

Local Government Pension Scheme (LGPS)



Ill Health Retirement - Guide for Employees

This guide is to help explain how the rules surrounding ill health pensions affect you, and in particular, what the procedure is if you think you may meet the conditions for retiring early on the grounds of ill health.

What happens if I have to leave work due to ill health?

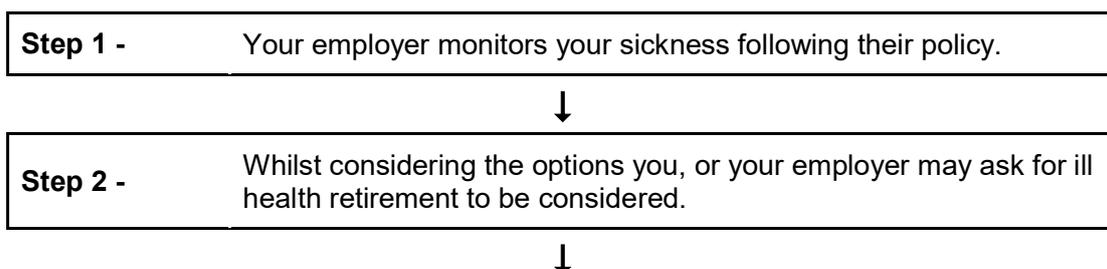
If you have at least two years qualifying service within the LGPS and you have to give up work because of illness, you may be able to receive the immediate payment of your benefits. You can be any age for ill health retirement and whichever tier is awarded; tier 1, tier 2 or tier 3, the pension would not be reduced for early payment. Tier 3 is unreduced but is not payable for life. To qualify for ill-health benefits your employer must be satisfied:

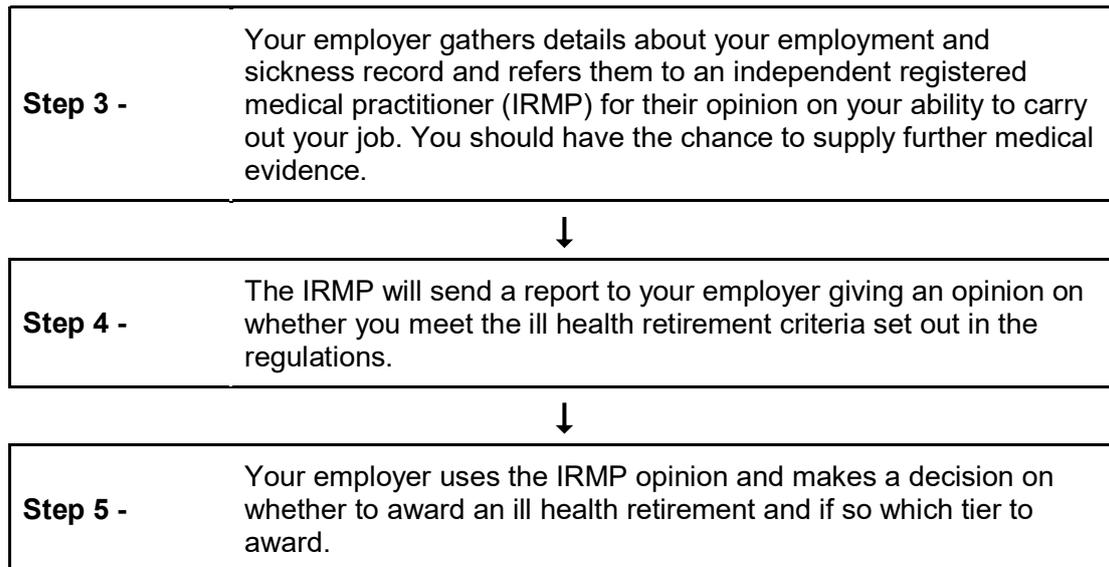
1. you are permanently incapable of doing your current job due to ill-health or infirmity of mind or body until your Normal Pension Age; and
2. you are not immediately capable of undertaking any gainful employment. Gainful employment means paid employment for at least 30 hours a week for a period of at least a year.

