

# Ill health retirement

## What happens if I have to retire early due to ill health?

Immediate benefits, payable for life, can be awarded if, in addition to being permanently incapable of carrying out the duties of your employment, you are medically certified as being unlikely to be capable of undertaking gainful employment before your Normal Pension Age.

Immediate benefits payable for life can be awarded if, in addition to being permanently incapable of carrying out the duties of your employment, you are medically certified as unlikely to be capable of gainful employment within three years of leaving, but are likely to be capable of doing so before your Normal Pension Age.

\*Normal Pension Age is linked to your State Pension Age (with a minimum of age 65) and is the age at which you can take the pension you have built up in full.

\*\*Gainful employment is defined as paid employment for not less than 30 hours in each week for a period of not less than 12 months.

## How are ill-health benefits calculated?

If you have to leave work due to illness you may be able to receive immediate payment of your benefits. To qualify for ill health benefits you need to have met the 2 years vesting period in the scheme and an Independent Registered Medical Practitioner (IRMP), appointed by your employer, must be satisfied that you are permanently unable to do your own job due to ill-health or infirmity of mind or body until your Normal Pension Age\* and that you are not immediately capable of undertaking any gainful employment\*\*.

Ill-health benefits can be paid at any age and are not reduced on account of early payment, and in certain circumstances, an enhanced pension may be awarded.

### Tier One

Immediate benefits, payable for life, can be awarded if, in addition to being permanently incapable of carrying out the duties of your employment, you are medically certified as being unlikely to be capable of undertaking gainful employment before your Normal Pension Age.

The benefits under Tier 1 are based on the pension you have already built up in your pension account at your date of leaving the scheme plus the pension you would have built up, calculated on assumed pensionable pay, had you been in the main section of the scheme until you reached your Normal Pension Age.

### Tier Two

Immediate benefits payable for life can be awarded if, in addition to being permanently incapable of carrying out the duties of your employment, you are medically certified as unlikely to be capable of gainful employment within three years of leaving, but are likely to be capable of doing so before your Normal Pension Age

The benefits under Tier 2 are based on the pension you have already built up in your pension account at your date of leaving the scheme plus 25% of the pension you would have built up calculated on assumed pensionable pay, had you been in the main section of the scheme until you reached your Normal Pension Age.

## Tier Three

Immediate, time limited benefits can be paid if you are permanently incapable of carrying out the duties of your employment and are deemed to be likely to be capable of gainful employment within three years of leaving, or before your Normal Pension Age if earlier.

The benefits under Tier 3 are based only on the pension you have already built up in your pension account at leaving without any increases. The pension element is only payable for so long as you are not in gainful employment or, after an 18 month review, are still deemed incapable of such. The Tier 3 pension, in any circumstance, may only be paid up to a maximum of three years. The review your former employer is required to undertake at 18 months is to determine whether you are capable of gainful employment and should have your benefits ceased. If as a result of the review, it is found that you meet the criteria for Tier 2 benefits, then an increased pension would be paid from the point of that assessment and would be payable for life.

If retired under Tier 3, you are required to notify your previous employer if any paid employment is found, providing details of pay, working hours and the length of contract of that employment. This allows the employer to assess whether gainful employment has been found. The employer may recover any pension payments made in respect of any period during which they consider you to have been in gainful employment.

## Procedures

There are a few DO'S and DON'TS to remember if you feel you may have to retire because of ill-health:

Do not resign from your job.

If you resign you will be treated as a voluntary leaver and if you are under Normal Pension Age your pension benefits will be deferred. Early payment of those benefits may be requested on voluntary grounds after age 55 however they will be paid at a reduced rate. You may apply for the early release of your deferred benefits on permanent ill health grounds however the benefits released are likely to be considerably less than if your employer had retired you on ill health grounds. It is therefore important to approach your employer first to ask to be considered for ill health retirement.

Do consult your own doctor and get his / her opinion.

Do let your manager / supervisor know what the position is.

Arrangements should be made for you to be examined by your employer's own IRMP to decide whether you will have to retire because of ill-health. If this does not happen, you should make further enquiries.

## What happens if I am unhappy with the employer's decision about my ill health retirement application?

If you are not awarded an ill-health retirement pension or are unhappy with the level of benefit paid, you can appeal against this decision by writing to the employer that made the decision, setting out the reasons for your disagreement. Any appeal against the decision of the employing authority is required to be made within 6 months of the date of the original decision.

### Disclaimer

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