

STRICTLY PRIVATE AND CONFIDENTIAL

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SB Number:SB/123456/N



your pension
CHOICE

Your Pension Choice Statement

A personalised statement of the
choice available to you

Your Pension Choice is required by 31 January 2010




What's inside?

Your benefit estimates

Your Pension Choice Form

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Important:

Throughout this statement and other choice material, we have used the following definitions to identify the different pension arrangements you are being asked to make a decision on.

The 1995 section this is the section of the HSC Pension Scheme you are currently a member of, even if you joined before 1995.

The 2008 section this is a new section of the HSC Pension Scheme that you have a choice to join during this exercise, which was introduced in April 2008.

For more information about the differences between these arrangements, please see 'Your Pension Choice Guide' and watch the DVD.

Your Pension Choice

Why are we sending you this statement?

The HSC Pension Scheme (the Scheme) changed on 1 April 2008. Staff joining the HSC for the first time after this date became members of the 2008 section of the Scheme with a normal retirement age of 65.

Staff who were members of the Scheme before 1 April 2008 continued as members of the 1995 section of the Scheme with a normal retirement age of 60. It has been agreed that these members of staff should be given an opportunity to join the 2008 section and transfer all their current membership and benefits. The benefits in the 2008 section may suit some HSC staff better than the 1995 section.

Please take time to read this statement which provides you with information about the benefits you could receive from the 1995 section of the Scheme compared to the 2008 section of the Scheme. To help you to decide what choice to make, you need to read this statement carefully together with the Choice Guide, and watch the DVD enclosed with this pack. This is an important decision and you need to consider a number of lifestyle issues. You should consider what you expect your pension to provide for you and your dependants. You should then be able to base your choice on which option most closely matches what you want.

Once you have made your choice, you need to fill in the Your Pension Choice Form attached to this statement and return it no later than 31 January 2010. If you do not make a choice by 31 January 2010, you will stay in the 1995 section. This is a one-off exercise and if you choose to transfer to the 2008 section, you will not be able to change your mind in the future. Or, if you decide to stay in the 1995 section you will lose the right to transfer to the 2008 section on the terms that apply for the Choice exercise.

Want to know more?

There is a dedicated area of our website which has further information, guides and factsheets and an online calculator to help you see what each section has to offer you. Visit www.hscpensions.hscni.net/choice.htm

The Pensions Advisory Service (TPAS) is an independent non-profit organisation that provides free general information and guidance on pension schemes. You can contact TPAS by ringing them on 0845 601 2923 or by email at enquiries@pensionsadvisoryservice.org.uk. You can also visit their website www.pensionsadvisoryservice.org.uk. You may also want to speak to family members before you make your decision. Remember, it's your pension. It's your choice.

Yours sincerely



David Bingham, Chief Executive. Business Services Organisation

Your choice – a comparison

The table below compares the main benefits and features of the different sections of the Scheme.

Benefit or feature	The 1995 section	The 2008 section
Normal pension age	60 (55 for special classes – see note 1).	65.
Minimum pension age for early retirement	50 (see note 2).	55.
The pay used to work out your benefits	The best of the last three years' pensionable pay.	The yearly average of the best three-year period's pensionable pay in the last 10 years, re-valued by RPI.
The way you earn your pension	1/80 of pensionable pay for each year or part year of membership.	1/60 of pensionable pay for each year or part year of membership.
Retirement lump sum	3/80 of pensionable pay for each year or part year of membership.	A minimum lump sum of 3/80 of your pensionable pay for all your membership up to 31 March 2008 when you transfer. This is paid for by giving up part of your pension. You have to give up £1 of pension a year for every £12 of lump sum.
Flexible retirement options	You can only take your benefits when you retire.	You can take part, or all of your pension and continue to work.
Late retirement	If you take your pension after age 60, it will be based on your pay and membership at the time you leave.	If you take your pension after age 65, it will be based on your pay and membership at the time you leave. Your pension earned before age 65 will be increased to allow for it being paid later.

Added years option	This facility was withdrawn with effect from 1 April 2008 but members who currently have added years contracts can continue to pay for additional membership.	Not available.
Survivor benefits	<p>A pension based on your pay and membership (see note 3) may be paid to your dependants when you die.</p> <p>A lump sum of two times your pensionable pay may also be paid.</p>	<p>A pension based on your pay and membership may be paid to your dependants when you die.</p> <p>A lump sum of two times your pensionable pay may also be paid.</p>
Special retirement rights	Members with special class or Medical Health Officer status can retire from age 55 without having their benefits reduced.	No special retirement rights.
Earnings cap	The earnings cap applies to members who joined the Scheme on or after 1 June 1989 for membership and earnings up to 1 April 2008. The cap for 2007/2008 was £112,800 a year.	The earnings cap does not apply to any future pension you earn but will apply to any capped benefits you transfer across from the 1995 section.

