which meets the cost of Scheme benefits.

Independent financial advice

If you are in any doubt which pension arrangements will be the best for you, you should seek financial advice.

Under the Financial Services and Markets Act of 2000, all financial advisers have to decide whether to be 'independent' or 'restricted'.

A financial adviser who is 'independent' can offer a range of financial services and products from across the entire market, whereas a financial adviser who is 'restricted' can only offer the products from one or a series of companies.

Before you ask for advice, make sure you know which type of adviser you are dealing with. Most financial advisers will charge for their advice.

Your employer may be able to help you find a source of independent financial advice or you can use the contacts below to obtain a list of local companies.

IFA Promotions Limited - www.unbiased.co.uk

The Personal Finance Society - www.findanadviser.org

It is advisable to check that any company you choose is authorised with the:

Financial Conduct Authority
12 Endeavour Square
London
E20 1JN
United Kingdom

Telephone: 020 7066 1000 or visit their website: www.fca.org.uk