Your employer refers to the opinion of an appropriately qualified occupational health medical practitioner to help make that decision. If your employer agrees that both 1 and 2 apply, they will decide the ill health pension amount; classified as either a tier 1, tier 2 or tier 3 ill health retirement.

The criteria to consider ill health retirement under the LGPS are very different to the criteria your employer may use to determine dismissal on medical grounds. For example, an employer could dismiss you on medical grounds because a health problem has caused an unacceptable level of sickness absence. Even so, you still might not meet the LGPS requirements for retiring on ill health. Factors such as long service with your employer, your financial position or availability of other work, have no effect on deciding whether you are entitled to retire on ill health.

Procedure to determine ill health retirement





Your experience may be different as each employer has their own processes. Do keep in touch with your HR advisor or your employer's authorised contact. The Fund cannot advise on employment issues or the procedures your employer adopts. We are at the very end of the process and will release your pension once the ill health retirement has been approved by your employer. We are therefore unable to provide any pension estimates for ill health retirement until this has been authorised by them.

WHAT IS MY EMPLOYER'S ROLE?

Your employer makes the decision about whether to award ill health retirement and if so, which tier will apply to you. Your employer will gather evidence and get an IRMP's opinion before reaching a decision. As part of your employer's ill health dismissal process, they should explain this process to you.

To help the IRMP understand your case your employer is recommended to prepare a referral providing details about you and your job (for example, a job description). If, because of your health problem you had to work fewer hours and receive less pay, your employer will provide the IRMP with an explanation of this and the reason why. If the employer's Occupational Health doctor has collected information about your medical condition, they will pass this to the IRMP, as long as you agree to share the information.

Why does the IRMP need my particulars?

Your employer is not a medical expert; they should always consult a specially qualified doctor to assess your case. Our scheme regulations stipulate that they must seek the opinion of an Independent Registered Medical Practitioner (IRMP).

Your employer will use an ill health certificate, on which the IRMP gives an opinion on whether you meet the criteria for an LGPS ill health retirement. This is essential for your employer to decide if you are entitled to a LGPS ill health pension.

You may have already seen your employer's Occupational Health doctor, but under our rules, your employer must not use the same medical advisor. However, Occupational Health may provide the IRMP with medical reports, to help them understand your case (as long as you give written permission).

What will the IRMP consider?

Information from your employer will help the IRMP understand the demands of your job. If you have given consent to release your medical records, they will also have this information and with your consent, obtain further clinical reports.

Once the IRMP has this information, they assess your case, using their expertise, the information provided by your employer, any information you have provided and guidance supplied by the Secretary of State for Communities and Local Government (DCLG) to form an opinion on whether you meet the criteria for LGPS ill health retirement.

What can I do to help?

It is in your interest to help the IRMP fully understand your medical condition. We recommend that you are involved in gathering your information, for example explaining how your medical condition is affecting you and detailing what your own doctors have told you about your chances of recovery. It is also an opportunity to highlight any relevant issues that you think have not been addressed so far; you then have the reassurance that the information provided is accurate and complete before it goes off to the IRMP.

Before your employer can release your medical records to the IRMP, they need your written consent. You don't have to give this, but if you do, it will help the IRMP better understand your case and be able to come to an opinion on meeting the LGPS ill health retirement criteria.

Equally, your employer cannot make a decision without receiving the IRMP report supporting the certificate he/she has been asked to provide.

Will I need to go for a medical assessment?

The IRMP will not always ask you in for a medical assessment, although this will depend on the nature of your individual case. Under the LGPS rules, the IRMP is allowed to carry out a review of your case and base an opinion by referring to the available letters, reports and statements, rather than seeing you in person to certify on your ill health.

If you have provided full information and the consent to the release of your medical records/information from your GP or Consultant as part of the referral process the IRMP should have enough information to be able to give an opinion on whether you meet the LGPS ill health retirement criteria, they may however ask to see you in person.

What if I'm waiting for treatment or just had treatment for a serious condition?

This could mean that you are not immediately capable of gainful employment, but you would be expected to be capable in time. If you are waiting for treatment, your employer may wait until you have had the treatment, before considering you for ill health retirement. If you have had treatment, but are recovering from it, your employer may wait until after a reasonable recovery period before considering you for ill health retirement.