Notes

1. Special class status applies to certain groups of members who have a right to retire from age 55 without a reduction to their benefits, although certain conditions apply.
2. From 2010, this will change to age 55 for those members who joined after 6 April 2006.
3. Some dependants' benefits are only based on membership since 6 April 1988 – for more information, see 'Your Pension Choice Guide'.

Background to your benefit estimates

On the following two pages, we have provided you with estimates of your pension and lump sum at three dates:

- **31 March 2008** (the day before the 2008 section came into place) – so you can see the benefits you have earned up to that point in the 1995 section.
- **Your 60th birthday** – so you can see what pension you might get from either section of the Scheme if you chose to retire at age 60. This has been based on your current pensionable pay and membership to your 60th birthday.
- **Your 65th birthday** – so you can see what pension you might get from either section if you chose to retire at age 65. This has been based on your current pensionable pay and membership to your 65th birthday.

Please note if you have special class or Mental Health Officer (MHO) status and you transfer to the 2008 section you will lose any rights you may have to retire at age 55 without a reduction in your pension. Please refer to page 14 of Your Pension Choice Guide if you think this may affect you.



Important:

We have provided the estimated figures in the forecasts to show you the different values of benefits at certain ages and help you make your decision, but they are not the only things that you should consider. There are also personal issues to consider, such as the age you plan to retire, whether you are thinking about changing your working hours in the future, and your relationship status, both now and in the coming years.

Where we can we have used the latest earnings from your employer to produce these estimates and we have applied the regulations of the relevant sections of the Scheme. However, the process has been simplified to provide you with information to make an informed decision. As a result, the actual benefits you receive when you leave or retire will be different from those shown. Any differences between the data we show and your own records will not affect these comparisons.

With this statement you should have received a booklet called 'Your Pension Choice Guide'. This provides extra information to help you make your decision.

Converting your membership to the 2008 section - 'conversion factor'

As you will be under 60 on 1 October 2009 you will get the same amount of membership in the 2008 section as you had in the 1995 section.

The membership you earn from 1 April 2008 will be the same in both sections no matter what your age is.

State pension age

Your state pension age is another important factor to consider in making your choice. The state pension age is changing for some people. Based on your date of birth and your gender, you will reach state pension age on 21 March 2022. You will be 65 years old.

Survivors' benefits

In both sections of the Scheme there is an option for benefits to be paid to your dependants if you die while working for the HSC. The amounts due are based on your relationship status and are worked out using your membership and pensionable pay. A lump sum of twice your pensionable pay is normally paid and you can nominate who you would like to receive this. There may also be a survivor's pension paid to your husband, wife, registered civil partner or nominated partner. The benefits paid can be different in the 1995 section and the 2008 section. See Your Pension Choice Guide for more details.



Your benefit estimates

Your estimated benefits are personal to you and have been worked out using the information given in the table below.

This information has been gathered for the purposes of the choice exercise only. If any of the information we have used differs from your own records you can use a pension calculator which has been produced to allow you to input your details and obtain estimated figures based on information that you have. The modeller can be found by visiting www.hscpensions.hscni.net/choice.htm

We have used the following information to calculate your estimates:

Your membership at 31 March 2008	18 years	(see note 1)
Your pensionable pay at 31 March 2008	£20,500 a year	(see note 2)
Your calendar service at 31 March 2008	12 years	(see note 5)
Your age at 1 October 2009	52	
Membership available to transfer to the 2008 section	12 years	



The notes we refer to here are on page 10.

Your benefit estimates at 31 March 2008

This is the amount you have earned so far.

At 31 March 2008 we estimate your benefits were as follows:

	1995 section
Pension (see note 4)	£3,075 a year
Lump sum (see note 3)	£9,225

Your benefit estimates at age 60

This includes forecasts of your membership.

If you retire at age 60 we estimate your benefits would be as follows:

	1995 section	2008 section
Pension (see note 4)	£5,125 a year	£4,398.62 a year
Lump sum (see note 3)	£15,375	£9,225

If you retire from the 2008 section at age 60 your pension is reduced to allow for it being paid five years earlier than the 2008 section's normal pension age of 65. The figure in the table above shows the reduced pension.

