

The Manager/Chief Executive
Each HSS Board
Each HSS Trust

HSS(S) Circular 4/05

The Manager
Central Services Agency

NI Practice and Education Council

NI Medical and Dental Training Agency

The Directional Bodies

Staff Side Representatives

25/04/2005

Dear Colleague

Review of HPSS Superannuation Scheme Additional Voluntary Contributions (AVC) Contract with Equitable Life

Introduction

This circular contains important information about the contract with Equitable Life to provide additional voluntary contribution (AVC) facilities for members of the HPSS Superannuation Scheme. The current agreement with Equitable Life has been reviewed because it ended on 5th April 2005, and I am writing to tell employers the result.

What is the result of the review?

Equitable Life has been retained as an AVC provider to the HPSS Superannuation Scheme, on a limited basis. From 6th April 2005 the arrangement will remain open to Scheme members who already hold HPSS AVCs with Equitable Life, but will close to all others on 5th April 2005. HPSS AVCs with Equitable Life include Clerical Medical funds provided via the HPSS Equitable agreement.

HPSS Superannuation Branch letter to Equitable AVC members

HPSS Superannuation Branch has written individually to these members to tell them that Equitable has been retained as an AVC provider. A copy of the letter is attached, for information, at Appendix A to this Circular.

Action for employers

The HPSS Equitable Life arrangement remains open to members who already have funds invested in it. The contribution collection arrangements are unchanged and

employers should therefore continue to send contributions to Equitable Life not later than 7 days after making the deduction from salary.

Scheme Literature

HPSS Superannuation Branch will amend the booklet “Increasing your benefits” to clarify the limitations on access to Equitable Life AVCs, but until then, employers should continue to make use of the current print of the booklet. If Equitable Life receives an application to join the HPSS AVC arrangement from a **new** investor, they will refuse to accept it.

More information

HPSS Superannuation Scheme cannot provide financial advice to members about money purchase schemes and cannot add to the information provided in the member letter and anyone who asks for further guidance should be advised to seek independent financial advice. There is information about contacting an Independent Financial Adviser (IFA) in the annex to the member letter.

Additional employer publicity

Employers are, in addition, requested to do what they can to bring to the attention of all staff, this change to Scheme AVC arrangements, by placing further general notices in local staff newsletters, magazines and websites.

It is important of course that the information provided is consistent and it is suggested that the material at Appendix B be used.

Yours sincerely

Phil McCusker
HPSS Superannuation Scheme Manager

Appendix A

22 April 2005

Dear AVC Member

REVIEW OF HPSS SUPERANNUATION SCHEME AVC CONTRACT WITH EQUITABLE LIFE

Introduction

The HPSS Superannuation Scheme has 2 providers of additional voluntary contribution facilities (AVCs), which are subject to regular review. The current agreement with Equitable Life has been reviewed because it comes to an end on 5 April 2005 and I am writing to tell you the result.

What is the result of the review?

Equitable Life has been retained as an AVC provider the HPSS Superannuation Scheme, on a limited basis. From 6 April 2005 the arrangement will remain open to Scheme members who already hold HPSS AVCs with Equitable Life, but will close to all others on 5 April 2005. HPSS AVCs with Equitable Life include Clerical Medical funds provided via the HPSS Equitable agreement.

Why have NHS Scheme managers closed Equitable AVCs to new investors?

When Equitable closed their AVCs to new business in 2000, they remained open for HPSS members because our agreement was in place before their closure. The ending of the HPSS agreement at 5 April 2005 provides an opportunity to bring the Scheme's position into line with that for external investors.

Why have NHS Scheme managers left Equitable AVCs open to existing investors?

Closing HPSS Equitable AVCs to existing members could force them to stop or change a current investment or transfer their funds to another AVC provider, at a time that does not suit their pension arrangements, or which could result in adverse cost consequences. Stopping a current Equitable investment or transferring funds elsewhere may make sense for some members but may not make sense for others, for example:

- If a member is close to retirement
- If a member places a high value on the guaranteed 3.5% per annum interest rate, on contributions invested in Equitable Life with-profits
- If a member is concerned about the Market Value Reduction imposed on early transfer from with-profits funds
- If a members investments in a Unit-Linked fund are performing well

For this reason managers have decided that existing investors must be given the freedom to maintain and manage their Equitable funds as they see fit.

Will HPSS Equitable/Clerical Medical terms for existing investors change?

No, the current HPSS terms set out in our letter to AVC members dated 9 January 2004 will continue to apply to existing investors, although Equitable will continue to reserve the right to vary their charges in the future.

Any member who has misplaced this letter can find a copy in the library section of our website www.dhsspsni.gov.uk/superann/publications.asp#Circulars as an attachment to Employer HSS(S) Circular 01/04.

Do I need to do anything now?

