

EMPLOYER Technical Update

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1. New contact details for HSC Pension Service

New Telephone System

- HSC employers should note that a new telephone system has been introduced at HSC Pension Service. This provides prompt and direct access to the department you need to contact.

New Telephone Number – Effective from 1 January 2011

- From 1 January 2011, the telephone number for HSC Pension Service will be **02871 319111**

New HSC Pension Service email address

- The email address for HSC Pension Service has changed to hscpensions@hscni.net

All contact details can be found at the end of this update.

2. Changes to the treatment of tax relief for pensions

Reduced Annual and Lifetime Allowances for pension savings

The annual allowance is reducing from £255,000 to £50,000 from 6 April 2011

The annual allowance is the maximum amount of tax-free pension savings (excluding State pensions) a person can have in any one year.

Previously employers have not had much involvement with the annual allowance as it was set at a level that was very high, so that it affected very few scheme members.

However, it is being substantially reduced from its current level of £255,000 per year to £50,000 per year from 6 April 2011.

In defined benefit schemes such as the HSC Pension Scheme the annual allowance is not based on the contributions paid to the scheme, but on the growth in a member's benefits. The growth in a member's benefits is normally measured over a scheme year (1 April – 31 March), unless the member joins or leaves in the scheme year.

Members on lower salaries can be affected if they receive a large increase in pensionable pay, although in these cases it may be possible to 'carry forward' up to 3 previous years unused annual allowance values.

Members are more likely to be affected if they receive a significant pay rise or promotion. Those earning under £45,000 per year are unlikely to be affected. However, this can vary very widely depending on the length of pensionable service and the rate of pensionable pay increase in any particular year.

Early indications are that the changes will primarily affect high earners. Those most likely to be affected are those earning over £150,000 per year.

The lifetime allowance is reducing from £1.8m to £1.5m from 6 April 2012*

The Lifetime Allowance is the overall total amount that an individual can build up in all their pension savings over a lifetime.

The majority of HSC Pension Scheme members will not be affected by the Lifetime Allowance. Currently, a member of the 1995 section would have to build up a pension in excess of £78,260 plus their standard lump sum to be affected.

Once the lower lifetime allowance is introduced members may be affected if they are in the 1995 section and they have a pension in excess of £65,217 plus their standard lump sum.

The limits will be lower if the member has other pension savings, including money purchase AVC's.

The Government have suggested that there will be transitional protection measures, but no proposals have been published yet.

Members can access information, including the 'Pension Tax Changes Factsheet' at:
www.hscpensions.hscni.net/hsc_pensions_tax_changes_factsheet.pdf

HMRC have also issued guidance on the annual allowance and this can be found at:
www.hmrc.gov.uk/pensionschemes

*The date of 6 April 2012 has not yet been confirmed by Government

New employer obligations

For the annual allowance, new statutory reporting requirements are being introduced for schemes and employers, as proposed by the Government. Schemes will be required to issue statements to members whose HSC Pension Scheme benefits exceed the reduced annual allowance. In order for schemes to comply, employers will be required to deliver pensionable pay and service information to HSC Pensions by 6 July following the end of each scheme year.

Providing all the required information has been received by 6 July, HSC Pension Service will then be required to issue statements to all members over the annual allowance, by 6 October each year. An additional 12 months time extension has been given for the first year 2011/12.

The details of the information to be provided have not yet been announced, and are expected in Spring 2011. More information will be issued when these further details are known.

3. Christmas Holiday Arrangements 2010

HSC Pension Service Christmas and New Year arrangements will be:-

- | | | |
|------------------------------|---|--------|
| • Friday 24 December 2010 | – | closed |
| • Monday 27 December 2010 | – | closed |
| • Tuesday 28 December 2010 | – | closed |
| • Wednesday 29 December 2010 | – | open |
| • Thursday 30 December 2010 | – | open |
| • Friday 31 December 2010 | – | open |
| • Monday 3 January 2011 | – | closed |
| • Tuesday 4 January 2011 | – | open |



Seasons Greetings to all from HSC Pensions.

**We thank you for your ongoing co-operation & support,
and look forward to working with you in 2011.**

Distribution List:

The Director of Finance and Director of Human Resources of the:
HSC Board;
The Business Services Organisation;
The Patient and Client Council;
The Public Health Agency;
HSC Trusts;
Each Special Agency;
GP Practices;
Dental Practitioners;
Out of Hours Providers;
Directional Bodies;
and
Staff Representative Bodies.

How to contact us:

By writing to us at:-

HSC Pension Service
Waterside House
75 Duke Street
Londonderry
BT47 6FP

Via e- mail at:- hscpensions@hscni.net

By Fax:- 028 71 319144

For urgent enquiries only, you can contact us by Telephone: 028 7131 9111 from 01/01/2011

9.00am to 5.00pm – Monday to Thursday; 9.00am to 12.00 Friday

Any enquiries relating to this update should be emailed to Emma Cocks, HSC Pension Service - emma.cocks@hscni.net

If you have any comments about the content or format of this newsletter please email them to hscpensions@hscni.net