If you have special class or MHO status and transfer to the 2008 section, you will lose this status. If you still retired at age 55 your pension would be reduced to allow for it being paid ten years earlier than the 2008 section's normal pension age of 65.

Your benefit estimates at age 65

This includes forecasts of your membership.

If you retire at age 65 we estimate your benefits would be as follows:

	1995 section	2008 section
Pension (see note 4)	£6,406.25 a year	£7,772.92 a year
Lump sum (see note 3)	£19,218.75	£9,225.00

▶▶▶ The notes we refer to here are on page 10.

Notes

1. Membership

As the starting point, the forecasts use the membership that you have earned in the 1995 section as at 31 March 2008. Included in this will be any membership you have transferred in and also any added years that you may have been paying for. The estimates at age 60 and age 65 add on the time after 31 March 2008 until your 60th and 65th birthday, based on your current working pattern. If you work part-time at the time of choice, the membership added will follow your current working pattern.

If you transfer to the 2008 section, you will be given a membership credit at 1 April 2008 for all of your membership up to that date (including any transferred membership and added years). If you change your working pattern (i.e. from full-time to part-time) these forecasts would change.

2. Pensionable pay

We have used the earnings your employer reported for the 12 months to 31 March 2008 to produce all these estimates. The pay figure used may not be your actual pensionable pay and may reflect Agenda for Change arrears adjustments.

When you leave or retire from the Scheme, we will work out your pensionable pay according to the regulations for the section you choose to be in. This varies between the two sections (see the table on page 4) and it is likely that your salary will change between now and the date you leave, so the actual figures will be different from those shown. If you work part-time, or have more than one employment contract, the earnings figure used is an estimate of full-time equivalent pay.

3. Lump sum

When you retire, the 1995 section automatically provides you with a lump sum that is normally three times your pension. If you choose to transfer to the 2008 section, you must take a minimum lump sum. This is worked out by multiplying your membership in the 1995 section to 31 March 2008 by your reckonable pay when you retire. In either section, you can increase the amount of lump sum you take (and have a smaller pension). This is paid by giving up part of your pension. You have to give up £1 of pension a year for every £12 of the lump sum.

4. Pension

The figures shown are the estimated yearly pension that you would receive from each section of the Scheme at the ages shown. If you retire or partially retire before age 65 in the 2008 section your pension is reduced as it is being taken earlier than the normal pension age. The reduction is adjusted to allow for the minimum lump sum to be taken.

5. Calendar service

We have shown you the calendar service that we have recorded on your pension administration record. This relates to how long you have been in the Scheme and is used to check your eligibility to benefits.

Extra information

If there is any extra information you need to know about in relation to your Scheme benefits, this is set out below.

Your pension records show that you are buying extra membership with an added years contract. The extra membership you have bought at 31 March 2008 is included in the forecast figures and is projected to age 60 and 65 in the 1995 section. The estimated figures for the 2008 section include the extra membership that you had bought at 31 March 2008 but do not allow for any further membership to be purchased after this date. There is no facility for added years in the 2008 section so, if you decide to transfer, your contract will end and you will be given a membership credit for the part of your contract that you have paid for up until the date you make your choice.

Your pension records show that you have special class status. There are different benefits available to you as a special class status member. As a result, you should read the notes in 'Your Pension Choice Guide' and make sure that you fully understand the issues that may affect you before making your decision.

Your pension records show that you are currently paying additional pension contributions. The pension scheme managers have agreed conditions that apply to additional pensions if you transfer. Please make sure that you understand the issues around this part of your benefit before making your decision.

Important issues you should consider

The issues we raise in this final section of your statement apply to you if you are under age 60. Information for members age 60 or over is available from our website. Please visit www.hscpensions.hscni.net/choice.htm

Deciding whether to transfer from the 1995 section to the 2008 section is a significant financial decision and as each person's position will be different, it is important you consider all the issues.

While there are a number of other issues which you should consider, the two most important are the age at which you are going to retire and whether you are likely to leave the HSC Pension Scheme before you retire.

1. The age at which you are going to retire

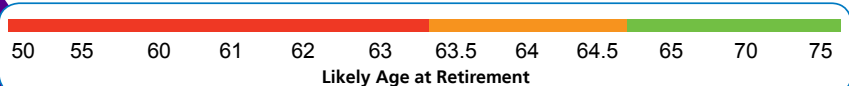
Your benefits in the 1995 section are paid unreduced from age 60. This applies both to the benefits you have already built up and those you build up in the future.