This letter is to tell you about the new HPSS/Equitable Life agreement from 6 April 2005; it is not a suggestion to you to change your AVC arrangements. NHS Scheme managers believe that it makes sense for all AVC investors to review their arrangements regularly but you do not need to make any changes if you do not want to. If you do decide to review your AVC arrangements you can find more information about the options available to you in **Annex 1** to this letter, including details of how you can get independent financial advice.

Yours sincerely

PHIL McCUSKER
HPSS Superannuation Scheme Manager

MORE INFORMATION

What are my options as an existing HPSS Equitable Life AVC fundholder?

Scheme managers are not suggesting that Equitable fund holders must make changes to their pension arrangements but, if you decide to review your arrangements, the options open to you remain as before:

- a. Leave your AVC fund with Equitable Life. You will also be able to pay or vary contributions to Equitable in the future, if you wish, or switch investments between the HPSS Equitable funds, including Clerical Medical funds available via the HPSS agreement.
- b. Transfer your AVC fund to another HPSS provider. You can also direct future contributions to another HPSS provider.
- c. Transfer your AVC fund to a Free Standing AVC (FSAVC) provider of your own choice. You can also direct future contributions to a FSAVC provider.
- d. Apply to increase your Scheme benefits by buying Added Years. To check if you are eligible to buy Added Years contact your employer's pension/payroll department who will arrange this for you.

I want to leave my AVCs with Equitable, what should I do?

If you do not want to make any changes you do not need to do anything. If you decide to stop or change the amount you pay, or you want to switch to a different HPSS Equitable Life/Clerical Medical Fund(s), contact the Equitable Helpline on 0870 909 0009 to arrange this. **You must also tell your employer's pension/payroll contact if you decide to stop or change the amount of your contributions.**

I want to move my Equitable AVCs to another HPSS provider, what should I do?

The HPSS has negotiated special terms for AVCs from Standard Life. Standard Life offer helpline support and maintain a website to provide members with information about HPSS AVCs. They are currently offering the following special transfer terms to members who transfer HPSS AVC fund(s) from Equitable Life:

HPSS Standard Life

Standard Life will increase the amount received from Equitable Life by:

0.51% - for the first £1,500 transferred

1.46% - for the next £23,500 transferred

2.41% - on any excess over £25,000 transferred

Like Equitable Life, Standard Life applies an annual management charge to funds invested. You can obtain more details including the current charges, by telephoning the dedicated HPSS help and advice freephone number below or visiting the Standard Life website, at www.standardlife.co.uk/nhs. If you would like to find out more about transferring your Equitable HPSS AVC to Standard Life, or you would like an application pack, please call their freephone helpline number 0800 333306, [quoting the reference NHS19], opening hours Monday-Friday 9am-5pm.

I want to move my Equitable AVC's to a FSAVC, what should I do?

FSAVC's are available from a wide range of banks, building societies and insurance companies. Your financial advisor will be able to help you to find a suitable provider.

Independent Financial Advice

It is against the law for the HPSS Superannuation Branch or an HPSS employer to give financial advice. If you are thinking about taking out additional pension cover or considering changes to existing arrangements, we recommend that you get advice from an Independent Financial Adviser (IFA). If you do not have a financial adviser but would like to find one, the following organisations can help:

- Association of Independent Financial Adviser (020 7628 1287 or www.aifa.net)
- IFA Promotions (0117 971 1177 or www.unbiased.co.uk) can give you a list of three Independent Financial Advisers local to your area
- If you belong to a Trade Union they may be able to offer financial advice to their members

You may have to pay a fee to an IFA, if you use his or her services. The HPSS Superannuation Branch has no connection with the Association of Independent Financial Advisers, or IFA Promotions. You must satisfy yourself that any adviser recommended to you is competent to provide the advice you want.

Appendix B

Suggested notice for local staff newsletters, magazines and websites

[Employers to insert local pension/payroll contact details in last paragraph]

Review of HPSS Scheme AVC contract with Equitable Life

The current agreement with Equitable Life has been reviewed because it comes to an end on 5 April 2005.

What is the result of the review?

Equitable Life has been retained as an AVC provider to the HPSS Superannuation Scheme, on a limited basis. From 6 April 2005 the arrangement will remain open to Scheme members who already hold HPSS AVCs with Equitable Life, but applications from **new** HPSS investors will no longer be accepted. HPSS AVCs with Equitable Life include Clerical Medical funds provided via the HPSS Equitable agreement.

How does this decision affect members?

There is no change for members who already have money invested in the Equitable HPSS AVC arrangement. Existing investors retain the freedom to manage their investments as they see fit, they may continue with existing contributions or restart in the future, if they are not currently making payments.

The Scheme will continue to offer all members a choice of AVC with Standard Life. Contact details for Standard Life are as follows: Website at www.standardlife.co.uk/nhs, telephone Helpline number 0800 333306. As an alternative to AVCs, members can also apply to increase their Scheme benefits by buying added years. To check your eligible to buy Added Years and to obtain a quotation, please contact **[insert local pension/payroll contact details]** who will arrange this.