How long will the referral process take?

Each case will vary. To come to an informed opinion the IRMP needs to collect information from different sources and may need to seek further details from original reports. The process can rely on how long it takes others, such as your GP or Consultant, to respond to requests they receive from the IRMP. Any queries regarding the referral process should be raised with your employer.

WHAT HAPPENS ONCE MY EMPLOYER REACHES A DECISION?

Once the IRMP has formed an opinion, they will write to your employer with a medical certificate. It is your employer who must decide whether to release your pension benefits early on ill health grounds. Once your employer decides you meet the criteria for ill health retirement, they consider the level of the benefit to award you. There are three tiers providing different benefits:

Tier 1 ill Health Retirement

The requirement for a Tier 1 pension is “you cannot do your job and there is no reasonable prospect of you being capable of undertaking any gainful employment before your normal pension age.”

If your employer has decided you satisfy tier 1 ill health retirement then you are entitled to receive the unreduced pension built up to your date of retirement, plus an ill health enhancement. Your pension is increased to the approximate level you may have expected had you stayed in your employment on your current pay until normal pension age. Your pension is payable for the remainder of your lifetime.

Tier 2 ill Health Retirement

The requirement for a Tier 2 pension is “you cannot do your job and although you are not capable of undertaking gainful employment within three years of leaving your employment, it is likely that you will be capable of undertaking any gainful employment before your normal pension age.”

If your employer has decided you satisfy tier 2 ill health retirement then you are entitled to receive the unreduced pension built up to your date of retirement, plus an ill health enhancement. Your pension is increased by a quarter of the approximate level you may have expected on your current pay had you stayed in your employment until normal pension age. Your pension is payable for the remainder of your lifetime.

Tier 3 ill Health Retirement

The requirement for a Tier 3 pension is “you cannot do your current job, but evidence suggests it is likely that you will be capable of undertaking gainful employment within three years of leaving your employment, or your normal pension age, if earlier.”

If your employer has decided, you satisfy tier 3 ill health retirement then you are entitled to receive the unreduced pension built up to your date of retirement. There is no ill health enhancement and your pension is only paid on a temporary basis for a fixed term of three years. It will stop prior to this date if;

- You are in gainful employment, or
- A medical review after 18 months decides you are capable of carrying out any gainful employment.

If you become capable of gainful employment whilst receiving your tier 3 pension you must notify your employer immediately so that they can cease payment of your tier 3 retirement pension. Failure to do so may result in the recovery of your overpaid pension back to the date you became capable of gainful employment.

After your tier 3 pension ceases, your pension will become payable again from your normal pension age. It is possible to request an earlier payment and you should contact the pension administration team if you would like further information on claiming your deferred tier 3 ill health pension before your normal pension age.

Tax implications

There are restrictions to the level of tax-free pension savings you can build up. If you retire on ill health under tiers 1 or 2, the increase to your pension may mean you will be subject to an annual allowance test, unless the IRMP certifies that you are suffering from ill health which makes it unlikely that you will be able (other than to an insignificant extent) to carry out gainful work (in any capacity) before reaching your State pension age. This is known as the severe ill health criteria.

If the IRMP certifies that you do not meet the severe ill health criteria, then you will be subject to the annual allowance test and we will work out the growth in your pension savings in the year you retire and compare this to the annual allowance limit. An ill health enhancement may cause a significant growth in the value of your pension savings in the year you retire. If this causes you to exceed the limit, we will write to you with more details at that time.

IF YOU DISAGREE WITH A DECISION MADE BY YOUR EMPLOYER

It is for your employer to make the formal decision about whether you qualify for an ill health pension, having considered the opinion from the IRMP and the Statutory Guidance issued by DCLG and taking into account any non-medical factors that may apply.

Once your employer has made their formal decision, they must notify you. If you disagree with any decision, you have a right to challenge it. If you are dissatisfied with any decision made in relation to the scheme you have the right to have your complaint reviewed under the Internal Disputes Resolution Procedure (IDRP).