If you transfer benefits to the 2008 section, still retire at 60, and take the same lump sum as in the 1995 section, your pension will be almost a quarter lower. So those retiring at 60 may not benefit from transferring.

It is likely that if you retire before age 63 your retirement benefits could be lower in the 2008 section.

Most members retiring at 64 or older may receive higher benefits if they transferred to the 2008 section. If you retire at 65 and take the same lump sum you would receive in the 1995 section, you would receive a pension around 8% higher than if you had stayed in the 1995 section.

The benefits from moving to the 2008 section may be greater if you work beyond 65 because a late retirement increase is applied in the 2008 section. The diagram below shows when you may be likely to benefit if you are looking at your benefits on retirement – the green areas broadly indicate ages when transferring to the 2008 section might benefit you, the red areas indicate ages when transferring may be unattractive. Amber areas show where the benefits at retirement are likely to be very similar from both sections and you may then want to consider the other points mentioned on the following page.



2. Will you leave HSC employment before retirement?

If you leave HSC employment before retirement and do not return, your retirement benefits will be lower if you transfer to the 2008 section. This is because benefits without reduction for early payment are available from age 60 in the 1995 section but you would have to wait until age 65 if you transferred to the 2008 section. So if you do not expect to remain in HSC employment until retirement, you will probably not benefit from moving to the 2008 section.

Other issues

There are other aspects of the 2008 section which could be advantageous to members. These are:

- It offers more flexibility in your choice between tax-free cash and pension.
- It gives more flexibility in allowing you to draw some benefits whilst still working.
- It could deliver higher benefits if you were to retire in serious ill health.
- It offers a higher partner's pension if you are unmarried and joined before 1988.
- It better protects your pension if your earnings drop significantly in the ten (rather than three) years before retirement.

All these issues are covered fully in Your Pension Choice Guide and in the information that is available on the website. For more details, you should read the relevant section of the guide or visit the website www.hscpensions.hscni.net/choice



What to do next



Before you make your choice:

- Read this statement and 'Your Pension Choice Guide'.
- Watch the DVD.
- Research any extra information that you feel you need to make your decision.
- Consider your plans for the future, your working pattern, the age you plan to retire, your relationships and so on.
- Speak to family members or friends who may be affected by your choice.

You should make your choice on Your Pension Choice Form opposite.

Important

If you want to transfer to the 2008 section, you **must** fill in the attached Your Pension Choice Form and return it before 31 January 2010.

If you **do not** return your Your Pension Choice Form, you will stay in the 1995 section of the Scheme. However, if you want to make a formal decision to stay in the 1995 section, you should fill in the form and select 'no'.

Disclaimer

This statement is meant to provide you with information and estimates of your benefits to allow you to compare two different sections of the Scheme and make an informed choice for your pension. We have used information provided by your employer and a simplified method for working out your benefits.

Nothing in this statement replaces or takes priority over the regulations of the Scheme, which set out the conditions of entitlement and the rate at which benefits are paid. If there are any contradictions in the information we provide, the regulations will take priority. Your employer has a copy of the regulations.

Benefits provided under the HSC Pension Scheme regulations may change.

Your Pension Choice Form



I understand that I am making a decision about my pension benefits in the HSC Pension Scheme.



I have received 'Your Pension Choice Statement' and 'Your Pension Choice Guide' and I am making my decision after considering the points and information provided, including any further information available to me.



I understand that if I choose to transfer to the 2008 section, all my past membership will transfer to that section and will be treated using the regulations that apply to that arrangement. I will earn any future pension rights in that section.



I understand that my decision in this choice exercise is final and that I cannot change it once it has been registered.

Name:

Ms M Black

SB Number:

SB/123456/N

Address:

Broad Street
Belfast

Do you want to transfer to the 2008 section?

Tick one of the options below

YES

I want to transfer to the 2008 Section

NO

I wish to remain in the 1995 Section

Remember, if you do not return this form you will stay in the 1995 section.

Signed:

Date:

When you have filled in this form and made your choice, please return it to the HSC Choice processing team at the address shown on the back of this form. Please turn over.

Check list

Before you send Your Pension Choice Form back, make sure you have:

- read the information in this statement;
- read 'Your Pension Choice Guide';
- watched the DVD;
- read any extra information you need; and
- filled in the Your Pension Choice Form and signed it.

If you have done the above, you can send this form to the HSC Choice processing team at:



CHOICE
HSC Pensions
Waterside House,
75 Duke Street,
Londonderry, BT47 6FP

If your contact details have changed, please complete the boxes below:

Name:

Address:

Telephone number (optional):