Protected Pay – Factsheet

This factsheet only applies to members of the 1995 Section of the HSC Pension Scheme

A member may have their pay reduced either by voluntarily changing their job to a less demanding role or when changes are made by their Employer. For the member to protect their pay at the higher rate we first need to establish which protection they fall under.

Protection of Pay

If the member's pay is reduced through no fault of their own, the Employer or the member can apply for the higher rate of pay to be protected for pension purposes. This must be done within three months of the pay reducing. The pay does not have to be reduced more than 10%, nor does the member need to be on or over their minimum retirement age and because it is through no fault of the member then a protection of pay can be applied for more than once.

Voluntary Protection of Pay (Step down)

If the member is on or over their minimum pension age and their pay reduces by at least 10% they can apply for the higher rate of pay to be protected for pension purposes. They must do this within fifteen months of their pay reducing and be in the new post for at least 12 months. This can only be done once, the member's pay must not have been subject to any other deductions in the previous 12 months and the reduction to the pay must be as a result of them voluntarily taking up a job in a less demanding role or with less responsibilities. More information about Stepping down can be found on the Stepping Down Factsheet within the Employers Section of the HSC Pension Service website.

Benefit Calculations

When the member retires their benefits will be calculated in two ways;

1. Benefits calculated on membership to the date of reduction on the preserved higher pay (plus any cost of living increases due) plus the benefits calculated on membership from the date of reduction based on the final pensionable pay, or

2. Benefits calculated on the final pensionable pay for all membership. The most beneficial benefits will be put in to payment.